Why are some political economies better than others at incorporating immigrants?
A comparative analysis of immigrants' and non-immigrants' socio-economic
outcomes across advanced industrialised countries

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Abstract

Immigration and the resulting increasing ethnic diversity have become an important characteristic of societies in advanced industrialised countries. At the same time, the majority of the countries in question are confronted with structural transformation such as deindustrialisation and changes in family structures as well as economic downturn, which limit the capacities of nation-states in addressing rising inequality and supporting those individuals at the margins of the society.

This Ph.D. thesis addresses both issues, immigration and inequality, by focusing on immigrants' socio-economic incorporation within the receiving societies of advanced industrialised countries. The objective here is to describe and to explain cross-national variations in immigrants' poverty risks and the poverty gaps between immigrants and non-immigrants. Drawing on the political economy as well as the migration and citizenship literature, the thesis develops a theoretical framework that considers the role of the national labour market and welfare system in combination with integration policies, which regulate immigrants' access to the labour market and social programs. In doing so, it draws special attention to immigrants' economic and social rights. The main expectation is that the impact of labour market and social policies on immigrants' poverty depends on the inclusiveness of integration policies concerning immigrants' access to the labour market and social programs. The latter also explain poverty gaps between immigrants and non-immigrants.

The empirical analysis draws on a newly collected data set on economic and social rights of immigrants for 19 advanced industrialised countries, including European countries as well as Australia, and North America. As the results from multilevel analysis show, integration policies concerning immigrants' access to the labour market and social programs can explain cross-national variations in immigrants' poverty risks and poverty gaps, but mainly between the United States and the rest of the countries. The findings further suggest that more emphasis should be put on promoting immigrants' labour market participation and those policies facilitating their incorporation into the labour market and employment-related social programs, in order to reduce immigrants' poverty and poverty gaps existing between immigrants and non-immigrants.

Zusammenfassung

Immigration und damit einhergehende ethnische Diversität sind zu einem zentralen Bestandteil der Gesellschaft in entwickelten Industriestaaten geworden. Gleichzeitig sieht sich heute die Mehrheit der Nationalstaaten strukturellen Veränderungen wie z.B. der Deindustrialisierung und der Veränderung der Familienstrukturen sowie einer Konjunkturabschwächung gegenüber. Dies beschränkt die Kapazitäten der Länder, die wachsende Einkommensungleichheit zu bekämpfen.

Die vorliegende Dissertation beschäftigt sich mit beiden Themen, Immigration und Ungleichheit, indem sie auf die sozio-ökonomische Eingliederung von Migranten in entwickelten Industriestaaten fokussiert. Ziel ist es, sowohl Länderunterschiede in den Armutsrisiken von Immigranten als auch Unterschiede in den Armutsrisiken von Immigranten und Bürgern aufzuzeigen. Basierend auf der Literatur der politischen Ökonomie und Migration wird ein theoretischer Ansatz entwickelt, um die Armutsrisiken von Immigranten zu erklären, der einerseits das Arbeitsmarkt- und das Wohlfahrtsstaatssystem und andererseits Integrationsmassnahmen miteinbezieht. Letztere beziehen sich in dieser Arbeit auf die Regelung des Zugangs von Immigranten zum Arbeitsmarkt und sozialen Programmen und somit deren sozialen und politischen Rechte. Die Dissertation geht davon aus, dass Arbeitsmarkt- und Wohlfahrtsstaatsinstitutionen einen Einfluss auf die Armutsrisiken von Immigranten haben, der Effekt jedoch vom Zugang von Immigranten zum Arbeitsmarkt und sozialen Programmen abhängt.

Die empirische Analyse beruht auf einem neu zusammengestellten Datensatz zu den ökonomischen und sozialen Rechten von Immigranten in 19 fortgeschrittenen Industrienationen. Die Resultate der Mehrebenenanalyse zeigen, dass die Integrationsmassnahmen teilweiseLänderunterschiede erklären können. Die Ergebnisse weisen darauf hin, dass ein stärkerer Schwerpunkt auf die Arbeitsmarktbeteiligung von Immigranten und damit einhergehende Massnahmen, einschliesslich vereinfachten Zugang zu beschäftigungsbezogenen sozialen Programmen, gesetzt werden sollte, um sowohl die Armutsrisiken von Immigranten als auch Armutsunterschiede zwischen Immigranten und Bürgern zu reduzieren.

Introduction

During the last decades, advanced industrialised countries have had to cope with many structural transformations. Deindustrialisation and changes in family structures along with economic downturn have led to a rise in inequality in most European countries. These developments have gone hand in hand with increased immigration, which has accentuated the ethnic diversity of societies and the challenges of nation-states at incorporating immigrants into the receiving country.[1] The explosiveness of these coinciding developments only recently became evident, when pictures of burning cars and anxious youths throwing stones at the police were seen around the world in May 2013. The trigger of these social riots was the death of a 69-year-old Portuguese resident, shot by law enforcement. Most intriguingly, those photographs were not taken in the disfavoured suburbs of France or the United Kingdom, but in a supposedly peaceful part of Sweden – a country that is still one of the worlds' most equal societies and among the leader in global rankings in terms of education and employment (OECD 2013).[2] These national aggregates stand in contrast to the reality in the Swedish suburbs, which are mainly inhabited by immigrants who have unemployment levels which are more than double the country's average, and much lower income as well. Sweden, once famous for having an encompassing universal welfare state, has introduced recent reforms leaning towards privatisation and a shift toward stronger support for those already employed, which has increased the pressures on individuals at the margins of the society, most notably immigrants.

The Swedish riot is just one example that brought the social tensions related to immigrants' incorporation to the surface. Immigration and integration of immigrant residents have become central issues in public discourse across different European countries, reflecting the dilemma nation-states are currently confronted with. On the one

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[1] It should be noted that social cohesion and the perception of cultural homogeneity of nations across Europe is a myth not only with regard to national minorities (e.g. Catalans and Basques in Spain), but also to immigrant minorities (e.g. high share in Switzerland and France even before the WWI; Layton-Henry 1990, Wimmer 1998).

[2] According to the OECD (2013) over 87 per cent of the working age population has earned the equivalent of a high-school degree, while over 74 per cent has a paid job.

hand, nation-states have to cope with the ageing of the population and declining birth rates, which challenges the economic situation and the maintenance and funding of the welfare state. The shrinking working population further leads to an increased demand on the labour market for additional manpower, due to a shortage of high- and low-skilled personnel. On the other hand, citizens' prejudice towards and fear of immigrants, as well as their discontent with immigration-related policies, are not only evident in media coverage, but also in the increasing success of populist parties, which frame immigration-related issues in a negative way (e.g. Nannestad 2009). The Sweden Democrats – a far right-wing party –, for example, won 5.7% of the vote in the 2010 general election, and for the first time gained parliamentary representation. Policy makers nowadays have to take both positions into account, economic demand for labour migrants as well as citizens' scepticism towards immigration, and have to find middle ground between liberal and restrictive immigration policies and the range of immigrant policies aiming to incorporate immigrants. Whether or not the social welfare system can be preserved, a system once introduced with the closure of the nation-state (Wimmer 1998), and basically relying on social solidarity between citizens, has consequences not only for immigrants, but also for native citizens. The reduction of socio-economic gaps could be one way to maintain social cohesion and national identity, by affecting the willingness of citizens to consider non-citizens as equal and an established part of the society. To prevent the emergence of a new 'underclass', and ensure social peace within the national territory and community, it is central to understand and identify practices of incorporation that reduce prevailing socio-economic differences.

If the socio-economic integration of immigrants is the main driver of social tensions within contemporary societies, which are accentuated by the present economic crisis, the future of advanced industrialised countries does not look rosy. Discrepancies between immigrants and native citizens' socio-economic outcomes can be observed in all advanced industrialised countries. In general, immigrants tend to be unemployed more often, or to receive lower wages in the receiving country than native citizens, even after controlling for individual characteristics such as country of origin, year of arrival, and human capital (e.g. Van Tubergen et al. 2004, Kesler 2006, Kahanec and Zaiceva 2009, OECD 2012a).

These findings are also supported when comparing the poverty rates of immigrant and non-immigrant households (see Figure 1).[3] Immigrants across all countries are exposed to higher poverty risks than non-immigrant households. In the majority of the countries, immigrants' poverty rates are even twice as high (below dotted line). On average, the poverty rate of an immigrant household is around 20 per cent compared to 8 per cent for non-immigrant households. In addition, Figure 1 shows that the differences in poverty rates of immigrants and non-immigrants is less pronounced in countries such as Australia, the Netherlands and Ireland, which are close to the solid line, and represent countries where immigrants and non-immigrants are exposed to similar poverty risks. By contrast, the differences are considerably higher in countries such as Belgium, Denmark and France, where immigrants' poverty rates are more than four times as high.
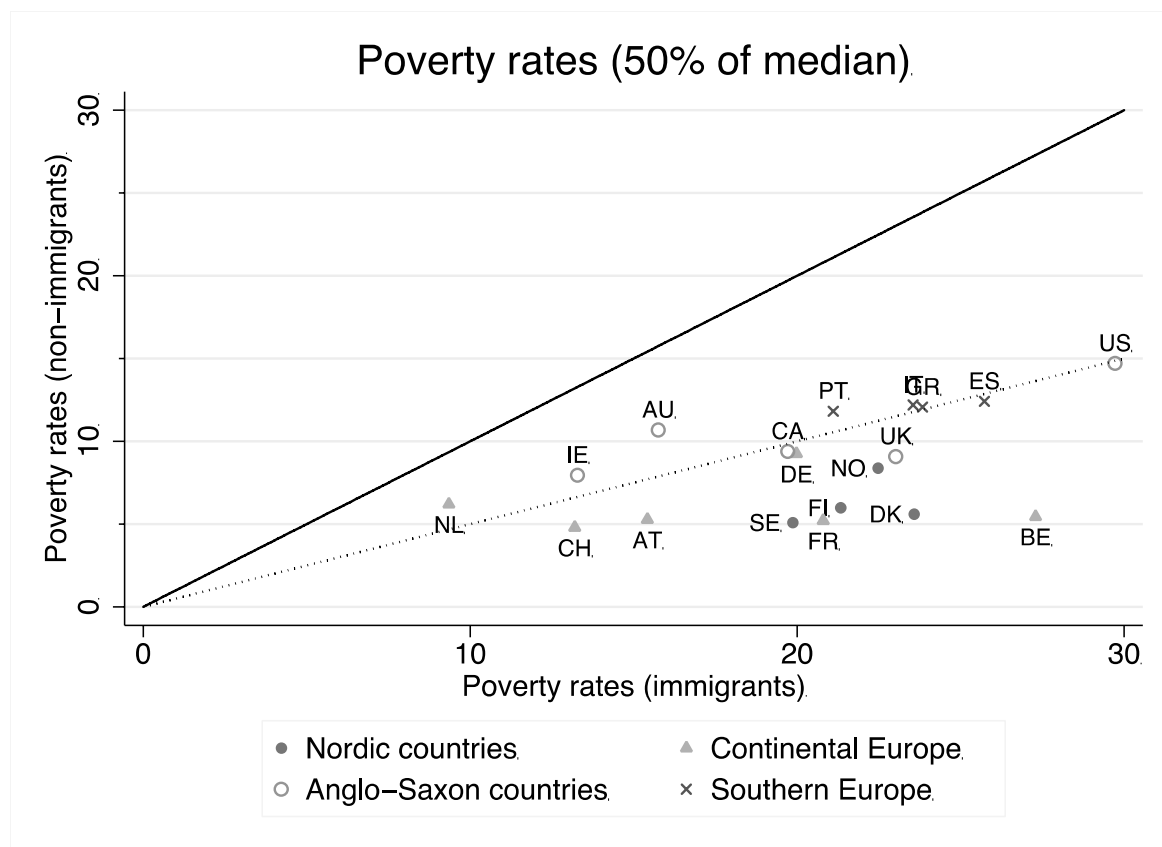
Figure 1. Poverty rates after taxes and transfers of immigrants and non-immigrants

These observations raise the question: Why are some political economies better than others at incorporating immigrants? More specifically, how can cross-national variations in immigrants' poverty and poverty gaps between immigrants and non-immigrants be explained?

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[3] ,Non-immigrant', here, refers to individuals that were born in the host country. By contrast, 'citizen' is used for individuals, who are nationals of the residence country and therefore possess full citizenship rights, including social and political rights.

Comparing the poverty rates of non-immigrant households, generally speaking, non-immigrants poverty rates are the lowest in Continental Europe and Nordic countries, followed by Anglo-Saxon and Southern European countries (see vertical axis). This finding is in line with the predictions of the welfare regime literature (e.g. Titmus 1974, Esping-Andersen 1990, Castles and Mitchell 1993, Ferrera 1996). According to the most widespread approach proposed by Esping-Andersen (1990) three types of welfare regimes can be distinguished, which affect poverty differently. First, the social democratic welfare regime, prevalent in Nordic countries, has the largest effect in reducing poverty because it provides flat-rate benefits on a universal principle, going beyond a basic modicum and allowing individuals to pursue a socially acceptable standard of living. Entitlement to social programs is based on citizenship or residence, rather than need or previous employment. Second, in the conservative welfare regime, as in Continental European countries, access to social rights is mainly related to employment. The level of benefits is based on the equivalence principle and depends on former contributions. Since social programs aim to maintain a worker's former income, they create a divide between full-time employed workers including their families, and individuals with lower attachment to the labour market. However, the prevalence of poverty is smaller compared to the third type, the liberal welfare regime. Although one of the main purposes of the liberal welfare regimes, as in Anglo-Saxon countries, is to alleviate poverty, their mitigating effect on poverty is only minor due to their minimal benefits. Moreover, entitlement to social rights is based on the principle of need and encourages the provision of welfare through market mechanisms, either by providing only modest means-tested benefits for those in need or by subsidising private welfare schemes.

However, the welfare regime approach falls short of explaining cross-national differences in immigrants' poverty rates. Figure 1 reveals intra-regime variations. For example, in Anglo-Saxon countries characterised by means-tested programs, considerable variations exist. While in the United States immigrants' poverty rates are around 30 per cent, they are much lower, around 15 per cent, in Ireland and Australia. But cross-national variations can also be observed in Continental European welfare states with mainly earnings-related social programs. While Dutch and Belgian non-immigrant households are exposed to comparable poverty risks, immigrant households in the Netherlands are three times less likely to end up in poverty than in Belgium (9 versus 27 per cent).

The aim of this thesis is *to describe and explain cross-national variations in immigrants' poverty and the poverty gaps between immigrants and non-immigrants* and thus to contribute to the question of *why some political economies are better at incorporating immigrants than others*.

At the centre of this thesis is the institutional setting of the welfare state and the labour market. The welfare state has been identified by the existing literature as a main determinant of poverty, as mentioned above. However, one of the central insights from the political economic literature is that mere focus on the welfare state does not suffice to explain individuals' well-being. The role of the labour market is equally important as it builds the main source of household income (Esping-Andersen 1990, 21; Andress and Lohmann 2008, Crettaz and Bonoli 2010). Furthermore, the labour market and the welfare state are closely linked to each other. A country's prevailing labour market and welfare system not only affects individuals' decision to participate in the market, but also the income and wage distribution of a country (Esping-Andersen 1990, Esping-Andersen and Kolberg 1992, Huber and Stephens 2001). Concerning labour market participation, paid employment, on the one hand, entitles individuals to social rights. Through the payment of contributions in form of payroll taxes, individuals are granted access to social insurance funds. But, on the other hand, the existence of social programs affects individuals' decisions to enter the labour market. Whether a person considers joining the work force depends on the level of the social benefits, i.e. the social wage a worker receives when he stops working, as well as the tax system and the average effective tax rates, i.e. the net earnings of working individuals. Moreover, welfare states influence working decisions by providing social services, e.g. childcare that allows mothers to enter the labour market, or by enlarging employment in the public sector (Esping-Andersen 1999).

Although the political economy and welfare state literature provide elaborated explanations of how the structure of the labour market and the welfare state influence poverty, and thus can explain cross-national variations in poverty, it has so far paid little attention to immigrants. Moreover, it has neglected the fact that immigrants and non-immigrants differ in terms of economic and social rights (but see Brubaker 1989, Soysal 1994, Sainsbury 2006).

By contrast, the migration and citizenship literature has extensively explored the manners in which nation-states have incorporated immigrants into the country, which could explain why immigrants' socio-economic outcomes differ across countries and in relation to non-immigrants, despite being exposed to a comparable political-economic institutional context. But, so far, contributions to this literature have paid

less attention to socio-economic outcomes of immigrants, mainly focusing on single countries and case studies.

This thesis follows the request raised by several authors to combine both strands of literature (Freeman 2004, Geddes and Wunderlich 2009). These authors argue that immigrants' socio-economic integration outcomes are not only the results of direct integration policies targeting immigrants only, but also depend on a country's prevailing institutional structure of the labour market and the welfare state. In this vein, the thesis proposes a theoretical framework that combines insights from both literatures. The central claim is that cross-national variations in immigrants' socio-economic outcomes and socio-economic gaps between immigrants and non-immigrants can only be understood if a country's prevailing labour market and welfare system is considered together with immigration-related policies.

Outline of the argument

The main argument of the thesis is that political-economic institutions allow the explanation of cross-national variations in poverty. It starts from the assumptions that these institutions and policies influence a country's prevailing poverty in two different ways. On the one hand, welfare states alleviate poverty directly by providing different social programs such as unemployment compensation, family support, and social assistance. On the other hand, labour market policies affect poverty indirectly by protecting employees and reducing wage dispersion. While employment protection helps workers and their families to make their living, wage setting institutions and minimum wage laws ensure that fair wages are paid and are hence related to lower poverty.

The theoretical model draws on the migration and citizenship literature to explain the success of the socio-economic incorporation of immigrants into the host country. Following the migration literature (Hammar 1985), the theoretical framework differentiates between 'immigration policies' regulating the admission of immigrants into the country and 'integration (or immigrant) policies' targeting immigrants once they are settled in the country. Through immigration policies, states can regulate immigration inflow by imposing specific quotas or by specifying conditions immigrants have to meet in order to obtain a residence permit. Immigration policies thus steer, to a certain extent, the composition of immigrants living in the territory. However, states cannot fully control their borders. On the one hand, immigrants can reside illegally in a country by crossing borders unlawfully or overstaying their visa permits. On the other hand, family reunification as a human right set out in international conventions limits the scope of governments to restrain the inflow of family members. Depending on res-

idence permits or particular immigration categories, immigrants are entitled to different rights, e.g. social, economic, cultural or even political, when settling in a new country of residence. These rights are referred to as integration policies in this thesis, and are limited to economic and social rights, namely those regulations governing immigrants' access to the labour market and welfare state. This is because the major aim of this thesis is to explain immigrants' poverty risks, rather than the incorporation of immigrants in other domains such as the society or the political system. Immigration and integration policies range from inclusive to exclusive (or restrictive) depending on the ease or difficulty of immigrants to gain access into the country and claim their respective rights.

This thesis does not expect integration policies to have a direct impact on immigrants' socio-economic outcomes. Moreover, it is argued that the inclusiveness of integration policies concerning the access of immigrants to the labour market and social programs affects the impact of the labour market and welfare system on immigrants' poverty. Consequently, immigrants' poverty should be lower in countries that combine highly regulated labour market policies and/or generous welfare programs with inclusive integration policies than in countries with more restrictive integration policies. In addition, the inclusiveness of integration policies per se is also expected to affect poverty gaps between immigrants and non-immigrants. In countries that grant facilitated access to the labour market and social programs, the poverty gaps between immigrants and non-immigrants are expected to be lower. The prevailing labour market and welfare system should not affect a country's poverty gap, because both immigrants and non-immigrants are exposed to the same institutional setting once they are granted access to the labour market and social programs.

Concerning immigration policies, their impact is included only indirectly in the theoretical model: first, through integration policies, as they assign immigrants specific immigration categories upon arrival, and, second, through the composition of the immigrant population. The latter depends on how inclusive a country is towards particular immigration categories (e.g. refugees, family members). The idea behind this is that 'successful' socio-economic integration varies among immigration categories. For example, immigrants moving for economic reasons are able to invest time in the transferability of their marketable skill while still in their country of origin, while individuals migrating for political reasons, such as refugees or asylum seekers, do not (Bauer et al. 2000).

Finally, the theoretical framework also considers the impact of structural factors at the micro-level. As previous contributions on poverty, as well as immigrants' socio-

economic incorporation, show, socio-demographic characteristics of individuals and households are central in explaining a country's prevailing poverty. Therefore, the theoretical framework also accounts for structural and socio-demographic characteristics such as employment patterns, education and skills. This approach also indirectly considers the different extents to which countries are exposed to the effects of economic and structural transformations that have put a strain on the welfare state and the labour market during the last decades. Moreover, it allows the comparison of differences in poverty between similar immigrant and non-immigrant groups.

Contribution of the thesis

The main contribution of the thesis is to provide an extended framework in order to explain cross-national variations in immigrants' poverty and poverty gaps. The theoretical framework considers how the national labour market and welfare system, which affects all residents, in combination with integration policies, which regulate immigrants' access to the labour market and social programs, influence immigrants' poverty and the poverty gaps between immigrants and non-immigrants. By doing so, it draws particular attention to immigrants' economic and social rights. This approach addresses the weaknesses of the political economic literature, which, despite the prominent role of social rights, at least in the welfare state literature, neglects the fact that immigrants and non-immigrants' rights differ. This aspect, however, is central to explaining why immigrants and non-immigrants might have different socio-economic outcomes. Moreover, theoretical contributions to the relation between immigration, welfare systems, and political economies are mainly concerned with the implications of immigration on the institutional structures of the welfare state and the political economy. Highly debated issues are whether immigration contributes to the viability or the deterioration of the welfare state (Borjas 1999, Soroka et al. 2006), and also how the growing cultural and ethnic diversity of societies might affect national solidarity, and thus the general support towards the welfare state (Miller 1995, Moore 2001, Banting and Kymlicka 2006, Van Oorschot 2008). However, in order to understand why social cohesion is perceived to be at risk, this thesis claims that it is central to understand how immigrants' socio-economic outcomes and differences in socio-economic outcomes between immigrants and non-immigrants are influenced by the prevailing institutional structures.

The second contribution is the consideration of structural factors at the micro-level in the theoretical model, with special attention to the socio-demographic characteristics of all adult household members. Immigrants and non-immigrants' poverty risks not

only depend on the prevailing institutional setting, namely protection through the labour market and the generosity of social programs as well as immigrants' access to them, but also on individual-level factors, which directly affect whether they can make their living and thus escape poverty. Examples are skills and education as well as the employment patterns. Empirical studies on poverty as well as the socio-economic outcomes of immigrants both provide support for the importance of structural and immigration-related factors at the micro-level.[4] But one of the major findings of the studies concerned with immigrants' socio-economic outcomes is also that cross-national variations in immigrants' socio-economic outcomes can be observed even after controlling for immigration-related factors (e.g. country of origin, language proficiency) and socio-demographic characteristics (e.g. human capital). Nevertheless, with few exceptions (e.g. Kogan 2006), the majority of these studies focuses on individual-level determinants, and neglects the impact of a country's prevailing labour market and welfare system. By contrast, recent studies in poverty research combine both country-level and individual-level explanations (e.g. Brady et al. 2009), but disregard the importance of intermediate factors referring to household level. One major drawback of these studies is that they assign the socio-demographic characteristics of one individual, i.e. the head of the household, to the whole household. This proceeding, however, neglects the diversity of the different socio-economic lifestyles pursued by households, e.g. dual-earner households versus traditional male breadwinner families. The problem becomes even more evident when deciding whether a household has an immigrant background or not. Depending solely on information concerning the head of the household, usually defined as the person with the highest income, hides the fact that households with members who were raised and socialised both outside and inside the country of residence face different opportunities than households where all members were born either abroad or in the country of residence. The thesis therefore opts to allow different combinations of socio-demographic characteristics as well as immigration-related factors by creating mixed categories. In order to address these criticisms, the thesis not only considers the structural micro-level factors of households explicitly in its theoretical model, but also uses multilevel analysis as a method to assess the impact of socio-demographic characteristics on poverty and poverty gaps.

Finally, the thesis contributes empirically to the political economic literature by drawing attention to economic and social rights of immigrants. The data collected for 19

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[4] Recent contribution in migration literature are sceptical even as to whether ethnic origin is adequate for classifying immigrants and comparing different ethnic groups to native citizens. As Glick Schiller and Caglar (2008) argue, the focus on the country of origin hides variations not only between immigrants with the same country of origin, but also differences within the receiving society.

advanced industrialised countries provides a first comprehensive overview of immigrants' access to the labour market and different social programs, such as unemployment protection, family-related programs including traditional child benefits and dual-earner support, and social assistance. Based on existing contributions from the migration and citizenship literature, which emphasise that immigrants and non-immigrants' citizenship rights vary between different types of immigration categories (Brubaker 1989, 156; Hammar 1990), the data contained herein is differentiated between the social and economic rights of permanent residents, rights of labour migrants as well as their family members, and refugees. It should be noted that although illegal immigration has become a central issue in the political debates in all advanced industrialised countries, this analysis does not include their economic and social rights as a separate immigration category. This thesis not only complements existing studies, which have intensively studied immigrants' social rights, but only for a few countries (e.g. Soysal 1994, Aleinikoff and Klusmeyer 2002, Sainsbury 2012), but also extends the contributions from major comparative projects on integration policies and immigrants' rights such as the MIPEX project or Koopmans et al. (2012), which pay less attention to immigrants' social rights and their access to social programs.

Structure of the thesis

This thesis is structured as follows. Chapter 1 reviews the existing political economy and welfare state literature with regards to its explanation for cross-national differences in poverty. Because this literature strand neglects that immigrants and non-immigrants differ with regard to their economic and social rights, an overview of alternative explanations from the citizenship and migration literature is presented. Chapter 2 brings these two literature strands together and develops the theoretical framework for explaining cross-national variations in immigrants' poverty and poverty gaps between immigrants and non-immigrants. Besides clarifying the main concepts used in this thesis, the chapter also discusses the delimitations of the theoretical framework.

Chapter 3 focuses on the methodological approach, which includes the case selection as well as the level and unit of analysis. It proceeds with the discussion of different definitions of 'immigrants' used by statistical offices, and the resulting problems for the analysis. The major part of this chapter is dedicated to the operationalisation of the socio-economic outcomes and the explanatory factors. The chapter finishes with a section on the statistical methods and the analytical approach applied in the empirical chapters of this thesis.

Chapters 4 and 5 present the descriptive results in detail. Chapter 4 depicts national variations in immigrants' poverty and poverty gaps between immigrants and non-immigrants before and after taxes and transfers. The analysis is complemented by alternative measures of poverty such as income gaps and intensity, which account for the financial situations of poor households. Chapter 5 starts with an overview of the immigrant population and their ethnic composition by country. The major part of this chapter is devoted to the description of integration policies targeting immigrants' incorporation in the host country, namely those regulating their access to the labour market and social programs.

Chapters 6 and 7 assess the explanatory potential of the theoretical framework. Using multi-level analysis, Chapter 6 tests whether the effect of the labour market and welfare system on immigrants' poverty depends on integration policies concerning their access to the labour market and social programs. Chapter 7 examines whether the inclusiveness of integration policies contributes to explaining cross-national variations in poverty gaps between immigrants and no-immigrants.

The last chapter presents concluding arguments and summaries. It brings the major findings and implications of this thesis together and discusses its limitations. The chapter finishes by identifying three different strategies that countries could pursue to reduce immigrants' poverty and the poverty gaps between immigrants and non-immigrants.

1 Literature review

This thesis concerns poverty, an issue that has preoccupied mankind since its origins. Across cultures, religions and societies, aiding the poor has been seen as human duty. With the emergence of the nation-state, however, poverty has come to be conceived of as a 'social' problem of national significance beyond local concerns (Kuhnle and Sander 2010). Since the 18th century the increase in population, urbanisation and industrialisation in several European countries not only accentuated the problems of poverty, but also rendered the two hitherto traditional forms of dealing with social problems, charity and 'poor laws', ineffective in the eyes of both the authorities and the people at large (Marsh 1980, 5). In the second half of the 19th century, Poor Laws were amended to account for the newly perceived responsibility of the nation-state towards the provision of welfare to its citizens. Both industrialisation and democratisation played a central role in changing the understanding of welfare and redistribution from a pre-industrial concept of dependence into a modern concept of social protection (Rimlinger 1971). Social transformations led to the emergence of new threats beyond the control of individuals, threats besides ageing and sickness, such as unemployment resulting from business fluctuations. The prior spread of democracy and political rights in combination with workers' mobilisation facilitated the introduction of social rights across the world. The function of social protection remained the same as in the traditional role of social assistance, namely relief from extreme poverty by the least-privileged groups, at the time the industrial proletariat (Kuhnle and Sander 2010).

The aim of this chapter is to review the existing literature, which serves as a basis to develop the theoretical framework in order to explain why, in response to social addressing of the problem of poverty, some political economies are better at incorporating immigrants than others. The theoretical framework draws on two strands of literature, namely the comparative political economy research and the literature on migration and citizenship.

The first part of this chapter is dedicated to the contributions of the welfare state and political economy literature. The 'traditional' approaches focus on the institutional

structure of the welfare state and the labour market. In regards to the welfare state, the generosity of social programs targeting different social groups such as the poor, families, the unemployed and the elderly has been identified to be an important determinant of poverty. Furthermore, this chapter considers the impact of labour market institutions. Central labour market institutions that are discussed more in detail in the following sections relate to wage setting institutions, minimum wage laws and employment protection legislation.

However, the traditional literature focuses mainly on the impact of labour market institutions on inequality rather than poverty. Inequality refers to the dispersion of distribution of income, while poverty focuses on the lower strata of income distribution. The reasons for including and linking this literature to poverty are as follows. On one hand, only few attempts have been made to develop a comprehensive theory of poverty (see also Brady 2009). Moreover, existing approaches mainly focus on the role of the welfare state. However, as different authors argue, the labour market beyond the welfare state is equally important in explaining poverty because it constitutes the main source of household income (Esping-Andersen 1990, 21; Andress and Lohmann 2008, Crettaz and Bonoli 2010). Drawing on these contributions, this thesis argues that social programs are only one possibility states have to reduce poverty. Besides these, they can also regulate the labour market and affect poverty ex-ante through employment opportunities and earnings. On the other hand, the literature suggests that inequality and poverty are closely related and that, ceteris paribus, higher inequality goes along with higher poverty (Sawhill 1988, Kanbur 2005). Consequently, the extent to which labour market institutions reduce wage inequality, mainly at the bottom of the distribution, can also be expected to affect poverty. This subchapter therefore first reviews the existing literature and then discusses more in detail how these institutions affect poverty indirectly through employment opportunities and earnings of individuals. The remainder of the first section discusses alternative approaches explaining cross-national variations in poverty and inequality, which over the last decades has engaged pundits across disciplines. In contrast to the political-institutional literature they point to "exogenous" factors. Economic approaches highlight the role of economic growth and unemployment, while structural approaches emphasise the effects of social and economic transformations such as deindustrialisation, globalisation, and the changing role of women on inequality and poverty.

In the second part of this chapter literature on citizenship and immigration is introduced, which provides insights into different forms of immigrants' integration. This literature indicates that countries pursue different manners of incorporating immi-

grants, which are evident within a given country's immigration regime, itself consisting of a set of policies regulating the admission of immigrants (immigration policies) as well as targeting settled immigrants already in the receiving country (integration policies). As will be discussed below, both types of policies are closely related to each other; immigration policies define the criteria and conditions, depending on which immigrants are assigned a particular immigration category (e.g. labour migrants, family reunification, recognised refugees). Accordingly, a country's integration policies, here understood narrowly as access to the labour market and welfare system, differ with regard to the immigration category, by drawing more or fewer distinctions between various immigration categories.

1.1 Approaches explaining poverty and inequality

1.1.1 The political-institutional approach

The role of labour market institutions…

The differences in success of labour market performance in the United States and Europe during the 1980s and 1990s produced a large body of political-economic studies concerned with the impact of labour market institutions on economic inequality. The phenomenal employment growth in the United States was directly opposed to the inability of European countries to create new jobs. At the same time, these developments were accompanied by an increase in wage inequality in the United States as compared to Europe (Rueda and Pontusson 2000). The American job creation came at the cost of low or even declining real and relative wages at the bottom of the earning distribution, while Europe displayed increasing real wages and stable relative-wage levels despite a rise in unemployment (see Blau and Kahn 2002). These two divergent paths have been ascribed to the flexibility of labour market institutions (Grubb and Wells 1993, Saint-Paul 1996, Nickell 1997) and the potential trade-off between employment and equality, i.e. that job creation can only be obtained by increasing labour market flexibility and reducing social security benefits (e.g. Blanchard 2006).

According to the proponents of deregulated markets, state intervention distorts market forces and reduces efficiency, which in turn slows down economic growth. But classical economists also acknowledge the active role of governments in promoting well-functioning markets, and in providing a minimum level of social assistance for those in need (see Miller 2010). However, redistribution beyond basic transfers is judged as inefficient because it creates distorted incentives concerning labour supply (Saez 2006). Low-income beneficiaries choose to rely on transfer programs rather than paid

employment, which produce government dependency and longer unemployment spells (Darity and Myers 1987, Fritzell 1990, Leisering and Leibfried 1999), while raising taxes to finance social programs prevents middle and high-income earners to pursue paid employment, resulting in traditional male breadwinner family models and early retirement (Danzinger et al. 1981).

Empirical evidence at the macro-level partly supports the trade-off between redistribution and employment. When comparing average employment growth rates between 1990 and 2002, Pontusson (2005) finds that the United States was more efficient in creating new jobs compared to European countries. However, the job creation does not necessarily come along with lower unemployment rates. In the early 2000s, Scandinavian countries even outperformed the United States in terms of unemployment rates. The argument for negative incentives created by social transfers is a point partly supported by empirical evidence at the micro-level. As Fourage and Layte (2005) show, initial exit rates from poverty are comparable across different types of European welfare regimes, but rapidly decrease in countries with more generous social programs compared to countries with lean welfare programs. Furthermore, a number of economic studies have focused on the impact of generous welfare states on (mainly low-skilled) immigrants' decision to migrate to a specific country (for an overview see Borjas 1989, 1994 and Nannestad 2007). Borjas' (1999) findings for the United States shows that foreigners not only immigrate more often to states with higher social transfer, but also make more use of social programs than citizens (see also Borjas and Hilton 1996). Limited evidence also exists for Europe. While immigrants tend to be over-represented among recipients of non-contributory welfare schemes and education related programs, they rely less on social programs related to sickness, unemployment insurance, and pensions as compared to natives (Brückner et al. 2002, Boeri 2009).[5]

However, researchers engaged with income inequality, in particular earnings inequality[6], have pointed to the central role of labour market institutions in organising industrial relations between relevant actors such as unions and employer associations, with or without government's involvement. The following section is therefore dedicated to

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[5] De Giorgi and Pellizari's (2006) results at the macro-level show that more generous welfare states are related to higher migration inflows, particularly low-skilled foreign workers. Menz (2004), on the other hand, claims that colonial legacies and cultural similarities between the home and the host country of newcomers are better predictors for the number and composition of migrants across countries than the generosity of social systems.

[6] The main difference between income inequality and earnings/wage inequality is that the former includes income sources from self-employment, capital and government transfers. Several studies show that both are closely related as earnings constitute the biggest part of income in OECD countries (Wallerstein 1999, fn.1, 649; Gottschalk and Smeeding 1997). Moreover, processes leading to higher earnings inequality are often associated with higher income inequality (Moller et al. 2009).

the review of the literature on wage setting institutions, and then proceeds to examine the impact of government interventions in the labour market on poverty and inequality, with a focus on the establishment of minimum wage laws and employment protection.

Considering *wage setting institutions*, the literature emphasises the structure of wage setting. Wage setting not only differs with regard to the level where negotiations of wage contracts take place, e.g. at the level of the firm, the industry or the nation (centralisation), but also with respect to actors involved in the bargaining process, e.g. union confederations and peak employer associations, key unions and employers' associations (coordination; see Kenworthy 2001). Furthermore, wage setting can also be influenced via government intervention either by participating directly in the tripartite negotiations or by extending collective agreements to non-union members and legislating minimum wages.[7] The standard argument associating wage setting institutions with wage equality is that higher centralisation and coordination produce wage compression because they reduce the spread of inter-firm and inter-sector earnings by including a higher share of firms and sectors into a single wage agreement (Pontusson et al. 2002, 289). Although centralisation and coordination do not necessarily lead to wage compression[8], the findings so far suggest that countries with more centralised and coordinated wage setting mechanisms exhibit lower wage dispersion, in particular within the bottom of the wage distribution (Wallerstein 1999, Rueda and Pontusson 2000, Alderson and Nielsen 2002, Pontusson et al. 2002, Blau and Kahn 2002; see also OECD 2004). These studies further indicate that the degree of unionisation, the share of workers covered by collective bargaining agreements, and the share of public sector employment as an indirect way of government involvement in wage settlement all tend to reduce wage inequalities. The effect of unions compared to other factors is relatively robust and consistent across different types of market economies (Rueda and Pontusson 2000, Pontusson et al. 2002) and on the subject of income inequality (Nielsen and Alderson 2002). The implication of these results and the role of wage setting institutions is insofar relevant for explaining cross-national variations in poverty as it

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[7] A central finding of Wallerstein's analysis (1999) is that for wage-equality it makes no difference whether centralisation occurs between peak associations of unions and employers, or through government intervention.

[8] Two broader explanations have been put forward to explain why different actors are interested in reducing earnings differentials (see Wallerstein 1999, 674-676; Rueda and Pontusson 2000, 360-361). The first refers to the political mechanism of centralisation, which changes the power distribution of actors in favour of low-wage unions. Based on the logic of the median voter model low-wage unions support redistributive wage demands only if the average wage surpasses the median wage. The second ideological explanation refers to the aspect of centralisation, which renders wages differentials more transparent and therefore more politicised.

contributes to raise the lowest salaries above the poverty level and therefore affects poverty directly before any government redistribution (see also Moller et al. 2003).

Second, *minimum wage laws*, as one particular form of government involvement in wage bargaining, are also central to ensuring that fair wages are paid to workers. The use of minimum wage strategies as a measure to reduce poverty, however, has been contested in the literature (e.g. Addison and Blackburn 1999). Advocates typically argue that minimum wages protect low-paid workers by increasing their earnings and therefore raising their living standards. Furthermore, the introduction of an explicit floor at the bottom end of the wage distribution tends to reduce wages dispersion and to benefit workers with earnings just above the minimum wage the most (Fortin and Lemieux 1997). Opponents, however, point to the adverse effect on employment of destroying low-paid jobs or hindering their creation when wage floors are introduced (e.g. OECD 1998). Considering that wage levels reflect the productivity of labour, if statutory minimum wages are set too high, firms have no incentives to employ workers in low-productivity occupations, unless the productivity of low-skilled workers is raised to the level of the minimum wage productivity, e.g. by education and training (Dolado et al. 1996). This employment disincentive is even more pronounced in countries with social insurance systems because non-wage level costs, such as contributions paid by the employer, cannot be shifted to the employee (Eichhorst and Marx 2012). Low-skilled individuals who would otherwise find low-paid jobs below the minimum wage have difficulties staying in the labour market and thus experience higher poverty risks. Consequently, if the minimum wage is set too high, less productive workers find themselves priced out of the market and replaced by labour substitution investments (Esping-Andersen 1999, Dolado et al. 1996). Whether the positive or negative effects of minimum wage legislation prevail depends on different factors such as the elasticity of the labour demand, and the number and composition of workers affected by these changes (Addison and Blackburn 1999, Fortin and Lemieux 1997).

Empirical findings on the effect of minimum wages on employment and wage inequality are mixed. For example, Card and Krueger's (1995) study on U.S. fast food restaurants supports a positive effect of minimum wage on employment, while Skedinger's (2006) comparable analysis in the Swedish context shows that an increased minimum wage has an adverse effect on employment in hotels and restaurants. The extensive meta-analysis by Neumark and Wascher (2007, 121) concludes that over two thirds of the studies carried out over the past decades point to a negative effect of minimum wages on employment, "though [it is] by no means always statistically significant". Overall, the empirical literature suggests that the impact of minimum wage on em-

ployment is relatively modest and can mainly be supported when focusing on low-paid workers rather than the whole labour force.

The effect of minimum wage on wage inequality is less controversial. Higher minimums not only tend to increase wages in the formal sector, but often also tend to serve as a benchmark in the informal sector (for a review including studies in from developing countries see Betcherman 2012). For example, the analysis of Machin et al. (2003) on the British residential care home industry shows that the introduction of the national minimum wage in 1999 was accompanied by a reduction of employment and hours worked, but that overall this impact was less important than the great wage compression at the bottom of the wage distribution. Similar findings are also reported for France concerning regional wage inequality between 1967 and 1992 (Dolado et al. 1996) and the wage gap for women, though not for men, in the US from 1973 to 2005 (Lemieux 2008). Despite the inconclusive results regarding minimum wages on employment, these studies mainly agree that minimum wages negatively affect the employment opportunities of low-skilled, young and particularly female workers, due to redundant skills, lack of experience, or low educational accomplishments (see also Dolado et al. 1996, Card and Krueger 1995, Esping-Andersen 1999, Rycx and Kampelmann 2012).

The studies discussed above shed some light on how minimum wage laws through wage distribution and employment opportunities and earnings affect family incomes, and thus their poverty risks. Considering that employment income accounts for the biggest part of the household income, the employment opportunities of family members are particular important. Higher minimum wage bites, i.e. the ratio between minimum wage and average or median wage, lead to less wage inequality, at least in the bottom end of the distribution, and reduce the probability of low payment (Crettaz and Bonoli 2010). This can be expected to reduce households' poverty risks, as long as the disemployment effect resulting from higher unemployment rate among the low-skilled does not prevail (Fortin and Lemieux 1997). The few empirical studies analysing the effect of minimum wage legislation on family income and poverty so far suggest that minimum wages increase both the likelihood that poor families can escape poverty and the likelihood that non-poor families can fall into poverty. Neumark and Wascher (2002), based on data from 1986 to 1995, show that the share of those ending in poverty for the United States is greater, although the net effect is not significant, but that minimum wages tend to enlarge the income of those living below the poverty line. Addison and Blackburn (1999) find that increases in minimum wages during the same period reduced poverty among teenagers and older junior high school dropouts. Stud-

ies conducted outside the US paint a different picture. The German simulation of minimum wage introduction (Müller and Steiner 2008) as well as the Australian analysis by Leigh (2007) both suggest that minimum wages do not substantially reduce poverty. The limited effect of statutory minimum wages on poverty is explained in the former study by the interaction of minimum wages and the tax-benefit system, while the latter study points to the lower labour market participation of poor households. Existing evidence, mainly based in the US, indicates that poor households often do not work at all or only have a single wage earner (see also OECD 1998). Moreover, several studies suggest that the typical minimum-wage worker tends to live in a middle-income household and is more likely to be female, unmarried, with low educational achievements and an immigrant background (Leigh 2007, see also Rycx and Kampelmann 2012, Dolado et al. 1996). These studies show that the impact of minimum wage on poverty is not straightforward but depends also on the composition of the household and the characteristics of workers affected by this particular policy.[9]

Finally, *employment protection* contributes to understanding the association between employment and poverty, next to minimum wage laws and wage setting institutions. Rules governing the firing and hiring of employees, including restrictions on layoffs, regulations on redundancy payments, and the use of temporary employment, can be seen as a protection of workers against fluctuations in the market and, at the same time, as restrictions to the employers' control of their workforce and labour costs (OECD 2004). Existing literature suggests that employment is more stable and depends less on the business cycle in countries with strong employment protection, because the high costs related to dismissals make firing during recessions, as well as hiring during expansions, less likely (Bertola 1990, Nickell 1997). However, in light of the structural changes discussed below, economists and political scientists have maintained that strict employment protection and the related rigidity of labour markets prevent economies to be flexible and adapt to technological changes and international competition. The costs and prolonged procedures resulting from dismissals prevent employers from firing unproductive workers, which leads to lower average productivity and in turn to lower economic growth. As a result, employment protection has been seen as culprit of sluggish job creation and long-term unemployment (e.g. OECD 1994, Blanchard and Katz 1997). In contrast, several authors also highlighted the positive effects of employment protection legislation, for example on worker productivity.

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[9] A reduction of the labour costs therefore may improve the employability of these marginal groups (see Neumark and Wascher 2007), which in turn reduces earnings inequality through an increase of GDP per capita. However, recent empirical analyses indicate that lowering the minimum wage risks widening wage dispersion at the bottom (OECD 2012b, 199).

They argue that greater job stability and improved employee morale resulting in higher productivity might offset the wage increases related to employment protection (Baccaro and Rei 2007). In a similar way, Nickell and Layard 1999 have pointed to the encouraging effect of employment protection on human capital investment as longer job tenure raises expected returns on training. This argumentation is also consistent with the claim of the varieties of capitalism literature that employers, in addition to employees, have an interest in providing employment and social protection in order to require their workers to invest in firm-specific skills (Estevez-Abe et al. 2001, Hall and Soskice 2001, Swenson 1991).

Empirical studies on employment protection legislation are mainly concerned with its impact on labour market performance rather than earnings inequality and poverty. Nevertheless, the existing research provides empirical support for the positive effect of stricter employment regulation on earnings equality, in particular at the bottom of the earnings distribution (e.g. Koeninger et al. 2007, OECD 2011). Concerning its effects on other labour market outcomes the empirical findings are ambiguous and not very robust (for a literature review see Young 2003, OECD 2004, Blanchard 2006). The missing relationship between employment protection and aggregated employment or unemployment rates has also been confirmed by recent studies (e.g. Baccaro and Rei 2007, Cahuc and Zylberberg 2007, Howell et al. 2007).[10] The inconclusive results of the empirical studies cited above have been ascribed among others to the theoretical and empirical deficiencies in distinguishing between employment protection for permanent and temporary employment (Young 2003, see also Neumark and Wascher 2007).[11]

Studies taking this critique into account show that employment protection not only has an effect on the distribution between permanent and temporary employment as well as self-employment, but also differs with regard to different labour market groups (see Young 2003, Betcherman 2012). It has been shown that higher employment protection of regular employment in particular negatively affects the labour market opportunities of women, low-skilled young people, and immigrants (see also Kahn 2007).[12] One explanation based at the micro-level is that high labour turnover costs resulting from

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[10] Neumark and Wascher's (2004) analysis of youth employment indicates that stronger employment protection legislation and the use of active labour market policies both reduce unemployment and tend to balance out the negative minimum wage effect.

[11] The disregard of the interaction between employment protection legislation and other types of labour market institutions, notably wage setting, has also been criticised (Young 2003). As Elmeskov et al. (1998) show, job security policies only increases structural employment in the context of intermediate bargaining centralisation.

[12] Higher levels of collective bargaining even accentuate these effects (Kahn 2007).

strictly regulated labour markets forces employers to find the "perfect match" in order to fill a vacancy. As a result, firms rely on productivity expectations, i.e. skills and education as well as prejudices and statistical discrimination, when making hiring decisions and therefore are less willing to employ individuals with low experience and/or discontinuous employment careers (see also Kogan 2006, 699f.). Lindbeck and Snower (1986, 2001) provide a second explanation why employers may resist employing these particular groups by referring to the influence of incumbent employees, the insiders. Their theoretical framework aims to explain how economic actors behave in the labour market where some workers are more favoured than others and highlights the importance of labour turnover costs. Accordingly, high labour turnover costs affect firms' hiring decisions by altering the market powers in favour of insiders, a result of firing said insiders. Moreover, employers refrain from employing outsiders, i.e. individuals either employed in the informal sector or unemployed, though this group could theoretically underbid the wages of insiders, because they fear a drop in productivity of their incumbent working force due to falling wages. Moreover, they are restricted by legislation that keeps wages above the market-clearing level. This approach implies that insiders are able to impose their interests on employers and that they pursue their interests at the cost of outsiders, which serves as an explanation for recent labour market reforms, discussed below (see Saint-Paul 1996, Rueda 2005).

Both explanations help to understand how employment protection affects the interests of employers and core workers and thus why particular labour market groups are underrepresented in standard, permanent employment. However, rather than remaining inactive, these particular groups find atypical or even illegal employment in the secondary market (Häusermann and Schwander 2012, Ferrera 2005). According to the dual labour market theory, this secondary market is characterised by unstable and low-paid work and constitutes the counterpart of the primary labour market providing secure and well-paid occupations (Berger and Piore 1980). Moreover, the mobility between these two labour market segments is reduced; once individuals have accepted the inferior jobs they are trapped in the secondary market, while workers employed in the primary market keep their jobs permanently (see Davidsson and Naczyk 2009 for a comprehensive review).

Recent approaches in the dualisation literature building on the dual labour market theory provide a comprehensive framework for understanding the emerging divides in the labour market (see Emmenegger et al. 2012). The authors argue that structural transformations in combination with welfare state retrenchment and external pressures for labour market flexibility since the 1980s have intensified the division between insiders

and outsiders.[13] This is in particular the case in countries with high employment security where the protected core workforce has managed to resist the deregulation of standard employment, while more or less indirectly leaving liberalisation of temporary employment protection legislation as the only option. Ochel's (2008) study on employment protection reforms in Europe between the 1990s and mid-2000s provides support for this claim. In contrast to employment protection for temporary jobs, existing regulations of permanent employment have hardly been reformed (with the exception of Spain, see also OECD 2012b for recent changes). The spread of these two-tier reforms, i.e. the introduction reforms at the margin of the labour market while leaving permanent contracts untouched, has been explained by different factors such as rising unemployment, the strength of social partners and governments (see discussion in Ochel 2008). Several empirical studies show that legislation favouring fixed- or short-term contract occupations has ambiguous effects. It leads to job creation and thus higher employment rates of marginal groups, especially of immigrants (Causa and Jean 2007), but has a negative effect on earnings as these newly created jobs tend to be low-paying (Jean et al. 2010, 24). Moreover, the findings of one of the few studies analysing effects on wage inequality indicates not only that more flexible employment protection legislation is associated with higher wage inequality, but also that this effect is mainly driven by the deregulation of temporary contracts, which themselves primarily affect workers on the lower part of the wage distribution (OECD 2011).[14]

The effect of employment protection legislation on poverty, as with statutory minimum wages, is not straightforward because poverty can be caused by different reasons such as non-employment and/or difficulties finding a job or insufficient pay. While it is reasonable to assume that stricter labour market regulations of permanent employment prevent individuals from becoming poor once they are employed, it also hinders marginal workers from finding an adequate job as discussed above. Alternatively, the employment chances of marginal workers are better in less regulated labour markets, which in turn reduce their poverty risks because they are employed rather than unemployed. At the same time, despite having found permanent employment they risk being used as cheap labour substitutions and having a high incidence of low pay. However,

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[13] Again, the existence of a parallel labour market is not a 'new' phenomenon, but became only recently a political issue. In Germany, for example, mainly students and housewives were employed in those inferior jobs, but had access social services through their connection to the male breadwinner. It is with the growth of non-wage labour costs that this kind of jobs became a good opportunity for employers and went beyond the intended clientele (Palier and Thelen 2012, 209). Comparably, women in the United States were employed in the secondary labour market segments during the post-war period and were expected to be replaced by migrant workers (Piore 1979, see also Massey et al. 1993).

[14] Regular employment protection legislation has no significant effect on wage inequality when considering temporary employment protection laws (see Table 2.4, OECD 2011, 120).

as King and Rueda (2008) argue, cheap labour, characterised by low levels of pay, employment protection, and benefits, is a significant part of all advanced political economies. Moreover, countries differ with regard to the extent they use standard/permanent or nonstandard/temporary cheap labour. Standard cheap labour is widespread in countries with low employment and social protection such as unemployment compensation programs (e.g. United States or Canada), while in countries with high job security for standard employment cheap labour prevails in form of non-standard employment (e.g. Germany and Sweden; King and Rueda 2008). Therefore, the strictness of employment protection for temporary employment is also of importance. Comparable to the argumentation above, more liberal regulations increase not only the employment opportunities of marginal labour market groups but also their risks of lower earnings and limited access to social insurance programs, either due to interrupted working histories or contribution periods which only suffice to qualify for less generous alternatives such as social assistance programs (e.g. mini-jobs in Germany, Eichhorst and Marx 2012). As recent analysis indicates low-income workers on temporary contracts earn less compared to their permanently employed counterparts (Fournier and Koske 2012). Consequently, one could argue that stricter employment protection of both permanent and temporary employment is to be associated with lower poverty due to their effect on earnings equality (see also OECD 2012b), while countries with a higher gap between employment regulations of permanent and temporary contracts take a middle position because this gap increases the risks of marginal workers of being trapped in the secondary market. It should, however, be noted that this assumption relies on the expectation that the alleviating effect of stricter temporary employment regulations through earnings equality will prevail over the employment effect on poverty, which might push marginal workers into the informal sector of the economy.

In conclusion, the literature review indicates that impact of labour market institutions such as wage setting institutions, minimum wage laws, and employment protection on poverty is complex and affects poverty indirectly through employment opportunities and conditions as well as the wages of the individuals willing or forced to work. The difficulty to establish a clear relation between different types of labour market institutions and poverty derives from the fact that poverty does not affect single individuals but rather families or households. Whether a household earns enough income to live beyond poverty does not depend on particular family members but rather on the employment patterns of all working-age members. As mentioned above, one earner nowadays does not suffice anymore to maintain a family. However, just because one fami-

ly member is employed on a temporary contract does not mean that the family is exposed to higher poverty risks as long as another family member has full-time regular employment and/or other family members contribute financially to the household income. From the perspective that multi-earner households experience lower poverty risks than single-earner households, the employment of family members in atypical employment, voluntarily or not, is still a better option than to remain non-employed. However, households' standards of living do not fully rely on gainful employment. States can provide additional income sources through more or less generous social programs. Besides unemployment programs they have developed other means, such as public transfers, to which individuals are entitled regardless of labour market participation. These therefore reduce a households' dependence on the labour market and prevent poverty. The next subsection discusses the impact of welfare states through the provision of social programs on poverty.

… and the welfare state

The idea that the nation-state has to take (at least minimal) social responsibility for its citizens prevails across the world. By 1967 the majority of the developed and developing countries had introduced a form of protection against occupational hazards, sickness or family allowance schemes well as invalidity, old age and survivor's pension schemes (Perrin 1969).[15] Despite the prevalence of social security programs, the extent to which these social schemes protect the vulnerable sections of the society vary across countries. The central role of the state or more precisely the structure of the welfare state figures as the main explanation of cross-national variations in poverty.

The comparative social policy research distinguishes at least three forms of how welfare states reduce poverty (Brady 2009; Esping-Andersen 1999). First, welfare states provide social protection against risks. Many people experience precarious situations for reasons going beyond individual control in different phases of their life cycle (childhood, working age, and old age) ranging from family changes to invalidity, unemployment and side effects of ageing. Welfare states provide social programs and services to manage those risks. Second, welfare states shape and are shaped by the prevailing understanding of a socially acceptable standard of living in a society and thus indirectly influence poverty (Korpi and Palme 1998, 664). In other words, welfare states and their institutions affect the perception of social responsibility of their citizens concerning prevention and aid of those living in poverty. Besides this, they create

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[15] See Perrin (1969, Table 1, 285-7) for an overview of the first statutory social security schemes introduced in the 19th and 20th century across ILO member countries.

their own constituency which in turn provides feedback in form of the support of the welfare state (see also Pierson 2001). According to Brady (2009, 7) the way in which "welfare states institutionalize equality" functions as a circle because it affects collective believes about the socially and politically acceptable minimum living standards, which in turn affect the welfare state.[16] As a result, institutional structures influence the redistributive process as well as reduction of inequality and poverty (Korpi and Palme 1998).

Last but not least, welfare states also organise the distribution of economic resources in various ways. States cannot only intervene by regulating labour market institutions, as discussed above, but also via taxation and the provision of public goods such as education or health. This conception goes beyond the traditional understanding that the market first distributes income and the welfare state then intervenes to redistributes the income. Although one could debate whether "states define and constitute markets" (Fligstein 2001 cited in Brady 2009 et al. 275), several authors have convincingly argued that the welfare state and the economy are closely linked and therefore influence each other. The particular institutions not only affect individuals' labour market participation but also a country's wage and income distribution (Esping-Andersen 1990, Esping-Andersen and Kolberg 1999, Huber and Stephens 2001, Bergh 2005; see also introduction). This understanding of the welfare state or the state in general, whose function is not merely confined to redistributing income ex-post, but actively shapes the structure of the market, is central to this thesis. As discussed above, besides providing social programs, states can also alleviate poverty by improving workers' employment opportunities and earnings through employment protection or wage setting legislation.

A number of studies have analysed the relationship between the size of the welfare state and poverty or inequality, mainly in Western democracies between the 1970s and the turn of the millennium. Their main conclusion is not only that larger welfare states redistribute income more efficiently, but also that the welfare state is the main predictor of the poverty and inequality prevalent in the society, regardless which explanations are controlled for or the type of indicators used for welfare generosity. The empirical analyses not only consider total welfare spending or social security transfer in percentage of GDP (Bradley et al. 2003), expenditures on particular programs such as

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[16] For empirical studies assessing perceptions on causes of poverty, including unluckiness, laziness, injustice in society and side effects of modern progress, see for example Lepianka et al. (2010), who found in their study of 28 European countries that in countries with strong Catholic tradition poverty was related to external reasons such as social injustice or unluckiness, while countries with a higher adherence to work ethic attributed living in poverty more often to laziness or lack of will power.

public health (Brady 2003, Brady et al. 2009), family and child transfers or means-tested programs (Moller et al. 2003, Misra et al. 2007), but also more sophisticated indicators of welfare state effort focusing on eligibility, length of benefits, replacement rates and coverage of particular social programs such as unemployment, sickness, and programs for the elderly (Kenworthy 1999, Scruggs and Allan 2006, Bäckman 2009). They all yield similar results: welfare state generosity reduces inequality and poverty.

The remaining part of this subsection discusses the impact of three social programs, namely social assistance, family-related schemes and unemployment programs not only because they are considered the most important, as they have been designed more or less explicitly to alleviate poverty (Huber and Stephens 2001, 108), but also because they are at the centre of the analysis in the next chapters.

The first social program concerns *social assistance*, which aims to shelter those in need. Poverty relief, as one of the oldest forms of social policy, has been introduced since the 19th century with the aim to help the undeserving poor in particular.[17] With the development of the welfare state "social assistance has been transformed into a residual safety net" by including other social groups and becoming more generous, e.g. through employment-related or universal minimum benefits for elderly, disabled individuals and the unemployed (Bahle et al. 2010, 450).[18] This broader conception of social assistance can be opposed to a narrow definition limited to a guaranteed minimum income, which is the focus of this thesis. Although more generous minimum income is expected to reduce poverty, the effect of targeted programs has been debated. Proponents of mean-tested programs generally argue that the poor should be the main target group of social policies and criticise the fact that the majority of social programs and social expenditures are devoted to the non-poor. Consequently, they focus on target efficiency, namely the share of social expenditures that reach those defined as needy (see Nelson 2004 for a detailed discussion). Opponents, on the other hand, emphasise the negative effects of means-tested programs on poverty reduction, referring to the associated stigma for benefit recipients and potential poverty traps (Nelson 2010). Moreover, it has also been pointed to the political dynamics leading to insufficient

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[17] The first national legislations tackling the need of the pauper has been introduced in England as the Elizabethan Act for the Relief of the Poor of 1601 addressing indigent children, disabled and unemployed or the Landrecht of 1794 adopted in Prussia. Even though this legislation affected the national system as whole, the administration was still conferred to the parishes (see Kuhnle and Sander 2010).

[18] Eardley et al. (1996) developed one of the most influential typology of social assistance systems across OECD countries, which distinguishes eight different types based on three dimensions of means-tested benefits: (1) 'poverty-tested' vs. 'general means- or income-tested', the latter including recipients well above the poverty line, (2) 'cash' vs. 'tied' benefits, the latter covering cost reductions for specific services, e.g. housing, and (3) 'general' vs. 'targeting', the latter targeting specific groups such as elderly or disabled people.

levels of assistance. The reason is that the middle class and the working class have a low interest in means-tested programs, which in the long-term leads to lower spending and the erosion of social programs addressing basic needs. By contrast, it has been argued that redistributive policies targeting a broader section of the society not only enjoy more public support but also positively affect levels of social assistance (White 2010). Korpi and Palme (1998, 661) term this the paradox of redistribution according to which countries that are more concerned with programs targeting the poor and equal public transfers for all are less likely to succeed in reducing poverty and inequality. As a result, the existing literature relates higher welfare state effort in general with lower poverty and assigns social assistance a weaker role in poverty alleviation.

The empirical evidence supports the paradox of redistribution. For example, a study by Moller et al. (2003) does not find a significant effect of social spending on means-tested benefits on poverty reduction in contrast to the proportion of social transfer for child and family allowances. The results from the decomposition of poverty reduction into means-tested and other social benefits by Sainsbury and Morissens (2002) indicate that other social benefits play a larger role and that means-tested benefits do not suffice to lift households out of poverty. Using institutional data Nelson (2004) also confirms that social assistance levels are often set below the poverty line. The difference between the definitions of poverty used in empirical studies, i.e. relative (and absolute) poverty[19], and official poverty lines used to determine the level of social assistance, which are clearly set below the relative poverty lines, can also partly explain why empirical studies fail to confirm the impact of social assistance on poverty alleviation (see Bahle et al. 2010). Recent research on poverty has moved from poverty conceptions to material deprivation, defined as a set of items of basic needs (e.g. financial capacity to keep home adequately warm or afford to buy meat every second day if desired), and shows that these two conceptions are only partly congruent (Nolan and Whelan 2010).[20] However, empirical studies using material deprivation as a dependent variable indicate that the generosity of social assistance schemes has a significant impact (Nelson 2012).

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[19] Usually, relative poverty (or head counts) are calculated based on the share of households with a disposable income below 50% of a country's median income (e.g. Korpi and Palme 1998, Moller et al. 2003, Brady 2003, Misra et al. 2007, Bäckmann 2009), while absolute poverty is defined as the share with income below a certain level held constant across countries and timespan, e.g. 50% of the median income of the United States in a particular year (e.g. Kenworthy 1999, Scruggs and Allan 2006).

[20] The reasons put forward by Nelson (2012, 150) for the differences are that savings and support from relatives along with public in-kind benefits and income from informal work allow individuals to make use of basic goods, while personal preferences in lifestyles explain why materially deprived do not have to be income poor.

The second social program considered important to alleviate poverty is *family-related policies*. The following paragraph focuses on policies addressing the needs and responsibilities of parents and their children, although family policies can also be understood more broadly understood including policies referring to other family relationships, e.g. between partners or children and their elderly parents (see Bradshaw and Finch 2010). All welfare states provide a variety of policies that support families raising children, which include, among others, tax allowances, cash and non-cash benefits, home care allowances, education, subsidisation of childcare, and parental leaves. In general two types of family policies can be distinguished, which are related to different roles of women in a society, e.g. as carer, earner or a combination of both (Misra et al. 2007, Bäckman and Ferrarini 2010; see Fraser 1994, Sainsbury 1999 for a typology of gendered welfare states).[21] One type of family policies refers to traditional family allowances that are often paid in form of flat rate or means tested benefits. They do not depend on previous employment of women and more or less implicitly maintain the gendered division of labour, namely between the male earner and the female caregiver. The second type of family policies is referred to as dual-earner or work-family policies. They contain those policies that aim to facilitate female employment and to some degree male care work, such as earnings-related paid or unpaid parental leave, caregiver allowances and support for subsidised or state-provided external childcare.

Although the main purpose of family policies is not confined to poverty reduction but also aims to compensate for the economic cost of children, to promote the reconciliation of work and family, and to improve gender equity (see Thévenon 2011 for a discussion), both traditional and non-traditional types contribute to the reduction of poverty. Traditional family policies alleviate poverty directly through the additional amount of cash benefits paid to families or single mothers, with the objective to either augment or replace the earnings of the male earner. However, as Gornick et al. (1997, 65) claim, considering that women's earnings are more and more important for household income policies, targeting mother's employment can be increasingly understood as a component of anti-poverty strategy. Childcare provision and paid maternity leave reduce poverty by improving the labour market opportunities of mothers and providing

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[21] Welfare state pursue different strategies to eliminate gender equalities; the *carer strategy* (state supports care work with public funds, which remains mainly in the household, if employment is promoted than part-time; Germany and Netherlands)*, the earner strategy* (state treats women primarily earners and promotes their employment by shifting care work from family to the market; Canada, USA, UK), the *earner-carer* strategy (aims to divide care work and paid employment equally between men and women by linking care-related to working-related benefits; Scandinavia) and the *choice* strategy (provide support for both caregiving within families and women's full-time employment; Belgium and France; see Misra et al. 2007, Fraser 1994, Sainsbury 1999).

income during the period following the birth of the child. However, this does not mean that all dual-earner policies decrease poverty. Total length of leave may weaken employment opportunities in the long-term due to longer interruption of work (Misra et al. 2007).

The impact of these two types of family policies on poverty has been confirmed by different studies. Misra et al. (2007) analysis of nine countries between the mid-1990s and 2000 suggest that more generous traditional family allowances, total paid and unpaid family leave as well as the support of childcare are all related to lower poverty levels. By contrast, paid maternal leave has no significant effect on poverty. Their hypothesis that the length of parental leave has a curvilinear impact on poverty is supported by their findings (see also Lalive and Zweimüller 2009). Micro-level factors such as higher age, employment (full-time and part-time), higher education as well as having a partner also reduces poverty, while having a lone parent increases poverty. Bäckman and Ferrarini's findings (2010), however, only support the alleviation effect of dual-earner policies in contrast to traditional family policies. Their results further show that when controlling for the higher quality of childcare services this effect is enhanced and traditional family policies have a significant effect in alleviating poverty. The findings are robust when looking at 21 countries including Eastern and Central Europe or sub-samples.

Closely related to the labour market is also the last type of social program, *unemployment programs*. They have been introduced relatively recently in industrial societies, as compared to other major social security schemes, due to the political conflicts these programs created between labour and capital (Wennemo 1994). The main reasons put forward are their effects on poverty, labour supply and economic progress. Unemployment and the concomitant loss of market income during cyclical downturns can be seen as an "old" risk addressed by the industrial welfare state, which retrieved importance during the last decades affecting not only low-skilled workers but also white-collar employees (Huber and Stephens 2006). The central idea behind unemployment insurance schemes has been to serve as a countervailing mechanism by reducing the resulting fluctuations in disposable incomes of workers and their families (Sjöberg et al. 2010). The impact of the design of unemployment insurance policies and particular institutional characteristics such as replacement rates, coverage and duration on poverty has also been tested. Bäckman's (2005, 2009) analysis across 16 Western countries between 1980 and 2000 indicates that unemployment insurance generosity has an alleviating effect on poverty. Furthermore, he shows that the increase in the average generosity between 1980 and 1990 reduced the growth of poverty, while the opposite

is the case for the second period. These effects are robust even when controlling for unemployment rates, the share of single earners, and the female labour force, all not significantly related to poverty. His previous analysis further finds that two particular institutional characteristics are important, i.e. net replacement rates and, to a lesser extent, the duration of unemployment insurance schemes in contrast to the coverage of the working force (Bäckman 2005). These results are corroborated by Kenworthy's (1999) older cross-sectional study of 15 advanced industrialised countries around the year 1991. Higher social wages – measured by the replacement rate in percentage of the median worker income – are related not only with lower relative but also absolute poverty. However, Scruggs and Allan (2006) do not find any significant effect of unemployment insurance generosity either on relative or absolute poverty using the Luxembourg income data across 16 OECD countries between 1980 and 2000. The results instead show that the generosity of sickness and pension benefits are better predictors for the prevailing level of poverty of the working population and the elderly population respectively. The authors point to the sensitivity of the results and the high correlation with other indicators of welfare generosity such as spending, pension and sickness benefits. When excluding these three alternative welfare state measures, the coefficients are, as expected, negative and significant.

The controversy on unemployment insurance programs, namely the length and generosity of the reservation wage received when workers stop working, has also been related to both labour supply and demand (see Esping-Andersen 1999). If the reservation wage, i.e. the replacement ratio and maximum duration of benefits, is set too high it has been argued to create incentives to prolong the dependency on unemployment insurance because most social insurance programs stop paying benefits when beneficiaries return to work. In addition, unemployment programs might affect unemployment through their impact on earnings. As Sjöberg et al. (2010) argue generous benefits reduce the concern of unemployment that in turn increases pressures from unions on wages not compatible with full employment. Empirical findings on the effect of benefit levels on unemployment are mixed, but there is some evidence that the duration of eligibility lengthens unemployment (e.g. Nickell 1997). Tomlinson and Walker (2012), for example, show that almost half of unemployed Germans in 2003 were still unemployed two years later, while this was only the case for 26% of the British unemployed.[22]

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[22] The data also indicates that in the United Kingdom 30% of the respondents moved from the unemployed to the inactive category compared to 23% in Germany (Tomlinson and Walker 2012, 59f.).

Labour demand might also be affected by generous unemployment insurance schemes as they load higher fixed labour costs onto employers and thus raise the wage floor. The effect is, as with minimum wages, the pricing out of less productive workers (Nickell 1997). Consequently, workers with earnings close to the wage floor are mainly affected because social contributions cannot be shifted to employees and the resulting high non-labour costs hamper the creation of employment. Again, the empirical evidence of labour taxes on unemployment and employment is not conclusive (see Blau and Kahn 2002). Esping-Andersen (1999, 124) does not find empirical support that the generosity of unemployment benefits affects the unemployment rates of marginal labour market groups such as young, female and unskilled workers. But, as discussed above, rather than being forced into unemployment those groups are employed on temporary contracts, jobs in the informal sector or self-employment, which are traditionally not covered by unemployment insurance schemes (Eichhorst and Marx 2012).

The literature, however, has advanced different reasons why generous unemployment schemes positively affect labour supply and overall economic progress. First, the availability of unemployment programs in turn enforces labour market participation because eligibility to these programs requires former employment participation (Blau and Kahn 2002). Second, longer unemployment spells may also benefit the economy in general because job seekers may have more time to find adequate employment that matches their skills better. The main role of unemployment programs is to provide an alternative income source to compensate for the cost of a job search. Finally, drawing on the varieties of capitalist literature, unemployment insurance in combination with other forms of protection can reduce wage uncertainty over a worker's career, and thus increases the incentives to invest in human capital and particular types of skills (Estevez-Abe et al. 2001). As a result, contingent upon a country's institutional context, it can promote economic activity.

In general, the overall impact of the welfare state structure on poverty has hardly been contested. Nevertheless, scholars in other disciplines such as economy and sociology have put forward alternative explanations for cross-national variations in poverty. These are discussed more in detail in the next subsection.

1.1.2 Alternatives explanations – economic and structural approaches

Alternative approaches on poverty and inequality and their development over time can be distinguished in two broader strands, one emphasising economic factors and the other structural factors.

Economic approach

The economic contributions mainly focus on the relationship between efficiency and equality. Central questions are not only how the state of the economy affects inequality, but also the effects of inequality on economic growth. While some authors contend that a certain level of equality and standard of living is essential for a prospering economy, mainstream economics argues that economic growth resulting from efficiently functioning markets is necessarily accompanied by an unequal distribution of the outcomes. According to this argumentation, tackling the problem of inequality through redistribution and income transfers only hinders the development of the economy and results in lower economic prosperity for the whole population (see Zweimüller 2000 for a critical discussion). The simplified argument instead maintains that economic growth and progress should be promoted, i.e. that "a rising tide of economic progress lifts all boats".[23] In other words, the whole society benefits from increased affluence, if not necessarily in the same way.

Studies, mainly focusing on the United States, have empirically supported the inverse relationship between economic growth and poverty, at least in the 1960s and 1970s as well as during the economic boom in the late 1990s (e.g. Freeman 2001, Gundersen and Ziliak 2004). However, the traditional interpretation of the efficiency-equity trade-off was called into question in the 1980s, when the economic expansion in the United States did not coincided with the expected reduction in poverty. The main reason put forward was that the effect of economic growth was partly compensated by the concomitant rise in income inequality (Blank 1993).[24] Corresponding research on Europe is rare and mainly uses economic growth as a control variable in their multivariate models. The existing evidence on the impact of economic growth on poverty and inequality is mixed. For example, Brady (2009) and Bäckman (2009) show that economic growth reduces poverty, while Scruggs and Allan (2006) find no statistically significant effect. Moreover, these studies show that the explanatory potential of economic growth is minimal once additional variables such as welfare state effort are included in the models.

Closely related to the well-being of individuals and economic growth is supply and demand of labour. Regarding the supply of labour, economists stress the importance of

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[23] This proverb mistakenly attributed to John F. Kennedy in 1963 originates according to his speechwriter Ted Sorensen (2008, 227) from a slogan used by New England's regional chamber of commerce.

[24] But the shape of income distribution matters (Gundersen and Ziliak 2004, 61). Even if inequality remains stable, the poor living in highly unequal society gain proportionally less from growth than those living in rather equal society (Ravallion 2001).

the productivity of workers, which benefits not only the economy as a whole but also reduces poverty risks of workers through higher wages. Accordingly, the increase of workers' productivity and the related investment in human capital has been at the centre of the debate, rather than provisional income transfers (e.g. Psacharopoulos 1994, Besharov and Call 2009; see Brady 2009 for a discussion). Comparable to the literature on social investment as a third alternative to neo-liberal deregulation and the traditional income and job protection (Jenson 2009), it has been argued that investment in human capital and education reduces poverty and inequality by improving the labour market opportunities of individuals. The provision of education and training services to individuals at different stages in life not only impedes the spread of low-skill jobs and reduces wage inequalities, but also realizes economic growth and poverty reduction in the long-term.[25] But investment in human capital can also be seen as a mean to reduce the risk of individuals to become unemployed. Inadequately equipped workers cannot easily satisfy the demand of the market, and thus experience higher risks of unemployment, which in turn affect their poverty risks not only directly, through the loss of labour income, but also indirectly, through lower wages due to the greater supply of low-skilled workers (Ricardo 1931, discussed in Brady 2009). Relating unemployment to the economic situation of a country, individuals in general, regardless of their skills, are affected by higher unemployment rates as economic downturns reduce real wages (Moller et al. 2003). However, redistributive programs may offset the impact of unemployment on poverty.

The empirical findings on the effect of unemployment are inconclusive. While poverty and unemployment rates seem to be almost perfectly correlated in the United States and Canada between the 1970s and the late 1990s, the evidence is rather mixed for Europe during the same period. The German case is comparable to North America. In Sweden and UK, however, poverty rates grew more rapidly than unemployment rates, while the opposite is the case for countries such as Italy, France, Denmark and Ireland, where higher unemployment did coincide with higher poverty rates (Gundersen and Ziliak 2004; Atkinson 1998, Smeeding 2005). Likewise, the evidence from multivariate analyses is ambiguous (see Gustafsson and Johansson 1999). Results from Moller et al. (2003), for example, indicate that higher levels of unemployment are associated with higher poverty, but also that states experiencing higher unemployment levels are

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[25] The social investment approach, however, goes one step further and considers additional aspects of social investment such as publicly provided childcare arrangements that help parents to reconcile work and family or policies that preserve the human capital of unemployed. Despite increased social expenditures in areas such as active labour market policy, family and education (Nikolai 2009), the contributions in Morel et al. (2009) show that there is still a great potential for improvement.

more efficient in reducing poverty. Comparably, a majority of these studies finds that social programs moderate the impact of unemployment on poverty (Bäckman 2009, Brady et al. 2009). While no clear pattern can be identified at the macro-level, the findings at the individual level are more consistent, namely that the unemployed are exposed to higher poverty (e.g. Sainsbury and Morissens 2002, Brady et al. 2009, Graaf-Zijl and Nolan 2011).

Structural approach

Economic progress and unemployment also play a central role for the structural approach, though embedded within social and economic developments taking place since the 19th century. According to this strand of literature, transformations from agriculture to industrialisation as well as from industrialisation to de-industrialisation have affected inequality in advanced industrialised countries. Kuznets' (1955) contribution, for example, argues that the relationship between income inequality and economic development has an inverted-U shaped form. Based on scant empirical evidence for the United States, England and Germany, he shows that the transition from agricultural to industrial economy was accompanied by a rise in inequality between the end of the 18th and the 19th century due to migration from more egalitarian rural areas to more unequal urban areas. However, the higher per capita productivity of industrial workers, relative to that of farmers, and the related higher wages led to a rise in the income share of the lower income groups and was concomitant to a decrease in inequality in the 1920s.[26] Other causes related to Kuznets' curve have been the growth in labour force, in particular of unskilled labour, and the diffusion of education[27], albeit two factors increasing inequality (Kuznets 1955, Lindert and Williamson 1985; Nielsen and Alderson 1997). These hypotheses have been confirmed in a number of studies, including developing countries, at least until the 1990s (Williamson 1991; Nielsen and Alderson 1995).

Since the 1970s, a rise in inequality, labelled as the "Great U-Turn" by Harrison and Bluestone (1988), has been observed first in the United States and later in other ad-

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[26] Among other factors referring to investments and savings strategies of different agrarian and non-agrarian groups, Kuznets (1955, 17) also mentions the role of "native" workers, those born in the cities, and their ability to adapt and organise themselves politically resulting in "a variety of protective and supporting legislation."

[27] According to the economic argument, a rise in the supply of workers with higher education should increase competition for the respective employments and thus reduce the wage differences between better and less educated. But it has been maintained that the distribution of income is more significantly affected by the dispersion of educational attainment than the average level of education because at the individual level more education is associated with higher income. Therefore a higher dispersion of educational attainment is related to higher income inequality (see Nielsen and Alderson 1997, 17).

vanced industrialised countries. Different explanations have been related to the trans-
formations of the economy and the society including, among others, deindustrialisa-
tion and globalisation, as well as changes of traditional family structures and gender
roles (see also Alderson and Nielsen 2002, Esping-Andersen 1999). Deindustrialisa-
tion, i.e. the decline of manufacturing employment and the transition to a service-
oriented economy, has been seen as central determinant of increasing inequality. It has
been argued that not only the income distribution is more equal in the industrial sector
but also that the average wage is higher than in the service sector, affecting especially
low-skilled workers. This can be explained by Baumol's (1967) cost-disease effect,
which states that productivity increases are easier to achieve in the industrial sector
than in the service sector. Technological innovations in machines or materials increase
industrial workers' productivity, which in turn justifies respective wage increases. By
contrast, productivity growth is more difficult to achieve in the labour-intensive ser-
vice sectors (e.g. education, health care and personal services). Moreover, technologi-
cal progress also changes the demand for workers with different skill levels. While
medium-skilled workers in routine tasks become replaceable by computers, the rela-
tive demand for both high-skilled and low-skilled workers in non-routine tasks in-
creases because they are more difficult to replace with machine labour. If the demand
in labour is not balance out by a respective shift in the composition of labour supply,
e.g. through investment in education and training, the reduction in earnings and em-
ployment of medium-skilled workers compared to both low-skilled and high-skilled
workers increases inequality (see OECD 2012b, 190). These developments are also re-
lated to Iversen and Wren's (1998) trilemma of the service economy where govern-
ments in post-industrial economies are confronted with the choice between fiscal re-
straint, wage inequality and employment growth.[28] Both the lower productivity growth
in the service sector and the increasing premium on education and skills makes neither
low employment levels nor the increase in public spending an acceptable alternative
and therefore increases the pressures to admit higher wage inequality. The empirical
findings so far show that deindustrialisation measured by industrial employment is re-
lated to higher poverty (Moller et al. 2003, Brady 2009) as well as higher inequality
(Gustafsson and Johansson 1999, Alderson and Niesen 2002). While the alleviating ef-

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[28] Esping-Andersen (1999, 107-111) refers to the dilemma between professionalisation with exclusion
versus full employment with job polarisation. Professionalisation can only be reached if services are
relatively stagnant, at the cost of unemployment and labour market exclusion, while employment crea-
tion is only possible by accepting less favourable service occupations. His findings not only indicate
that the ratio of professional to total growth is negatively related to service economy growth, but also
that this development is paralleled by the increase of the low-skilled service occupations despite the
trend of occupational upgrading in post-industrial economies.

fect of higher education on poverty at the micro-level is unchallenged, the few studies analysing the impact of skills or class not only indicate that the higher salaried group and higher white/blue collar have considerably lower poverty risks than the lower white collar and skilled manual workers, but also that lower service sector employees have not significantly higher poverty risks than manual workers (Whelan and Maître 2010, Tomlinson and Walker 2010).[29]

Besides economic changes in production patterns, societal transformations such as the ageing of the population and the changing role of women in society have also been related to inequality and poverty. The latter is evident in changes to family structures and the (re-)emergence of single parent families, as well as in the entry of women into the labour market. This is not only the result of women's desire to work due to the emergence of post-material values such as gender equality and personal fulfilment (Inglehart 1977), but also due to economic needs such as the necessity of two incomes for financial maintenance of the family.[30] The impact of increased female labour force participation on inequality and poverty is debated. It has been argued that lower earnings of women mainly employed in the low-paid service sector expand the lower end of income distribution. Assortative mating, i.e. people's tendency to choose their partners in groups with similar education and earnings level, further increases the income gap between high-income and low-income households (Thurow 1987, OECD 2001). Other authors, however, argue that the latter is not only compensated but even surpassed by the higher share of families moving close to the centre of the income distribution resulting from the supplementary income from women's work (Cancian et al. 1993). Another reason is the diversification of the increasing unemployment risks in post-industrial economies with the labour market entry of the partner from one to two

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[29] For an extensive discussion on the effect of globalisation in form of capital mobility, global trade, and migration on inequality see Alderson and Niesen (2002) and Alderson (1999). In a nutshell, the authors argue that capital mobility and foreign direct investments as well as higher trade reduces the demand for domestic low-skilled workers, which have to compete with lower paid workers in other countries (see also Wood 1994). Accordingly, inequality increases due to the falling earnings or employment loss of low-skilled workers concentrated in the bottom of the income distribution. The rise of immigration further aggravates not only the situation of low-skilled workers due to an increase in the relative supply of unskilled labour, as the majority of immigrants exhibit lower skills (Borjas 1994), but also a country's prevailing level of inequality because immigrants have greater difficulties integrating the labour market due to discrimination (Le Grand and Szulkin, 2002).

[30] These developments have to be considered within a historical context. The inactive housewife model is rather a recent phenomenon, albeit an older ideal. While it was common in agricultural societies that all family members contributed to the household's income, in industrialised pre-war countries unmarried family members at least had to pursue remunerate work as well (Hausen 1999). Only the boom of the post-war era made the male breadwinner model, the capacity of the husband to maintain the whole family, feasible and allowed women choose to stay at home. However, according to Esping-Andersen (1999, 28), it is exactly the mass consumption created in this era that built the basis for the demand for female service occupations (e.g. modern equivalent of household attendance).

family members (Bäckman 2009). Therefore, female labour market participation has been related to lower poverty.

Empirical evidence suggests that one wage alone does not suffice anymore to provide for a family and thus that parental employment is a strong predictor of poverty (Gornick et al. 1997, Chen and Corak 2008, Fritzell and Ritakallio 2010). In the mid- to late 2000s, poverty rates of dual-earner families were considerably lower compared to single-earner families (e.g. United States 7% vs. 31% and Sweden 1.4% vs. 19%; OECD 2011). The role of labour market participation is even more detrimental in the case of single parent households, which have considerably higher risks to live in poverty than other family compositions across all countries, though to a different extent (e.g. Gornick and Jäntti 2012). But the lower prevalence of poverty for single parents living in Nordic countries compared to those living in Continental Europe or Anglophone countries has not only to do with welfare schemes but also with their employment patterns (Esping-Andersen 1999). In 2008 the employment rates of lone parents is highest in Sweden and Denmark (above 80%), followed by the United States (75%), France and Germany (71% and 66%, respectively). These findings further indicate that labour market institutions affecting earnings and employment chances are central to understand cross-national differences in poverty. While the empirical evidence on the inverse relationship between female labour force participation and poverty is supported at the micro-level, the results are more mixed at the macro-level. The majority of the studies find no significant effect on poverty (Moller et al. 2003) or inequality (Gustafsson and Johansson 1999), when controlling for other factors such as labour market and welfare state institutions.[31] Bäckman (2009), however, shows that female labour participation has had a robust and alleviating impact on poverty during the last two decades. Alderson and Nielsen's (2002) results suggest a positive relationship between female labour participation and inequality, but they point out in the discussion that this finding might be confounded by the growth of single parent families, for which they do not control. If included in the analysis, the share of female-headed households is associated with higher poverty risks (Bradley et al. 2003).

In sum, both strands of literature provide different explanations as to why inequality and poverty have varied across countries and evolved over time. While the economic approach focuses mainly on economic growth as well as unemployment, the structural

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[31] The findings are similar for the effect of the ageing of the population, where no effect has been found at the micro-level (Gustafsson and Johansson 1999), although it has been argued that it increases inequality, within the elderly population as well as in comparison to the working age population. Moreover, recent research indicates that elderly experience lower risks of ending up in poverty (Huber and Stephens 2006).

approach goes beyond by combining demographic and labour market factors into one model. Moreover, it indicates that deindustrialisation and the decline of jobs in the manufacturing sector hits particular groups of the society harder than others. However, it neglects the fact that even though all advanced industrialised countries had to cope with similar problems resulting from these structural developments, the poverty risks these particular groups are exposed to differ across countries. The first part of this sub-chapter indicates that states choose different strategies to counter these challenges, depending on the political and institutional context. Leaving the market to adjust productivity differentials to labour cost resulting in a polarisation of the labour market and the emergence of marginalised, less-productive low-wage jobs in service sector is only one approach. Alternatively, states can also try to keep the earnings in the service sector on pace with wage development of the economy, e.g. through wage setting institutions, albeit at the cost of increasing unemployment when low-paid service jobs become too expensive. Finally, the effects of structural challenges can also be lessen by providing services either indirectly through subsidies to consumers (e.g. provision of childcare) or directly through the government production, i.e. by 'outsourcing' the costly service jobs from the private to the public sector (Esping-Andersen 1999). The latter two options not only show that there is room for manoeuvre in political decision making, but also that the existing institutional context organising the labour market and the welfare state makes some alternatives more feasible than others (Pierson 2001).[32] However, although the labour market and welfare system play a central role, the economic and structural approach also suggest that contextual or exogenous factors of the economy and the society have to be taken into account to explain poverty.

The literature review so far emphasises that a country's prevailing poverty is affected by different factors, which can be coped with in several ways. States can directly intervene by providing specific social aid, or alleviate poverty indirectly through labour market interventions. Non-institutional factors such as economic growth and unemployment, as well as the prevalence of structural factors such as skills, employment patterns and family composition of households within a society also affects a country's prevailing poverty trends. While these approaches explain cross-national variations in poverty, they explicitly or implicitly assume that all residents have the same economic and social rights, and therefore the same access to social programs and the labour market. However, as Figure 1 (see introduction) shows, typologies of welfare regimes and

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[32] It must be acknowledged that the authors discussed above also point to factors lying outside a strictly defined market sphere or society (Gustafsson and Johansson 1999, Thurow 1987, Alderson and Nielsen 2002).

political economies fall short of explaining cross-national differences between immigrants and non-immigrants by their own. Morissens and Sainsbury's (2005) results demonstrate that Swedish and British immigrants fare better in comparison to their counterparts in Denmark and the United States in terms of poverty risks. Studies analysing labour market participation further show that immigrants living in Switzerland or Austria have higher probabilities to pursue paid employment than those in the UK or Sweden (Kesler 2006, Koopmans 2010). The next subchapter therefore draws on the migration and citizenship literature, which complements the literature reviewed above.

1.2   Review of the migration and citizenship literature

The migration and citizenship literature provides an interesting basis for explaining cross-national differences in immigrants' poverty by taking the policies that are directed at immigrants into account, namely those regulating their means of access into the country (immigration policies) as well as those targeting immigrants living in the receiving country (integration policies). The literature on the integration of immigrants has been closely linked to the literature on citizenship. A number of researchers argue that conceptions of national identity or nationhood are reflected in citizenship policies (e.g. Brubaker 1992, Ireland 1994, Koopmans and Statham 2000, Heckmann and Schnapper 2003).[33] Consequently, the way in which a society perceives itself allows foreseeing how newcomers will be integrated into the receiving country.

Citizenship has traditionally been studied in relation to national identity, sovereignty and state control and in the last decades focused on the challenges immigration imposes. In its broadest form it has been defined as a "form of membership in a political and geographic community", usually related to a state (Bloemraad et al. 2008, 154; for a critical discussion see Joppke 2010). According to these authors at least three aspects, and related strands of literature, can be distinguished.[34] They relate citizenship as legal status to notions of nationhood and national belonging, to multiculturalism and group rights and, finally, political, economic and social participation. These different aspects

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[33] Although the concepts of 'nation' and 'national identity' have been contested, a nation can be understood as a group of people who perceive themselves as belonging to a certain state. This means that a nation is an 'imagined community' (Anderson 1983) because it is the result of subjective self-identification and, in contrast to other 'imagined communities', imagines its community in relation to a state regardless whether the state actually exists or merely constitutes a political goal the community strives for (e.g. Miller 1995). National identity, on the other hand, points to the salience and content thereof.

[34] The following literature review is limited to contributions linking citizenship to the nation-state. For an introduction on post-national and transnational citizenship see Bloemraad et al. (2008).

of citizenship, which are closely related, also reveal the presence of inherent tension between inclusion and exclusion.[35]

Among the studies focusing on the legal status of citizenship, one of the most influential contributions is Brubaker's (1992) historical analysis of Germany and France, where he distinguishes between two main forms of nationhood. The ethnic-cultural model of citizenship represented by Germany rests upon exclusive markers such as ethnicity and a community of descent, reflected in the 'ius sanguinis' principle of the naturalisation process. In contrast, the civic-territorial model, prevalent in France, builds on a civic culture and political institutions and naturalisation is politically supported based on the place of birth, the 'ius solis' principle.

This dichotomous citizenship typology has been criticised for several reasons. Some scholars maintained that citizenship laws have recently been changed or challenged in Germany and France despite relatively stable conceptions of nationhood. Moreover, it has been emphasised that the mere focus on citizenship acquisition gives insights about the effort immigrants have to make to become part of the society, but neglects how nation-states treat non-citizen groups and the importance of alternative forms of immigrant incorporation without being a formal member of the state (see Soysal 1994, Bommes and Geddes 2000, Freeman 2004, Myles and St-Andraud 2006).[36] A last critique has been that the classification of whole countries either as civic or ethnic based on case studies does not account for high variations in national citizenship policies (Alba 2005, Zolberg and Woon 1999, Banting et al. 2006).[37]

As a result, different efforts have been made to refine the original civic-ethnic distinction by adding new models to the original distinction. These account for cultural group rights by extending the number of countries and empirical indicators that allow tracing changes in conceptions of citizenship over time (e.g. Castles and Miller 2009 [1993], Safran 1997, Koopmans and Statham 2000, Koopmans et al. 2005, Sainsbury 2006,

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[35] Exclusionary conceptions of citizenship hinder foreigners from acquiring legal status and limits their range of rights, which in turn affects their participation in the society, while inclusionary conceptions granting immigrant equal rights and participation might question national belonging and solidarity (Bloemraad et al. 2008, 156).

[36] Soysal (1994), for example, includes the society into her incorporation regime. According to her, membership can be organised by the state or within society either by individuals or corporate groups, which in turn influences how migrants will be incorporated.

[37] Related to this point is the critique, mentioned in the introduction, of using nation-states as unit of analysis (Favell 2003). Several authors argue that integration, but also citizenship policies (for the case of Switzerland, see Helbling 2008) vary across regions and cities (Penninx et al. 2004, Penninx 2005). Whether this is the case, is not yet empirically exhausted. Koopmans' (2004) comparison of Germany, the UK and the Netherlands shows that variation between countries is bigger than within countries (for similar findings However, as Korpi and Palme's (1998) paradox poverty rates, see Kangas and Rita-kallio 2007).

Howard 2009). Castles and Miller (2009 [1993], 43), for example, proposed to integrate a third 'multicultural model', which allows immigrants who are willing to naturalise easy formal access, in contrast to the 'ethnic model', and the recognition of specific collective rights for immigrant minorities to maintain their native traditions and customs, in contrast to the 'civic model'. Koopmans and Statham 2000 (see also Koopmans et al. 2005) start from the civic-ethnic dimension, i.e. the difficulty to get access to citizenship (individual equality), and advance the idea of cultural group rights by including an additional dimension, 'cultural difference', to capture whether specific cultural group rights are assigned to foreign minorities (cultural pluralism) or not (cultural monism, i.e. a shared national culture). The resulting four ideal types include a 'civic pluralism' type combining a civic territory conception of citizenship with a provision of cultural group rights (Netherlands and the UK), a 'civic republicanism' type requiring assimilation to the national culture (France), an 'ethnic assimilation' type drawing on descent and ethnicity (Switzerland, Austria, Germany) and finally an 'ethnic segregation' type where immigrants are excluded from the political community but are not forced to give up their ethnic-cultural background (e.g. German or Swiss 'guest worker' countries before the oil crisis in 1973 or the Gulf States; see also Soysal 1994, Ruhs 2009). This two-dimensional conceptual space, which not only allows classifying whole countries but also relies on a number of different indicators, captures conceptions of citizenship in institutions and discourses by tracking changes in policies as well as the positions of different actors across countries and over time.

The inclusion of cultural group rights and multicultural policies into the citizenship models not only mirrors the political debate on multiculturalism in the 1970s but also attempts to include scholarly debates, mainly from normative political theory related to the second aspect of citizenship (see Bloemraad et al. 2008). This strand of literature has intensively discussed the principles of liberal democracies governing diverse societies and whether cultural minorities, including immigrants, should be recognised and accommodated by respective policies and laws (e.g. affirming multiculturalism in the legislation as in Australia and Canada). Proponents of the multicultural strategy have argued that this type of policy facilitates the integration of minorities, in particular immigrants, into the receiving country's society (Kymlicka 1995, 2001, Taylor 1994), while other authors have highlighted the central role of 'universal' citizenship reflected in policies ensuring individual equality as the best way to reach efficient integration outcomes (e.g. Barry 2001). The recent retreat from multicultural policies in the Netherlands, Australia and Britain supports the latter position (see Joppke 2004). In this vein, the importance of individual rights as "formal capacities and immunities

connected with the status" of citizenship has been stressed (Joopke 2007, 38). This conception of citizenship lies in the liberal tradition of the relationship between the state and individuals. While individuals regardless of their nationality have basic rights granted by the state, they also have obligations, such as respecting the prevalent laws or paying taxes regularly. Besides civil and certain political rights, social rights that aim to ensure a minimum income are the most important, and these rights are also granted to non-citizens.

The close relationship between rights and participation in the society, the third aspect of citizenship, has been emphasised by Marshall (1950, 8), who defines citizenship as "a claim to be accepted as full members of the society". His analysis of development of citizenship suggest that citizenship since its introduction by the modern nation-state in the 19th century has been steadily expanded from civil to political and social rights. His conception of citizenship involves all three aspects of citizenship, as legal status and the extension of citizenship rights encourage participation and a sense of belonging and thus promote social cohesion (Bloemraad et al. 2008, 157, see also Marshall 1950, 40f.).

The adaptation of Marshall's conception of citizenship to immigrants is problematic since citizens are equated with nationals.[38] But, as most authors agree, the correspondence between nationality and citizenship rights has blurred. Entitlement to a variety of privileges and rights does not depend anymore on the naturalisation process and the establishment of close ties with the receiving country, but instead on the immigration (or entry) category, e.g. labour migrants, refugees and asylum seekers, family members and undocumented immigrants. Consequently, the citizenship literature maintains that the main division in a country's resident population is not between nationals and non-nationals, but between holders of different types of residence permits, namely between permanent and temporary residents (Brubaker 1989, 156; Hammar 1990; Sainsbury 2006).[39] As these authors contend, the rights of citizens and immigrants, at least permanent and legal residents, hardly differ. The reason is that permanent residence permits and permission to work come along with almost unrestricted access to the labour market, education, business, social programs and civil

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[38] Kymlicka (1995, 180) argues that Marshall's theory falls short of explaining the development of citizenship rights of other groups such as women, children and native minorities which have been historically granted first social rights and then political rights, and to neglect the circumstance that they "they might feel excluded despite the possession of citizenship". Associated with this is the critique that Marshall does not appreciate cultural rights as a precondition for participation (Bauböck 2001, see Bloemraad et al. 2008, 157).

[39] More detailed research, however, has found that differences regarding the access to social service exist even between citizens and permanent residents (Gran and Clifford 2000; Sainsbury 2006; Van Hook et al. 2006, Aleinikoff and Klusmeyer 2002).

rights, if not necessarily political rights (Layton-Henry 1990, 189; Hammar 1990, Soysal 1994, Guiraudon 1998, Joppke 1999).[40]

The facilitating role of citizenship rights on immigrant's participation is only one means of the relationship between rights and social participation. Alternatively, individuals gain access to rights through the mere participation in the society and economy, e.g. employment and payment of taxes, even though they are excluded from formal citizenship. Research in participation and assimilation of immigrants, the third strand of the citizenship literature, has mainly focused on the comparison of immigrant and native outcomes such as economic well-being, educational achievements, and cultural acceptance (for an overview see Bloemraad et al. 2008, 162ff.).

Several explanations have been proposed to explain differences in the socio-economic outcomes of immigrants and citizens (or non-immigrants), which make reference to factors at the micro- and macro-level. The first group entails not only socio-economic characteristics such as age, family composition, gender and education, but also immigrant-specific characteristics. Considering the latter, 'motives for migration' (e.g. family reunification, employment or fleeing persecution; see Bauer et al. 2000, 25f.) and 'migration histories', such as the years since entry or knowledge of the language of the host country, have been identified as important determinants of socio-economic outcomes. For example, naturalisation has been found to be an important determinant of labour market outcomes. Immigrants that have acquired the nationality of the country are not only more often employed than their fellow residents, but also have higher wages regardless of the duration of the naturalisation processes (see SOPEMI 2010, Bratsberg et al. 2002 for the US, Steinhardt 2008 for Germany, Scott 2008 for Sweden). This might also be related to the positive effect of language acquisition on wages (Epstein 2009), which is central condition to obtaining nationality. When looking at the outcomes of non-naturalised foreigners, Kahanec and Zaiceva (2009) show that non-EU immigrants not only have lower probabilities of being employed than natives, but also earn less money (at least men). This remains true even after controlling for foreign origin, human capital, household characteristics (marital status, household size and number of children), as well as the respondents' health (for the importance of birth

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[40] The post-national citizenship approach explains this development by referring to the human rights discourse that gave rise to an alternative form of citizenship entitling socially and financially contributing residents with civil and social rights (Soysal 1994, Bauböck 1994). Alternative explanations for the extension of immigrants' social rights to those of citizens have also been the role of courts and bureaucracies to 'silently' implement equal rights for residents without having to amend constitutions (Guiraudon 1998), simply the enlargement of the welfare state (Ryner 2000), and the role of political parties and immigrant organisations (Sainsbury 2012). However, recent studies indicate that nation-states have started to curtail immigrants' rights (Emmenegger and Careja 2012, Sainsbury 2012).

cohort and year of arrival, see also Cintron-Velez 1999, Myers and Cranford 1998). But migration-specific characteristics also include meso-level factors related to 'migration communities' such as ethnic organisations or social networks. These migrant organisations create 'network externalities' such as helping newly arrived immigrants (as well as long-term residents) to get central information about the receiving country and specific opportunities, for example those related to employment, the creation of small enterprises, or accommodations (Portes 1998, Fennema 2004, Epstein 2009).

The second group of explanatory factors focuses on the macro-level such as immigrant-targeting policies that are directly related to nationality acquisition or specific integration policies and, to a less extent, the institutions structuring the labour market and the welfare state (Barrett and McCarthy 2008). Kogan's (2006) analysis, for example, tests how labour market and welfare state institutions affect foreigners' labour market outcomes. Her results indicate that immigrants born in non-EU countries exhibit higher rates of unemployment than citizens, even after controlling for the regions of origin, the educational level, age, and the year of entrance into the host country, but that the native-immigrant gap is smaller in countries with liberal welfare regimes and less rigid employment protection such as the United Kingdom and Ireland as compared to Scandinavian countries (e.g. Sweden and Denmark). Lewin-Epstein et al. (2003), on the other hand, compare labour market integration of Russian immigrants in Canada and Israel. In doing so, they control for different institutional factors related to immigration, such as the selection of immigrants as well as the provision of labour market integration services. Their empirical findings show that the absence of immigrant targeting programs in deregulated markets combined with selection of immigrants based on the labour demand, as is the case in Canada, does not automatically lead to better outcomes for immigrants.

The literature presented so far is mainly concerned with the integration of immigrants, and refers to their rights and social and economic participation once they are settled in the country. Integration policies implemented by states, however, are according to Hammar (1985) only one type of policy addresses immigrants. Besides, immigration policies exist, which refer to regulations governing the admission and selection of immigrants into the country as well as control of aliens.[41] These policies regulate the inflow of immigrants into the country, e.g. through quota systems, as well as the status immigrants get when entering the country legally. The latter includes the conditions

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[41] It should be noted that the terms used in this thesis do not coincide one-to-one with those of Hammar (1985, 7). He uses 'immigration policies' as hypernym encompassing both types of policies related to immigrants, while he refers to 'regulation of immigration flows and control of aliens' defined in this thesis as immigration policies.

and procedures persons have to fulfil to enter and reside in the country. The type of residence and working permits that are granted to foreigners can further be distinguished with regard to different immigration categories or statuses. The most important ones include labour migrants, family members, refugees and asylum seekers, ethnic citizens (e.g. 'Aussiedler'), undocumented immigrants with unlawful status resulting either from overstaying or entering the country illegally (Morris 2003), but also students and seasonal workers who can be considered to have immigrant status. European countries further gives privileged access to citizens of other member states of the European Union. Recently, these countries extended special immigrant status to high-skilled immigrants from non-EU countries (e.g. the introduction of the EU Blue Card; Cerna 2008, Ruhs 2011).

Besides border control, nation-states also implement a second type of policy, usually referred to as integration (or immigrant) policies, as discussed above. They determine the range of rights and obligations conferred to immigrants once they are settled in the receiving country and thus affect their socio-economic integration more directly. These policies regulate, among other things, the access of immigrants to the labour market, social services and programs, and the political decision-making. Hammar (1985, 9-10) further distinguishes between 'direct' and 'indirect' immigrant policies. The former refers to measures that are usually addressed to the immigrant population only and cater for their needs with the aim to improve their situation through affirmative action and removal of discrimination. Examples are funding of ethnic group activities, mother-tongue instruction or preferential hiring of immigrants in the public sector. Indirect policies, on the other hand, are those public regulations that apply to all residents of the country, but might differ to the extent they include immigrants, and refer to the general allocation of benefits. Even though these regulations in principle should apply to all individuals in equal manner (formal equality), there may be various obstacles and discrimination, positive or negative, in the distribution of resources and opportunities that impede equal access to goods in economic, social and political domains such as employment, housing, education or participation in political affairs (substantive equality).[42]

It is important to emphasise the relation between these two types of policies. First, the distinction between immigration and integration policies is not always clear-cut. For example, family reunification falls into both categories. On the one hand, immigration

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[42] For example, in order to address the unequal distribution of childcare responsibilities between men and women, it may not be enough to eliminate sex discrimination and ensure that female workers have the same employment opportunities as male workers.

policies regulate the conditions that have to be fulfilled by the family members in or-
der to cross the border and get their respective residence permits. On the other hand,
family reunification can also fall in the category of integration policy, namely the right
of the sponsor to reunify his family after having settled in the receiving country. Sec-
ond, immigration policies are connected with integration policies through the immigra-
tion category they assign to immigrants. Depending on the immigrant category, the as-
sociated rights and obligations differ in terms of access to work, welfare state, or the
political system. EU citizens who move within the EU enjoy free access to the labour
market from the beginning and can to participate in local elections, while recognised
refugees have privileged access to public assistance and social insurance programs,
compared to asylum seekers and undocumented immigrants (Sainsbury 2006, 230).

Different typologies have been developed which combine these two types of policies
addressing immigrants more or less explicitly. Baldwin-Edwards (1991), for example,
distinguishes between four immigration policy regimes within the European Commu-
nity: a 'semi-peripheral', or Mediterranean, regime in Portugal, Greece, Spain, and Ita-
ly characterised by recent emigration history, poor immigration infrastructure and few
provisions for immigrants; a 'Schengen' model represented by Belgium and Germany
with strict immigration control mainly driven by economic demand; a 'Scandinavian'
model with liberal immigration policies in particular towards refugees and the 'United
Kingdom' as an outlier who has shifted from liberal to strict immigration policies.
Although it can be debated whether this typology still represents immigration policies
nowadays, it has been one of the first attempts to classify immigration and integration
policy. Faist's (1995) approach draws on Baldwin-Edwards (1991) immigration re-
gimes and combines it with Esping-Andersen's (1990) typology of welfare regimes.
Based on the comparison of Germany and the United States he shows that generous
welfare states tend to integrate immigrants into the existing institutional context, but at
the same time implement restrictive immigration policies that only allow labour mi-
grants to cross the border. By contrast, lean welfare states tend to implement policies
especially designed for immigrants and combine it with liberal immigration policies
that do not discriminate between ethnic or racial groups.[43] His conclusion that com-
prehensive inclusive social rights for immigrants are only feasible with strict immigra-
tion controls has also been emphasised by other authors (see also Banting 2000, Ruhs
2009). The idea that this interpretation may fall short has been recently brought for-
ward by Sainsbury (2006, 2012). Her approach also combines welfare regime and im-

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[43] Drawing on this classification, he further develops different perspectives how political actors might
react to immigration in the face of welfare state retrenchment.

migration policy regimes that regulate the inclusion and exclusion of immigrants from society, but goes further to consider different forms of entry, as discussed above. Contrary to Faist (1995) her analysis indicates that welfare regime and incorporation do not need to overlap. The United States and the United Kingdom, both liberal welfare regimes, differ with regard to the incorporation regime, the former being more inclusive than the latter. Comparably, Sweden and France exhibit rather inclusive incorporation regimes in contrast to Denmark and Germany that tend to make it difficult for immigrants get social rights (Sainsbury 2012).

This thesis draws on the different strands of the citizenship literature. Recent research on the legal aspects of citizenship suggest that the focus on naturalisation policies is narrow and that other forms of immigrants' incorporation, in particular their rights and obligations, have to be considered. However, although a number of different indicators have been proposed and collected to capture other dimensions of citizenship such as political or collective group rights, this literature so far has neglected immigrants' social and economic rights. Koopmans et al. (2005, 2012), for example, refer welfare dependency as an obstacle to naturalisation or as a barrier to prolong immigrants' residence permits. Other datasets for different integration policies only provide crude measures of immigrants' access to social programs and the labour market (e.g. Migrant Integration Policy Index, MIPEX). The few existing studies that have analysed immigrants' social rights more extensively are either out-dated (North et al. 1987 cited in Soysal 1994, 123; Aleinikoff and Klusmeyer 2002) or consider only a small number of countries (Sainsbury 2012). By providing an overview on the access of different immigration categories to several kinds of social programs, this thesis considers an aspect of citizenship, i.e. the social rights of immigrants. Further, migration literature suggests that is not only necessary to distinguish between different types of policies addressing immigrants, i.e. immigration and integration policies, but also to consider that these policies further differ depending on the immigration (or entry) category.

Drawing on the literature review discussed above, the following chapter develops the theoretical framework to explain cross-national variations in immigrants' poverty and poverty gaps between immigrants and non-immigrants. While the literature on political economy, combined with alternative approaches, emphasises that the labour market and welfare system in addition to economic and social factors explain cross-national differences in poverty, the migration and citizenship literature provides an explanation as to why immigrants' poverty may nevertheless differ depending on the specific immigration and integration policies by mediating on the impact of the labour market and welfare system on poverty.

2 Theoretical framework

This chapter develops the theoretical framework for the analysis of immigrants' incorporation in advanced industrialised countries. The central question is: why are some political economies better than others at incorporating immigrants, here understood in terms of socio-economic outcomes and poverty in particular. The aim of this theoretical framework is to explain, on the one hand, immigrants' socio-economic outcomes and, on the other hand, differences between immigrants' and non-immigrants' socio-economic outcomes.

Here, the theoretical framework is based on the two strands of literature discussed in the last chapter: traditional literature on poverty, and literature on migration and citizenship. The first strand of literature can further be distinguished by applying an economic approach, a structural approach and a political-institutional approach. According to an economic approach, two factors are particularly important, economic growth and unemployment. While it has been argued that economic growth raises the living standards of all individuals in a country, rising levels of unemployment have been associated with higher poverty resulting from the loss of income and the reduction of wages in real terms during times of cyclical unemployment. This approach provides a starting point for explaining cross-national differences in poverty. But, although this approach has recently expanded the originally formulated relationship between economic growth and poverty to include factors that affect the supply and demand of labour, it only insufficiently takes into account that additional factors beyond the control of individuals have an impact on poverty. Concern with the human capital of workers, for example, the mismatch between a high supply of low-skilled workers and increased demand for employees with higher educational qualifications, indicates that structural transformations in the economy and society, which have also concerned economists albeit to a lesser extent (O'Connor 2000), might intervene and offset the alleviating effect of economic growth on poverty.

The second traditional approach focuses on these structural transformations from an industrial to a post-industrial society and economy that have resulted in changes in oc-

cupations, employment patterns, the role of women, and family composition of house-holds on a country's prevailing poverty. This approach provides a convincing explanation as to why poverty has increased over the last decades, and goes beyond the economic approach by combining demographic and labour market factors in one model. Moreover, it indicates that deindustrialisation and the decline of protected and well-paid jobs in the manufacturing sector hits particular groups of the society harder than others. The rising educational gap between newly emerging but less well-paid service occupations and demanding technology-driven jobs not only creates difficulties for low-skilled and inexperienced individuals to find adequate employment, but also affects female workers who have to further cope with the strains of reconciling work and family. However, while this approach argues that structural transformations at the macro-level affect the living standard of individuals, the existing empirical studies do not examine whether this explanation holds at micro-level. In addition, although all advanced industrialised countries had to cope with similar problems resulting from these structural changes, this approach cannot explain why the poverty risks individuals are exposed to differ across countries. Finally, as is the case with the economic approach, this approach neglects the role of institutions structuring the labour market and the welfare state, both of which affect poverty.

These institutions have been in the centre of the political-institutional approach, the third traditional approach. States have two possibilities for affecting socio-economic outcomes, in this case poverty. First, through the structures of the welfare state, they can provide specific social programs that compensate for the loss of market income, or augment the household income of particular groups. Among the most important social programs alleviating poverty, the generosity of social assistance, family allowance, and unemployment programs has been highlighted (Huber and Stephens 2001). Alternatively, states can alleviate poverty ex-ante through labour market interventions, thereby affecting the employment opportunities and conditions as well as earnings of individuals. Central labour market institutions identified and discussed in the literature review are wage setting institutions, statutory minimum wages, and employment protection legislation. Through their impact on employment and earnings, they influence whether individuals and thus households can make their living based on earnings from paid employment.

The political-institutional approach has a long-standing tradition in explaining cross-national variations in poverty. As Figure 1 (see introduction) shows, different welfare regimes and types of political economies do well in explaining non-immigrants poverty, but can only insufficiently account for immigrants' poverty and differences in

outcomes between the two groups. The main reason is that the political-institutional approach does not distinguish between immigrant and non-immigrant residents, but assumes that immigrants and non-immigrants have the same social and economic rights and thus the same access to social programs and the labour market. Consequently, this approach expects that institutional structure of the welfare state and the labour market has the same effect on immigrants and non-immigrants' socio-economic outcomes, and hypothesises little variation. More specifically, it starts from the implicit premise that socio-economic outcomes of immigrants and non-immigrants might vary, but only due to socio-demographic characteristics such as skills and education, or employment patterns. Accordingly, differences in socio-economic outcomes of immigrants across countries and between immigrants and non-immigrants within a country would still persist due to the macro-level factors, e.g. labour market and welfare state institutions and the aforementioned micro-level factors, but these differences could not be attributed to the immigrant background of individuals. In order to avoid this conceptual shortcoming, the theoretical framework draws on the insights of the migration and citizenship literature.

The second strand of literature on migration and citizenship acknowledges that immigrants and non-immigrants are treated differently by their states of residence. Moreover, it suggests that countries pursue different alternatives for the incorporation of immigrants. These are apparent in the set of policies regulating the admission of immigrants (immigration policies), as well as those targeting settled immigrants in the receiving country (integration policies). These types of policies are closely related to one another. Immigration policies consist of admission criteria and conditions that dictate which categories are applied to particular immigrants (e.g. labour migrants, family reunification, recognised refugees). This immigration category in turn entitles immigrants to specific rights and obligations, evident in integration policies, which in this thesis are understood narrowly as the access of immigrants to the labour market and the welfare state or, in other words, immigrants' economic and social rights.

While the migration and citizenship literature stress the differences between immigrants and non-immigrants' rights and obligations, and focuses mainly on policies targeting immigrants only, few studies have tried to combine traditional mainstream approaches of the political economy literature with insights from migration research[44] in a theoretical framework in order to explain immigrants' socio-economic outcomes. At this point, Sainsbury's (2006, 2012) research has to be mentioned, because it emphasises the link between incorporation regimes and the welfare state (see also Faist 1995,

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[44] See Freeman (2004), Geddes and Wunderlich (2009).

Banting 2000, Ruhs 2009). Her main argument is that the type of welfare state affects immigrants' social rights, but that in addition entry categories (or immigration categories) and incorporation regimes have to be taken into account. The latter is defined as containing the "rules and norms that govern immigrants' possibilities to become a citizens, to acquire the right of permanent residence, and to participate in economic, cultural and political life" (Sainsbury 2012, 16). Her analysis consists of a comparison of six countries which vary not only with regard to the type of welfare regime but also concerning the incorporation regime, i.e. exclusive in the United Kingdom, Germany and Denmark versus inclusive in the United States, France and Sweden. The first part of the book compares immigrants' social rights and their changes along the above mentioned three dimensions, while the second part focuses on the politics of inclusion and exclusion related to social and immigration policy.

This theoretical framework advances Sainsbury' contribution in three ways. It starts from her assumption that immigrants' social rights not only depend on the type of welfare state, but also on the immigration categories as well as a country's prevailing incorporation regime. However, it goes one step further by formulating the explicit link between policies and policy outcomes in a theoretical framework. It then considers the impact of immigration policies on immigrants' socio-economic outcomes, though indirectly, by affecting the composition of the immigrant population living in a country. As it will be argued below, the type of immigrants admitted to the country affects their potential for successful incorporation, and thus their socio-economic outcomes. Finally, the theoretical model emphasises the importance of employment on these socio-economic outcomes, and thus includes the role of labour market institutions besides welfare state institutions in the model.

In advance, the theoretical framework emphasises that both labour market and welfare state institutions are central to an explanation of poverty, but that in order to explain immigrants' poverty and poverty gaps between immigrants and non-immigrants, specific integration policies and immigration policies have to be considered, as these moderate the effect of labour market and welfare state institutions on poverty. Before presenting the theoretical framework to analyse cross-national variations in the socio-economic outcomes of immigrants' incorporation, a definition of these central concepts is necessary.

2.1   Definition of immigrants' incorporation

Immigrants' incorporation is defined as the process of integration concerning the social participation of immigrants in the major legal structures or institutions of a country (see also Soysal 1994, 30; Entzinger and Biezeveld 2003; Favell 2003; Freeman 2004). The institutions included in this thesis are the labour market and the welfare state. The respective policies of these institutions can be further divided into two groups: those directed at residents in general, and those directed at immigrants in particular. The latter type, referred to in this thesis as integration policies, regulates immigrants' participation in these major institutions, and therefore their access to the labour market and welfare state. Consequently, results originating from immigrants' participation in these major institutions are understood as *socio-economic outcomes*. In addition to the socio-economic outcomes of immigrants, this thesis is also interested in how immigrants' incorporation influences *socio-economic gaps*, i.e. the differences in socio-economic outcomes of immigrants and non-immigrants or, in other words, how immigrants fare compared to non-immigrants.

The term 'socio-economic' denotes that only outcomes related to income, in particular poverty, are considered. Other central and relevant outcomes from immigrant incorporation, such as interaction in civil society (e.g. contact with native citizens through membership in associations or changes in cultural identifications, i.e. 'cultural outcomes' of integration) or participation in the political system (e.g. membership in a party or participation in elections; i.e. 'political outcomes' of integration) are not included in this thesis.[45]

Although the definitions of immigrants' incorporation and socio-economic outcomes are closely related to different concepts used in political and academic contexts, such as 'integration', 'social exclusion' and 'assimilation' (Barry 1998, Favell 2003, Joppke and Morawska 2003, Entzinger and Biezeveld 2003, Modood 2011), the terms used in this thesis are defined more narrowly. Immigrants' incorporation refers to a particular type of integration, i.e. legal incorporation (see Favell 2003). Integration, on a general level, has been defined as a central feature of societies, indicating whether their members are more or less closely related to each other, or, in other terms, whether the society as a whole is more or less integrated (Entzinger and Biezeveld 2003, 6). According to Esser (2001, 98) this general definition of integration, as in the case with system in-

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[45] By focusing on socio-economic outcomes, alternative domains where social integration takes place, such as the cultural-religious and political domains, which refer to the interaction with the host society and the incorporation of their core values as well as the participation in the political decision-making, are also neglected (see Rogers and Tillie 2001, Entzinger 2000, Entzinger and Biezeveld 2003, Penninx 2005).

tegration, has to be distinguished from social integration, which denotes the integration of actors or groups into the system (see also Lockwood 1964), and thus refers to the extent to which members participate in the society. The opposite, social exclusion, accordingly refers to the limited ability to participate in the society due to reasons beyond individuals' own choices (Brady 2003, 724; Barry 1998, iv).

The definition of integration as social participation has also been related to the nation (Favell 2003, 16) and equated with the degree of social cohesion (Entzinger and Biezeveld 2003). To a certain degree, the migration literature implicitly assumes that the cohesion of a society or nation-state is given (or almost reached), and therefore challenged by newcomers.[46] Because nation-states are confronted with social changes caused by newcomers but aim to maintain a certain continuity between the "past and some idealised endpoint" (Favell 2003, 14), states need to reframe their self-conceptions to cope with rising cultural diversity. This understanding of integration as a two-way process, where not only immigrants but also the national majority have to contribute, is most commonly used in European migration literature (Modood 2011). However, in such literature there remains the normative expectation that the nation-state has to take the lead in facilitating the social participation of the new population. As a result, immigrants' social integration means intensified interaction within the larger society (Entzinger and Biezeveld 2003, 8) or, when defined as process, the route "of becoming an accepted part of the society" (Penninx 2005, 142).

In contrast to social integration, assimilation is seen as a one-way process where the majority only accepts newcomers if they adapt to a country's main culture and renounce their primary cultural bonds and identities (for a literature review see Alba and Nee 2003). This definition of assimilation, however, does not presuppose any intervention by the state (Favell 2003). Used by American scholars in the 1960s, the meaning has changed towards a focus on socio-economic assimilation, i.e. equal socio-economic participation of citizens and immigrants (Bloemraad et al. 2008, 162f.). This understanding is comparable to 'structural integration', which refers to social participation at the institutional level, such as the labour market, education, and health care systems (Entzinger and Biezeveld 2003, 8). Immigrants' incorporation, as used in this thesis, holds the same meaning as structural integration, but with a specific focus on the labour market and the welfare state. Consequently, the results of immigrants' in-

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[46] For a critical discussion, see Joppke and Morawska (2003, 3f.), who claim that members of the society, i.e. citizens and not only migrants, are to different degrees included (or excluded) in the multiplicity of social fields, systems or spheres. As a result, they conclude that 'integration' is not an analytical concept, but rather a practical category, which allows comparing how migrants adapt to citizens with similar characteristics such as education, income or employment.

corporation are understood as socio-economic outcomes, here immigrants' poverty, while the term socio-economic gaps, or poverty gaps, is related to socio-economic assimilation and refers to the differences in socio-economic outcomes of immigrants and non-immigrants as a result of immigrants' incorporation.

2.2   An approach to explain immigrants' poverty and poverty gaps

This subsection presents the theoretical framework and the respective hypotheses drawing on the literature review discussed above. First it demonstrates how labour market and welfare state institutions, henceforth 'labour market and welfare system', affect poverty. Then it continues by discussing how integration policies moderate the impact of the labour market and welfare system on immigrants' poverty (socio-economic outcomes) and how they affect the poverty gaps between immigrants and non-immigrants (socio-economic gaps). In addition, it explores how immigration policies influence a country's immigrant population, which in turn affects immigrants' poverty and the aforementioned poverty gaps. Finally, the model includes alternative explanations of poverty, such as economic and structural factors. The theoretical framework behind these arguments and explorations is summarised in Figure 2.1.

The core of this model builds on the institutional setting of the welfare state and the labour market. The main argument is that countries can address poverty through the labour market and the welfare state institutions. States can directly impact poverty by making social programs available, which need not to be confined only to those in need but also address broader sections of the population. Alternatively, they can also provide social protection to their residents through labour market policies, which improve employment opportunities and earnings and thus affect poverty indirectly. The proposition that social protection can be pursued through the labour market has also been exemplified and discussed in welfare state literature using the example of Australia and New Zealand. Their social protection systems are mainly driven by interventive labour courts conceding workers many wage and non-wage benefits, and are supplemented by residual, income-tested social programs (Castles and Mitchell 1993, Huber and Stephens 2001).[47] These two forms of state intervention should be considered complementary. States can either implement labour market policies or social policies,

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[47] Comparably, the unemployment security system in Italy is less developed in terms of replacement rates compared to other countries due to highly protective employment laws, which make it very difficult to fire workers, and thus render unemployment protection obsolete (see Esping-Andersen 1999). Estevez-Abe et al. (2001, 169), however, point to the underestimation of Italian unemployment protection provided by semi-public insurance arrangements such as the Cassa Integrazione and regional associations.

leave the labour market and the welfare state unregulated, or combine both alternatives to different extents, which is mainly the case in advanced, industrialised countries.
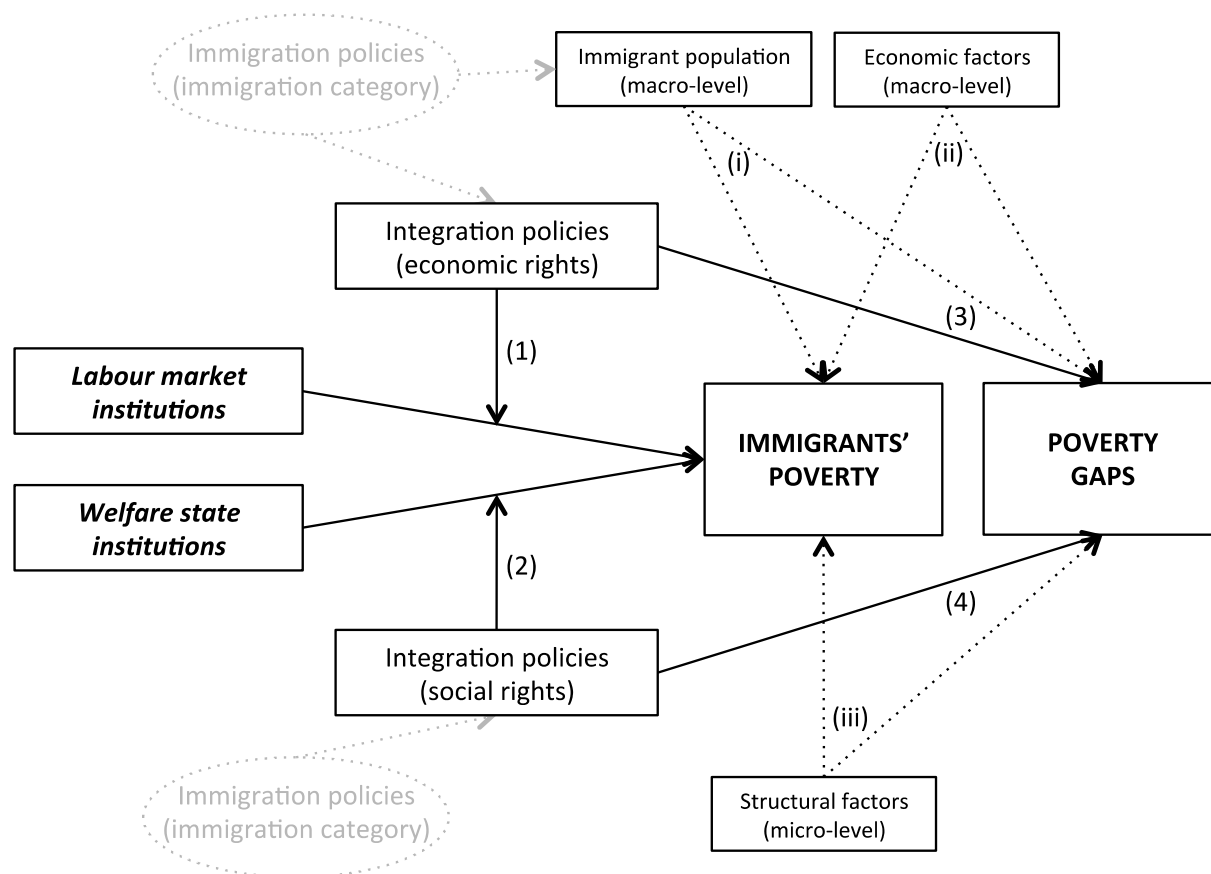
Figure 2.1. Theoretical framework for the analysis

Addressing poverty through labour market policies

As the literature review indicates, at least three types of labour market regulations can be related to poverty, namely wage setting institutions, minimum wage laws and employment protection legislation. Their effect on poverty, however, is ambiguous. The main reason for this is that these elements affect poverty by influencing more immediate outcomes such as earnings and employment. While labour market institutions have a poverty-alleviating effect by securing and improving the employment conditions and wages of workers, they also may engender negative effects on the employment opportunities of particular labour market groups. Based on the assumption that a positive effect prevails, this thesis expects that countries with more strictly regulated labour market institutions exhibit lower poverty levels than states with more flexible labour markets.[48] First, concerning wage bargaining systems, it hypothesises that countries with more centralised and coordinated wage bargaining systems manifest lower poverty.

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[48] Although it should be noted that recent developments within European Union, e.g. Bolkenstein, the free movement and the Lisbon agenda, had a harmonising effect on national labour market policies.

Wage setting institutions not only contribute to reducing the range of wage dispersion and income inequality, in particular at the bottom of the wage distribution (Pontusson et al. 2002), but also to raising the lowest salaries. These policies are therefore expected to be associated with lower poverty levels.

Second, statutory minimum wages, as a particular form of wage setting, ensure that workers are paid fair wages by increasing the earnings of low-paid workers to an explicit minimum (floor), which in turn allows them to make their living and maintain their families' economic well-being. Moreover, a higher minimum wage, relative to the average or median wage, also results in lower earnings inequality, at least in the bottom end of the distribution, and reduces the incidence of low payments. Therefore, this thesis hypothesises that higher minimum wages have an alleviating impact on poverty. But it has to be kept in mind that statutory minimum wages may also have an adverse effect on poverty due to the employment opportunities of low-skilled workers. As the literature discussed above indicates, minimum wages may destroy low-paid jobs or prevent the creation of new positions if these wages are set above the productivity level of workers (OECD 1998). This is particularly the case in countries with comprehensive social insurance systems, because non-wage level costs such as contributions paid by the employer cannot be shifted to the employee (Eichhorst and Marx 2012). As a result, lower-skilled workers may find themselves priced out of the market, and therefore display higher poverty. Empirical studies, however, suggest that these effects are relatively modest. Moreover, it has been argued that the impact of minimum wages is particularly important for immigrants because they are more likely to experience low pay during their first years in the host country (e.g. Adsera and Chiswick 2007, Schröder 2010).

Finally, regarding employment protection legislation, this thesis expects that stricter regulations are associated with lower poverty because they guarantee that workers to have a secure income from stable employment. However, the reviewed literature, especially research on dualisation, shows that stricter regulations protecting regular employment have negative effects on the employment opportunities of specific groups, mainly the youth, low-skilled workers, women, and immigrants, groups which are not only forced into temporary employment or long-term unemployment, but are also trapped in this secondary market (e.g. youth and immigrants, see Kahn 2007).[49] On the one hand, due to higher labour turnover costs, employers in strictly regulated labour markets are pressed to find suitable workers, and rely more strongly on productivity

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[49] Collective bargaining coverage even intensifies the negative effects of employment protection (Kahn 2007).

expectations based on skills, job experience, prejudices and statistical discrimination. On the other hand, stricter employment protection legislation shifts market power from employers to incumbent employees, or insiders, who pursue their interests at the cost of outsiders, i.e. either jobless persons or employees in the informal sector (Lindbeck and Snower 1986, 2001). Considering that having paid employment, regardless whether based on a permanent or temporary contract, is important for reducing poverty, if not necessarily to same extent across countries (see Bonoli and Crettaz 2010), one could argue that liberal employment-protection legislation has an alleviating effect on poverty. However, liberal regulations come at the cost of low-paid and low-protected jobs and thus pose higher poverty risks (Lucifora and Salverda 2009). Therefore, stronger regulation of both regular and temporary work, or at least a convergence of both types, is preferable from a poverty perspective because it improves the employment situation of outsiders vis-à-vis insiders, and makes using temporary employment as a means of deregulating the labour market a less viable option for employers. Stronger regulation would benefit immigrants, who are disproportionately employed through temporary and fix-term contracts (Causa and Jean 2007), in particular. Consequently, this thesis expects that countries with stricter employment protection, concerning both permanent and temporary contract, have lower poverty levels compared to countries with less regulated labour markets.

Addressing poverty through social policies

As mentioned above, countries can also address poverty ex-post by providing social programs targeting different sections of the population. As the literature review above shows, three types of social programs in particular are important for tackling poverty, namely social assistance, family allowance, and unemployment compensation (see also Huber and Stephens 2001). Besides targeting different groups within the working-age population, these programs are also based on different logics of redistribution. While entitlement to unemployment programs depends in the majority of countries on former contributions, family allowances are often provided on a universal basis. By contrast, social assistance is provided based on means and income tests.

Considering first social assistance, this thesis hypothesises that more generous programs are associated with lower poverty. The main reason is that they are designed to ameliorate the living standards of those in the most precarious financial situations by providing a guaranteed minimum income. However, the role of targeted programs as the sole means of welfare state effort to reduce poverty has been contested. Critics not only point to the stigma recipients of means-tested benefits are exposed to, and thus

the reluctance to rely on them, but also to the political dynamics affecting the generosity of social assistance. Because the majority of the population does not directly benefit from means-tested programs, e.g. the middle and working class, it is harder to achieve a political majority in favour of more generous targeted benefits. Lack of political support leads, in the long run, to a reduction in spending on the issue, thus challenging the initial goal of tackling poverty. By contrast, it has been argued and shown that non-means-tested programs enjoy higher support among the electoral constituency (Nelson 2004), which has a positive side effect on means-tested programs and thus poverty alleviation. Korpi and Palme (1998) have extensively discussed the fact that this paradox of redistribution arising from targeting the poor does not yield the expected effect on poverty reduction. As a result, the welfare state literature has devoted their attention to the effect of welfare state effort on poverty in general rather than on social assistance. This discussion indicates that the generosity of the welfare state might possibly be associated with generous social assistance and thus with lower poverty.

Family-related programs are the second major type of social programs aimed to reduce poverty. Families are exposed to higher poverty risks not only because they have more hungry mouths to feed, but also because they have to finance the care of their children either by reducing the workload of one parent or by paying external childcare facilities. Welfare states can help families out by designing respective policies. Two forms of family programs can be distinguished: on the one hand traditional family support such as cash and non-cash benefits as well as tax allowances, and on the other hand policies that support the employment of parents. The former's objective is to augment the family income. By contrast, parental insurance, including not only paid and unpaid parental leave but also the provision of external childcare either subsidised or provided by the state, can be seen as an alternative strategy to reducing family's poverty by supporting dual-earner households, i.e. mother's employment. Consequently, this thesis hypothesises that both more generous traditional family allowances and dual-earner support are associated with lower poverty.

Finally, the third type of social programs closely related to the labour market is unemployment programs. The basic idea of unemployment insurance is to balance out the financial situation of workers and their families during business fluctuations and to compensate for the respective loss of market income. Although it has been maintained that the generosity of this program promotes prolonged dependency on unemployment benefits, it has been countered that generous benefits not only have positive effects on the labour supply, but also on a country's overall economic success. On the one hand,

jobseekers have better opportunities to find employment that matches their skills. On the other hand, the existence of unemployment insurance in combination with other forms of employment protection reduces the wage uncertainties in a workers' career and increases the benefits in investing in human capital, in particular skill-development (Estevez-Abe et al. 2001). Accordingly, the generosity of unemployment benefits is expected to be associated with lower poverty.

In sum, this thesis expects more regulated labour market institutions, i.e. wage setting systems, statutory minimum wages and employment protection legislation, as well as more generous social programs, i.e. social assistance, traditional family allowances, dual-earner support, and unemployment compensation, to have an alleviating effect on a country's poverty.

As long as immigrants are addressed in the same way as non-immigrants by these policies, one could expect that the impact of the labour market and welfare system on immigrants' and non-immigrants' poverty, controlling for socio-demographic characteristics, will be the same. However, as the migration and citizenship literature suggests, policies addressing immigrants not only vary across countries when one looks at the extent to which treatment on par with that of non-immigrants is granted, but also depend on the particular immigration category. The theoretical framework thus includes the role of those integration policies regulating the access of immigrants to the labour market and the welfare state. It is to say integration policies are expected to moderate the effect of the labour market and welfare system on poverty.

The migration and citizenship literature distinguishes between two different types of policies addressing immigrants; first, immigration policies regulating immigrants' access into the country and second, integration policies conferring immigrants respective rights and obligations once they are settled in the country.

The theoretical framework concentrates on the role of integration policies. However, immigration policies cannot be disregarded when explaining immigrants' poverty and the poverty gaps between immigrants and non-immigrants. One the one hand, they are closely related to integration policies as they assign immigrants a specific immigration category (e.g. labour migrants, family members, refugees, asylum seekers) and therefore affect their economic and social rights. On the other hand, more or less liberal immigration policies towards particular immigration categories influences the composition of the immigrant population living in the country, which in turn is related to the socio-economic integration of immigrants (see discussion below).

Concerning the link between immigration policies and immigration categories, immigration policies, i.e. the requirements and conditions immigrants have to fulfil to cross

the border, vary with regard to the reason for immigration. They can range from restrictive to liberal, making it more or less demanding for particular categories to immigrate. For example, proficiency in the host country's language can be a requirement for obtention of a residence permit. During the last few decades, a number of countries have introduced pre-admission integration policies, which demand newcomers to have sufficient knowledge of the host country, e.g. the Netherlands in 2006, Germany in 2007 and the United Kingdom in 2010 (Scholten et al. 2011). However, this condition does not have to be met by all immigration categories. While in the United Kingdom this requirement applies to all foreigners between 18 and 25, except highly-skilled immigrants and those originating from English-speaking countries, the main target group in Germany and the Netherlands are foreign spouses of nationals and third country nationals (TCNs). Another example is self-sufficiency. While, for the purpose of family reunification, all advanced industrialised countries require that the eligible sponsor have sufficient financial means to maintain their families, though at different financial levels, in a number of countries labour migrants also have to prove that they can maintain themselves (see IOM 2009, Huddleston et al. 2011). Skilled immigrants seeking work in the United Kingdom must prove that they have £800 in available funds in their bank accounts three months before applying for the work permit (Ruhs 2011).

As discussed in the literature review, different immigration categories and respective types of residence permits can be distinguished and concomitant the requirements and conditions. The definition of immigration categories (and the related permits) is country-specific, but can broadly be distinguished between labour migration (e.g. high-skilled and low-skilled migration, seasonal workers etc.), family reunification, refugees, asylum seekers, and privileged nationalities (e.g. common market citizenship, ethnic citizens). Permanent residence can be also considered as an immigration category. As Hammar (1985) argues, immigration policies affect foreigners until they become naturalised citizens and thus include those policies regulating the permanent residence as well as naturalisation. Moreover, traditional immigration countries such as the United States, Canada and Australia may grant permanent residence permits from the beginning of the stay in the receiving country.[50] Nonetheless, the majority of countries, in particular those in Europe, make permanent residence permits dependent on the number of years immigrants have lived in the particular country, the specific residence permits as well as additional conditions such as integration, e.g. knowledge of a

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[50] However, European countries may also grant permanent residence permits under certain conditions from the beginning. An example is Germany that grants permits to highly-skilled immigrants, in this case scientists (see Residence Act, Aufenthaltsgesetz, §19).

host country's language, political system and history, and sufficient income. In addition to these lawful immigration categories, undocumented immigration resulting from the illegal crossing of borders or overstaying the duration of a residence permit could also be added (Morris 2003).

The rights and obligations immigrants are entitled to vary depending on the immigration category they are conferred upon entry. These rights and obligations are included in the theoretical framework as integration policies. Since the scope of this thesis is to explain immigrants' socio-economic outcomes and their differences with regard to non-immigrants, the focus lays on integration policies that regulate immigrants' access to the labour market and the welfare state, labelled as economic and social rights in Figure 2.1. These socio-economic integration policies can range from inclusive to exclusive, the former granting immigrants rights equal to those of natives, the latter imposing different treatment. Integration policies within the labour market determine, for example, whether immigrants can pursue any form of employment or whether they are bound to the particular sector or employer the permit is issued for. Analogously, integration policies in the domain of the welfare state regulate whether or not immigrants are eligible for particular social programs. Again, it should be noted that the respective integration policies vary depending on immigration category, namely that some types of immigration categories have more socio-economic rights than others. The least privileged are undocumented immigrants who have neither legal access to the labour market nor access to social programs. Nevertheless, a number of countries grant undocumented immigrants access to health programs beyond accident and emergency treatment, e.g. related to pregnancy and maternity as in Belgium, the Netherlands, Spain and Italy (see Romero-Ortuño 2004). According to other authors, permanent residents and recognised refugees are found on the other end of the spectrum, these being granted socio-economic rights which are almost equal to those of non-immigrants (Brubaker 1989, Hammar 1990, see also Aleinikoff and Klusmeyer 2002). Taking this into account, the inclusiveness of integration policies depends on the extent to which they incorporate particular immigration categories, i.e. granting full, partial or no access, as well as on the scope of immigration categories included by integration policies, the two extremes including incorporation of all or no immigration categories.

Insights from both strands of literature, the political economy and migration literature, are combined in the theoretical framework (see Figure 2.1). With regard to the labour market, as argued above, this thesis expects that more regulated labour market institutions will have an alleviating effect on poverty. Whether this impact also affects immigrants' poverty, however, depends on the integration policies granting immigrants

access to the labour market. In other words, integration policies are expected to moderate the impact of labour market institutions on poverty (see arrow 1). Put simply, once immigrants are granted access to the labour market and they pursue paid employment, they benefit to the same extent as non-immigrant workers from the effect of more or less heavily regulated labour market institutions, which in turn influences their chances of making their living, and thus their poverty level. This means the poverty levels of those immigrants in countries with regulated labour market policies and inclusive integration policies should be considerably lower than in countries with less regulated labour market policies and exclusive integration policies, with the two remaining combinations taking a middle position. Of course, this simplified argument neglects that the employment opportunities of immigrants are not only affected by labour market access, but also by prejudice and discrimination from employers hiring immigrants. Nevertheless, it argues that immigrants' access to the labour market is primarily important because labour market discrimination also concerns non-immigrants, e.g. statistical discrimination, and can in general explain why cross-national differences in immigrants' poverty levels can be observed. Consequently, this thesis hypothesises that more highly regulated labour market institutions have a larger alleviating effect on immigrants' poverty in countries with inclusive integration policies concerning labour market access than in countries with more exclusive integration policies (hypothesis 1).

The same argument can also be applied to the effect of welfare state institutions. More generous social programs are expected to be associated with lower poverty because they augment or replace the income of different segments of the population in a society, segments including those in need, families and the unemployed. But immigrants living in a country with generous social programs may not be better off per se than their counterparts living in a country with a lean welfare state. Moreover, whether generous welfare state institutions have an alleviating effect on immigrants' poverty depends on whether they are granted access to social programs (arrow 2). Therefore, this thesis proposes the hypothesis that more generous welfare state institutions have a larger alleviating effect on immigrants' poverty in countries with inclusive integration policies concerning access to social programs than in countries with more exclusive integration policies (hypothesis 2).[51] A caveat should be mentioned: even if immigrants are granted formal social rights, the reliance on social benefits may have conse-

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[51] The fact that not even nationality grants access to all types of social programs provided by welfare states, e.g. pensions and unemployment benefits, which depend on labour market participation and social insurance contributions, further suggests that integration policies in the welfare state and the labour market are closely related.

quences on immigrants' residence permits. In a number of countries, the self-sufficiency of immigrants is a condition for remaining in the country and renewal of their permits during the first years of arrival, e.g. in Switzerland, Germany, Denmark, Austria and the United Kingdom (see Koopmans et al. 2012).

In addition, the theoretical framework also includes alternative factors that have been identified to explain poverty. The first refers to the composition of an immigrant population living in the country (arrow i), which is, as mentioned above, related to a country's prevailing immigration policies. As the number of irregular immigrants[52] suggest, although immigration policies cannot fully control immigration inflows, they determine who may enter the country and thus steer to a certain extent the composition of immigrants living within the territory. Immigrants that were selected based on their skills and the demand of the labour market, e.g. labour migrants, might have fewer difficulties integrating into the labour market and society compared to those migrating for humanitarian or personal reasons, e.g. refugees, asylum seekers and family members. The reason is that the former have more time to invest in the transferability of their skill while still in their country of origin (see Bauer et al. 2000). Based on this argumentation this thesis assumes that in countries with more liberal immigration policies, immigrants' poverty is higher than in countries with restrictive immigration policies. In other words, immigrants' poverty is higher in countries that are less selective with regard to immigrants. Therefore, this thesis expects that the composition of the immigrant population is associated with immigrants' poverty levels (hypothesis i).

Second, as the economic literature on poverty argues, the economic situation of a country should be taken into account (arrow ii). In particular, two economic factors have been identified as having a central effect on poverty. Economic growth is expected to have an alleviating effect on poverty because, as economists argue, all residents are affected by economic expansion and downturns. By contrast, unemployment is expected to be associated with higher poverty levels. This has been justified by unemployed individuals' losing their income, as well as by the decline of real wages in periods of high unemployment (hypotheses ii).

Finally, this thesis also controls for the impact of structural factors (see arrow iii). According to the structural approach, social and economic transformations such as deindustrialisation and the role of women in society have affected particular segments of the population. Although this approach is mainly concerned with explaining the devel-

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[52] Although illegal and irregular migration are used synonymously, the former more narrowly refers to crossing borders illegally, while the latter also includes irregularities resulting from visa overstaying or illegal employment of immigrants with legal residence permits (see Jandl and Kraler 2006, 339ff.).

opment of poverty and inequality rather than cross-national differences, which is the focus of this thesis, the structural approach indicates that economic and social transformations have increased the poverty risks of particular segments of the society. The arguments and causal mechanisms discussed in the literature review contend that these structural changes have an effect on individuals and their poverty risks, which in turn affect a country's level of inequality and poverty. However, the majority of the cited studies analyses the impact of different factors, such as the share of employment in industry/service sector or female labour force participation at the macro-level, and does not test whether the argument holds at the individual level (see also Brady et al. 2009). This thesis therefore derives the respective hypotheses at the individual level, and leaves the effect of structural changes on individuals' characteristics as a black box. Related to this point is also the critique, raised in migration literature, referring to the practice of comparing immigrants' outcomes with the national native mean, because it relies on the assumption that the members of a particular nation-state are a homogenous group and share the same characteristics. The inclusion of structural factors at the individual level helps to circumvent this criticism.

Based on the arguments and findings presented above, two factors in particular are considered to be important: skills and education and employment patterns of households. First, immigrant households with higher skill and education levels are exposed to lower poverty risks (hypothesis iii a). This is due to higher demand for high-skilled workers in industrial economies, and the resulting effect on earnings. Moreover, the rising gap in education requirements between newly-emerging less well-paid service occupations and demanding technology-driven jobs exacerbates the situation of low-skilled and inexperienced individuals to find adequate employment. Second, poverty risks of families and households depend on the working patterns of all household members. If the employed individual in a single-earner household does not earn enough money, this has financial consequences for the other family members, be it their children or elderly relatives living in the same household. This is in particular the case for single parent households because they have not only to rely on a single income but at the same time to undertake childcare. On the other hand, if one family member pursues atypical employment, e.g. part-time or temporary-contract employment, this does not mean that the family is exposed to higher poverty risks as long as other family members work and contribute to the household income. Consequently, households' poverty is contingent on the working patterns, employment conditions and earnings of each member. Therefore, immigrant households with a higher share of earners are expected to experience lower poverty risks (hypothesis iii b). In addition to

education and households' employment patterns, other factors such as family composition, age and number of children and dependent relatives are controlled for.

Besides cross-national variations in immigrants' poverty, this thesis is also interested in explaining poverty gaps between immigrants and non-immigrants (see Figure 2.1). This thesis argues that integration policies granting immigrants access to the labour market and the welfare state is the main determinant of poverty gaps, and that, in contrast to immigrants' poverty, the prevailing labour market and welfare state institutions do not have a direct impact. The main reason is that, once immigrants are granted access to the labour market and the welfare state, they are put on par with non-immigrants and thus are affected to the same extent by the prevailing institutional structure as these institutions address all residents equally.[53] Therefore, labour market and welfare state institutions should not have an effect on poverty gaps or relative differences between immigrants and non-immigrants, but on the poverty level of immigrants and non-immigrants. Once controlling for central socio-demographic characteristics of individuals and household, differences in poverty between immigrants and non-immigrants should be negligible. Moreover, cross-national variations in poverty gaps should be explained by integration policies, which differ across countries. These integration policies vary from being more or less inclusive towards immigrants with regard to the access to the labour market (arrow 3) and the welfare state (arrow 4). Hence, this thesis expects that the more inclusive of integration policies regulating access to the labour market, the lower poverty gaps will be (hypothesis 3). Accordingly, regarding welfare state institutions, it hypothesises that more inclusive integration policies concerning immigrants' social rights will be associated with lower poverty gaps (hypothesis 4).

However, poverty gaps between immigrants and non-immigrants might not only depend on the inclusiveness of integration policies, but may also be attributed to systematic differences between the immigrant and the non-immigrant population. For example, poverty gaps in one country may be greater because the skill level of the immigrant population is considerably different from that of non-immigrants, as compared to another country where the skills of immigrant and non-immigrant residents are more evenly distributed. Therefore, this paper controls for the most important structural factors at the individual level, discussed above, such as skills and education, and the labour market participation of household members. In addition, it also considers the effect of the composition of immigrant population on poverty gaps, expecting that the

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[53] This argumentation, however, is problematic with regard to access to social insurance programs, where the amount of the benefits depends on employment and former contributions.

poverty gaps are greater in countries that allowed a higher influx of immigrants for humanitarian reasons than other countries that focus more on the demands of the domestic labour markets through rather selective immigration policies.

Table 2.1. Hypotheses

Independent variables	Dependent variable	Predicted effects
(1) Moderating effect of integration policies (economic rights) on labour market institutions:		
- wage bargaining institutions		-
- minimum wage laws		-
- employment protection legislation		-
	Immigrants' poverty	
(2) Moderating effect of integration policies (social rights) on welfare state institutions		
- social assistance		-
- family-related programs (traditional family and dual-earners support)		-
- unemployment programs		-
Control: (i) immigrant population, (ii) economic factors (economic growth and unemployment), (iii) structural factors (skills and education, labour market participation of households member)		
(3) Direct effect of integration policies (economic rights) Access to the labour market		-
	Poverty gaps	
(4) Direct effect of integration policies (social rights) Access to the welfare state		-
Control: (i) immigrant population, (ii) economic factors (economic growth and unemployment), (iii) structural factors (skills and education, labour market participation of households member)		

In sum, the theoretical framework builds on the assumption that labour market and welfare state institutions are the main determinants of a poverty level prevailing in a country. Yet, in order to explain immigrants' poverty, as this section argues, integration policies regulating access to the labour market and the welfare state, which moderate the effect of the labour market and welfare system on poverty, have to be considered. In addition, the theoretical framework also controls for the effects of economic factors and the immigrant population at the macro-level, as well as structural factors at the micro-level that have been shown to influence poverty risks. By contrast, poverty gaps between immigrants and non-immigrants are directly affected by the integration

policies regulating the access to the labour market and the welfare state. The testable hypotheses for immigrants' poverty and poverty gaps are summarised in Table 2.1.

2.3   Delimitations of the theoretical framework

There are several delimitations related to the theoretical framework. The main focus of theoretical framework lies in the institutional context influencing immigrants' socio-economic incorporation either directly or indirectly through social and economic policies. This neo-institutional approach entails different shortcomings by excluding the role of main actors central in the political economy – e.g. unions, firms, employers' associations, parties, and government – as well as in the migration literature – e.g. ethnic and pro-immigrant networks and organisations. First, the focus on policies and national laws neglects by whom, for which reasons and in which broader institutional context particular policies are adopted in the policymaking process. Constitutional structures such as veto points in the political process as well as other existing policies restrain or facilitate the adoption of certain policy options. Moreover, policies do not give insight into which actors and actor coalitions have been more successful than others in pursuing their interests and preference, nor to which aims these policies have been adopted. To put it simply, the theoretical framework cannot explain why particular policies exist in some countries but not in others. Even though this knowledge would help to understand how different policies affect poverty, they are less relevant compared to the implementation of these policies.

Equality in terms of formal rights does not assure that they are implemented by respective agencies. Moreover, individuals can be denied some rights that exist in law because no regulations are in place that enforce their implementation. Individuals can also, in some cases, benefit from rights not laid down in law (e.g. medical assistance for illegal immigrants). This is related to the discretion of national bureaucracies. Public employees interpret a series of regulations, which are rarely unambiguous, and apply them to each individual case (see Kumlin and Rothstein 2005, 348f. on the implementation of needs-tested programs). The theoretical framework considers neither implementation by governmental agencies nor informal regulations existing in a country. One way to partly account for this delimitation would be to take into account anti-discrimination laws, which guarantee not only equality before the law but also address racial discrimination. Because they abolish legal obstacles immigrants face in the re-

ceiving country (see Mahnig and Wimmer 2000),[54] and define an active position for the nation-state to take towards foreigners, they may be expected to reduce differences in poverty between immigrants and non-immigrants. These constitutional legal enactments also play a role in the labour market by formally ensuring that immigrants are treated in the same way as citizens when they are hired or once already employed.

Furthermore, the exclusion of non-governmental organisations such as ethnic and pro-immigrant associations also ignores that these might act as an alternative provider of welfare, comparable to the family or the church discussed in the welfare state literature, and therefore directly influences immigrants' poverty. These organisations might support newly arrived immigrants in their socio-economic incorporation (see Portes 1998, Fennema 2004, Epstein 2009). The concentration of particular ethnic groups and their organisational level in a country might also contribute to explaining cross-national differences in poverty between immigrants and non-immigrants.

Partly related to this point, this framework neglects the impact of direct integration policies within the labour market and the welfare state addressing the needs of immigrants in particular by providing specific programs that facilitate their socio-economic integration. Examples are programs facilitating the entry of immigrants into the labour market, or the improving of their qualifications, such as educational programs in form of language courses or additional schooling for socially disadvantaged immigrants. Countries such as France and the UK provide specific schemes to integrate immigrants into the labour market, while the Netherlands and Germany focus on similar programs for immigrant youths (Mahnig and Wimmer 2000, 195). Alternatively, direct policies within this domain can also refer to affirmative action, which focuses on the 'equity of outcomes' rather than on 'equal opportunities'. The Netherlands and the UK have introduced quotas in the public and private sector, which allocate a specific number of jobs to immigrants (Mahnig and Wimmer 2000, 197; Koopmans et al. 2005, 66-69). Norway has recently committed to interviewing at least one foreigner when hiring workers in the public sector, and to employing immigrants if their qualifications are the same as those of a native (Liebig 2009). Although these quotas have been introduced to reflect the cultural diversity of a society, affirmative action programs are relatively rare in this field. Direct integration policies in the domain of the welfare state such as cash transfers or special treatment (e.g. allocation of housing) are even less common. This is if we leave out integration programs or introduction programs that

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[54] In contrast to France, Germany and Switzerland, the UK and the Netherlands have made a great effort by including special antidiscrimination law in civil code and establishing state offices dealing with discrimination complaints (see Mahnig and Wimmer 2000, 194f.; Koopmans et al. 2005; 45-51).

grant immigrants a certain amount of money, usually an amount below the level of social assistance. Until the 1970's, France and the Netherlands, for example, provided special housing programs for immigrants (Mahnig and Wimmer 2000, 196). Even though it has been argued that, for efficiency reasons, specific social programs for immigrants would improve their socio-economic outcomes, they are hardly justified due to their non-universal character (Mahnig 2001, see also Brubaker 1989, fn. 22). Moreover, because national majorities perceive these programs as undeserved privileges for immigrants, their supporters do not claim majority vote in political elections (ibid.). Thus, a tendency to introduce universal programs can be observed, these are mainly aimed at supporting immigrants, but also provide aid to disadvantaged citizens.

A final point is the claim that exclusive immigration-related policies may also facilitate the incorporation of immigrants and thus have a positive effect on their socio-economic outcomes. For example, a country may have exclusive integration policies, i.e. limiting access to the labour market and the welfare state only to permanent residents, while at the same time making it very difficult to obtain a residence permit due to strict requirements referring to minimum income and integration, such as knowledge of the host country and acquisition of the national language. However, the efforts 'newly' permanent residents have made in order to get the permit by itself might enable immigrants to economically sustain themselves. Proficiency in the national language, for example, is favourable for immigrants' socio-economic outcomes because it reduces social distances and is a valuable resource when seeking adequate employment (for an overview see Esser 2006, 82-87). On the other hand, inclusive integration policies do not necessarily lead to lower poverty. Although immigrants may have a legal claim to social benefits, the reliance on social programs can have negative consequences on immigrants' legal status and their residence permits. In Switzerland, welfare dependency can be a reason for expulsion from the country even for permanent residents (Koopmans et al. 2012).[55] This might be a reason for higher (or lower) immigrants' poverty and poverty gaps despite inclusive (or exclusive) integration policies.

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[55] This is also the case for immigrants during the first years in Austria (5 years), Denmark (7 years) and Germany (8 years).

3 Methodology

This chapter describes the methodological approach, including the selection of cases, the time frame observed, as well as the units used and level of analysis. It continues with the different definitions of immigrants and non-immigrants used by statistical offices and the respective problems posed by these definitions. The remaining part of the chapter gives detailed information on operationalisation and data sources, and ends with a brief overview of the statistical methods.

3.1 Methodological approach

Case selection

In order to test the theoretical framework and related hypotheses, this thesis relies on a cross-sectional quantitative analysis. The case selection for this quantitative analysis is driven by the question: Why are some political economies are better at incorporating immigrants than others? As a result, it focuses on how nation-states cope with immigration, rather than emigration, and the efforts countries make to address immigrants' socio-economic outcomes. Therefore, advanced industrialised democracies are selected for this sample, which vary not only with respect to labour market and social policy, but also concerning immigration histories and the respective policies governing the integration of settled immigrants. The nineteen cases included in the analysis are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States.[56]

These countries can roughly be assigned to different types of migration that, according to Castles and Miller (2009 [1993]), contributed to the ethnic diversification of the populations in advanced industrialised states. One type comprises *traditional immigration countries* such as Australia, Canada and the United States that experienced con-

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[56] Due to missing data New Zealand and Japan are excluded from the analysis.

tinuously high permanent immigration inflows before 1945 and actively promoted mass immigration after the Second World War, first from Europe and later from Asia and Latin America. However, also European countries as the UK, Germany, France and Switzerland experienced high inflows of immigrant workers even before the outbreak of the First World War. For example, a great number of Irish people migrated to Britain in the first halve of the 19th century due to the devastation of peasant agriculture and the deterioration of domestic industry by British competition. By 1851 over 700,000 Irish were living in Britain, around 3% and 7% of the population in England and Wales, respectively (see Castles and Miller 2009 [1993], 88). About 120,000 Jews arrived in Britain escaping pogroms in Russia between 1875 and 1914. Although these immigrant groups had practically the same formal legal rights, i.e. the Irish were British subjects and Jews rapidly naturalised, they were exposed to economic and social barriers regarding access to the labour market, e.g. forcing them to accept inferior jobs or restricting their freedom to move due to discrimination and racism. By contrast, Germany and France were among the first nations that actively restricted workers' rights. For example, specific contract clauses implemented around 1890 prohibited Poles in Germany to leave their jobs for better employment opportunities and forced them to return to their employers under the threat of incarceration or deportation (Castles and Miller 2009 [1993], 87-90).

A second type of migration refers to *immigration from former colonies* and was important in France, the Netherlands and the United Kingdom. In those countries residents from ex-colonies not only enjoyed privileged access to enter the country, but also, to some extent formal citizenship and associated rights. In addition, these countries also promoted the immigration of temporary foreign workers. *'Guestworker' systems*, a third major type of immigration, relates to the practice of temporary labour recruitment to satisfy the labour demand of the growing economies, which prevailed until the oil crisis in 1973/4. Along with Germany, which is a prime example, countries such as Belgium, Switzerland, Austria, Sweden and partly Denmark also pursued the recruitment of foreign workers mainly originating from the less developed European periphery such as Southern European countries as well as Ireland and Finland.[57] This recruitment proceeded mainly through bilateral agreements regulating recruitment, working conditions and social security between the receiving countries and the countries of origin.

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[57] However, labour migration to Sweden mainly from Finland and Southern Europe mainly took place between 1949 and 1971 (Ruhs 2009, 22). Nowadays, it consists of asylum seekers and family members, while permanent-type labour migration of third country nationals in 2005 and 2006 was less than 400 persons per year (ibid.).

Migration *within the European Union* constitutes a forth type of immigration. The labour recruitment was further facilitated by the introduction of the regulation concerning the freedom of movement for workers within the European Community (EC) in 1968, which mainly affected Italians moving to work in Germany. However, in reality internal migration decreased due to the equalisation of earnings and living standards within the EC, while immigration from outside the EC grew (Castles and Miller 2009 [1993], 101).

Finally, more *recent migration* can be observed in countries of Southern Europe including Italy, Spain, Portugal and Greece that until 1973 were viewed as emigration countries. In most recent decades those countries experienced immigration inflows from Northern Africa, former colonies (e.g. Latin America in Spain, Brazil in Portugal) and neighbouring countries (e.g. 60% of Greek residence permits were issued to Albanians in 2004). In addition, Southern European countries were and are those most affected by illegal immigration, with immigrants either entering without documents or overstaying their visas. Finland and partly Norway, two countries in the Northern periphery of Europe, along with Ireland also represent cases of more recent immigration. For example, in Finland it was not until the 1980s that immigration exceeded emigration for a prolonged period. Belonging to the Swedish empire until 1809, Finland became independent in 1917 after a period as an autonomous Grand Duchy under the Russian Empire, and until today Russians represented the largest group of foreigners in Finland. Traditionally a country of emigration, it remained rather a closed society after the Second World War due geographic and historical reasons, mainly the iron curtain, as well as relatively restrictive immigration policies compared to other Nordic and European countries (see Kyntäjä 2003).

Time frame

This thesis is based on a cross-sectional analysis for the year 2007 for multiple reasons. Since the outbreak of the financial crisis in 2007-2008, states had to cope with different challenges. Recent studies indicate that the crisis has hit immigrants particularly hard (SOPEMI 2009, 2010). Consequently, an analysis of socio-economic outcomes of immigrants and non-immigrants in more recent years would need to incorporate additional factors that explain why immigrants are especially affected by the recent financial crisis. Moreover, the main data sources used to operationalise immigration and integration policies are available for the year 2007, which are complemented by social security and immigration laws in order to capture immigrants' social rights. Nevertheless, considering the different immigration histories across countries, it would

be advisable to select a longer time period. For example, from the 1970s the first integration policies were introduced to ameliorate the situation of immigrated workers, while at the same time immigration policies in the majority of countries became more stringent (see Layton-Henry 1990, 193f.; Hammar 2003). It would also be interesting to study the impact of substantive changes to the labour markets and the welfare systems that have taken place since the 1990s, as these affected immigrants' socio-economic outcomes in particular (see Emmenegger and Careja 2012). However, the data collection of the respective social security and immigration laws for a longer period would go beyond the scope of this thesis.

Unit of analysis

Since the aim of this thesis is to analyse how the access of immigrants' to the labour market and social programs affects their poverty, the focus lies on institutions at the national level. Several authors, however, highlight the importance and the range of integration policies implemented at the local level, e.g. in municipalities and cities or even in neighbourhoods (Rogers and Tillie 2001, Mahnig and Wimmer 2000, Penninx 2005, Helbling 2008, OECD 2010). Those policies might affect immigrants' socio-economic outcomes more directly. On the one hand, local politicians are more aware of particular problems immigrants have to cope with. On the other hand, they have to put immigration-related policies into practice. Moreover, they are responsible for the distribution of resources, which is affected by factors such as previous experiences with earlier immigration and multicultural diversity (Penninx 2005, 144). Nevertheless, empirical studies indicate that inter-national variation is larger than intra-national variation (Koopmans 2004). Furthermore, nation-states still have the authority to implement policies targeting immigrants, which regulate not only the rights and obligations of immigrants but also the conditions for obtaining different types of residence permits and, last but not least, nationality (Bloemraad et al. 2008, 154).[58]

The second more substantial point is the impact of factors at the individual level. The literature on poverty discussed above suggests that personal and family characteristics such as skills and family composition are central to explaining poverty risks. This point has also been raised in the migration literature, which is sceptical as to whether the ethnic origin is adequate for classifying immigrants and comparing different ethnic groups to native citizens. According to Glick Schiller and Caglar (2008, 42) the as-

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[58] This is evident, for example, how states cope with undocumented migrants (Bloemraad et al. 2008, 166). Within the EU the regulation and implementation of integration policies lies in the competence of the member states in contrast to immigration policies, where the European commission has formal competence (Penninx 2005, 137f.).

sumption that members of the same country of origin share the same set of values and national identities not only masks variation between immigrants coming from the same country, but also differences within the receiving society, and this assumption further neglects the possibility that some features might be shared between immigrants and native citizens. Furthermore, the focus on ethnic groups does not take into account that ethnic bounds are only one form along class or religious communities where incorporation through local, national or transnational networks can occur. A way to overcome this criticism of the "methodological nationalism" (Wimmer and Glick Schiller 2003, 584) is to compare similar immigrant and non-immigrant groups by taking specific individual characteristics, e.g. skills and education, into account. There are two strategies to include individual-level characteristics. One the one hand, based on a two-step model, poverty risks can first be estimated at the individual level, while controlling for socio-demographic characteristics. The resulting coefficients can then be used for estimations at the macro-level (Bowers and Drake 2005). On the other hand, multilevel analysis can be applied. This is the approach selected for this thesis. It is important at this stage to emphasise that the explanatory variables, here the institutional factors, are measured at the national level while the dependent variable relies on individual-level data.

3.2 Definition of immigrants

Immigrants in this thesis are defined as international immigrants living for at least 12 months in the host country and holding a legal residence permit (see IOM 2009). Thus, immigration categories such as tourists, seasonal workers, students and asylum seekers are excluded from this analysis. According to the literature, immigrants can be identified either by their 'nationality' or their 'place of birth' depending on the information provided in the data sources (Castles and Miller 2009, XVIII). In specific cases, additional data on the immigration histories, e.g. year of arrival of the individuals or of the parents, and type of first issued residence permit, is released (see also Poulain and Herm 2010).

Table 3.1 summarises the different possibilities for identifying immigrants based on these two criteria: place of birth and nationality. Regardless of either selected indicator, individuals holding a different nationality from that of the host country *and* born outside the host country are identified as immigrants, vice versa for citizens or non-immigrants (see non-shaded cells). Depending on the criterion, the immigrant category either includes native-born foreigners (nationality) or foreign-born nationals (place of birth). While the latter includes children of citizens born abroad and naturalised for-

eigners, the former encompasses immigrants of the 2nd and 3rd generation in the immigrant or foreign category, except in countries where nationality is acquired by birth in the country of residence (e.g. Canada or United States).

Table 3.1. Definition of immigrants based on nationality and place of birth

	Citizens	**FOREIGNERS**
Native born	Native-born **nationals**	Native-born **foreigners** (e.g. children of immigrants or 2nd/3rd generation immigrants)
FOREIGN BORN	Foreign-born **nationals** (e.g. naturalised immigrants or children of expatriates)	Foreign-born **foreigners** (e.g. 1st generation immigrants)

Notes: ambivalent cases shaded in grey.
Source: Poulain and Herm (2010, 13ff.).

The use of both nationality and place of birth raises the question of whether native-born nationals and 'naturalised' citizens (nationality as criterion) or native-born foreigners (place of birth as criterion) can be aggregated as non-immigrants. In favour of nationality as criterion, it could be argued that naturalisation procedures expect future citizens to be familiar with the countries' language, rules and norms, as well as to have enough financial means to maintain themselves and their families (see Bauböck et al. 2006 for an overview on citizenship rules). In this case, naturalised citizens resemble native citizens. This argument can be put into perspective because the countries differ greatly regarding the naturalisation process and related conditions and waiting periods for obtaining citizenship (e.g. 3 years as permanent resident in Canada versus 12 years in Switzerland). But the approach in treatment of 2nd and 3rd generation immigrants as non-immigrants has also its problems. As recent studies show, the outcomes of native-born nationals and native-born foreigners differ, for example with regard to educational attainment or labour market participation (e.g. Heath et al. 2008, Algan et al. 2010).

This thesis chooses place of birth as the criterion for identifying immigrants for the following reasons. First, the studies mentioned above suggest that immigrant background plays a role, but that this effect is mainly driven by the socio-economic status of the individuals and their parents. Second, place of birth, in contrast to nationality, allows for controlling for variations in naturalisation laws because place of birth is unique and can be applied in the same way across countries. Moreover, in countries that grant citizenship after a short time period, immigrants are underrepresented in the income surveys used in this thesis (see Appendix 3.1). Finally, the citizenship literature suggests that the rights of residents with permanent residence permits hardly dif-

fer. Consequently, one may expect that native-born foreigners not only have permanent residence permits but also rights comparable to those of native-born nationals.

3.3 Operationalisation

3.3.1 Dependent variable – poverty rates

This thesis uses poverty rates as dependent variable, which reflects a country's standard of living because the participation of individuals in the society presupposes a basic level of income. As Brady (2003, 724) argues, poverty is linked to social exclusion because it limits the capability to effectively participate in the society.[59]

Following international studies and comparative research on poverty (e.g. Korpi and Palme 1998, Hicks and Kenworthy 2003, Brady et al. 2009), poverty rates are defined in relative terms as the share of households whose income is below the poverty line, here defined as 50% of a country's median income.[60] It should be noted that the poverty line is calculated from the income distribution for the full samples, including individuals of all ages. The analysis, however, is based only on working-age population, defined as those individuals aged between 21 and 59, because this is the group that is mainly affected by the labour market policies and social programs analysed in this thesis (see discussion below, Blume et al. 2007, 380).

The literature, furthermore, recommends controlling for the size of households by using an equivalence scale. The assumption behind this is that economies of scale exist in a household, i.e. that the marginal income needed decreases as the household size grows. This correction therefore takes into account that households share their expenses and that each additional member does not produce the same costs (see also Bradley et al. 2003, 209f.). Using equivalised income has two advantages. First, it allows for comparing different types of households because the resulting value is adjusted for the number of persons, children and adults, living in the same household. Second, as the same income value is assigned to each household member, not only the household can be identified as unit of analysis, but individuals as well, by weighting data for the respective number of persons living in the household or belonging to a particular group (e.g. children or elderly persons). Although no consensus exists on the preferred choice, this thesis adjusts the household income for the size of the family by using the

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[59] Even though Barry (1998, 20) argues that 'poverty/economic inequality' and 'social exclusion' are two distinct concepts, the dispersion of income impedes the capacity of individuals to equally engage in the common institutions and thus leads to social exclusion. The argument that a basic income is a necessary condition to interact with the social life is the same.

[60] In order to check the robustness of the models alternative levels of 40% and 60% are calculated.

modified OECD equivalence scale, which assigns a value of 1 to the household head, 0.5 to each additional adult member aged 15 or above, and 0.3 to each child below 15 (for a critical discussion of different measurements of poverty and equivalence scales see Buhmann et al. 1988).[61] Since this definition is not based on an absolute cross-country measure of poverty, it should be considered as an indicator for poverty risks, which allows taking the standard of living in a particular country into account (Bäckman and Ferrarini 2010, Brady 2009).

In this thesis, three measures of poverty risks are distinguished. The first measure of poverty is calculated based on the income before taxes and transfers including salaries, earnings from self-employment, and income from cash property, and is referred to as *poverty on market income*. The second measure, *poverty based on disposable income*, considers besides market income, also social transfers, payroll, and income taxes, i.e. poverty after taxes and transfers (e.g. Bradley et al. 2003, Moller et al. 2003).[62] The former indicator is used as dependent variable when estimating the effect of labour market institutions and related integration policies, the latter for the estimations concerning the impact of welfare state institutions. Because inequality and poverty measures are sensitive to extreme values at the bottom and top of the income distribution, negative values are recoded to zero and the upper threshold is set at ten times the median income. Finally, *poverty reduction effectiveness (PRE) scores* are calculated as the difference between poverty levels based on market income and disposable income divided by poverty levels based on market income.[63] Higher PRE score values indicate higher effectiveness of countries in reducing poverty, and vice versa (see Mitchell 1991, 65; Moller et al. 2003, 33; Morissens and Sainsbury 2005). The main advantage compared to poverty levels after taxes and transfers is that it takes the economic situation of a country into account. If countries already have low poverty levels before taxes and transfers due to other factors besides redistribution policies, e.g. high demand for labour allowing residents to find a well-paid job, they only score highly on the PRE scores indicator if they can further reduce poverty levels in relative terms.

But this approach of using the PRE scores as a counterfactual analysis, namely to compare the situation with and without the impact of the welfare state, has been criti-

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[61] To check for robustness, the Luxembourg Income Study's proposed alternative scale, based on the square root of the number of persons living in the same household, is calculated.

[62] The definition of the Luxembourg Income Study has been applied to the Australian, Canadian and US-American household income survey. The main difference is that the former excludes property taxes on wealth and the value of the company car as income, but includes alimonies (paid and received), interest repayments on mortgage and pensions from individual private plans.

[63] PRE scores $= \frac{\text{poverty}_{pre} - \text{poverty}_{post}}{\text{poverty}_{post}}$ (see Mitchell 1991, 65).

cised for several reasons (Kim 2000; Bergh 2005). The main point refers to the endogenous effect of the tax system and generous social benefits, especially unemployment benefits and social assistance, which creates disincentives for working-age persons to pursue paid employment and thus affects the labour supply. As a result, poverty before taxes and transfers as well as poverty reduction are higher than they would be if these programs were not available because individuals living in more generous welfare states anticipate that they will receive respective benefits and chose not to work. Kim (2000) has found empirical support for the positive correlation between the generosity of social benefits and poverty before taxes and transfers. Another critique raised by Bergh (2005) is that welfare states not only redistribute income between individuals (inter-redistribution) but also over the lifecycle (intra-redistribution), e.g. through pensions. According to his argumentation, if individuals trust that welfare states will provide pensions, many elderly persons will have no or low incomes before taxes and transfers. The high poverty reduction effectiveness scores (for the whole population) therefore results from the high levels of intra-individual redistribution rather than inter-redistribution. Selecting merely the working adult population only partly avoids the problem because it excludes the social transfers received in the future, which again increases or decreases the redistributive efforts of welfare states.[64]

The latter critique of conflation of the two different types of redistribution, i.e. among individuals and over an individual's lifetime, though central, plays a minor role in this paper as the main aim is to explain how differences in the labour market and welfare system affect socio-economic outcomes of immigrants and non-immigrants at a particular point in time. The focus of this thesis is primarily on how residents fare, rather than whether socio-economic outcomes result from inter- or intra-redistribution or how they will fare in future. Nevertheless, it is important to consider when interpreting the results that poverty reduction cannot be equated with redistribution between individuals. This point is also related to the critique that recommends looking on particular social programs, rather than at the overall effort of welfare states. The alternative proposed by Bergh (2005, 356) is to select social programs that can be more or less distinguished between risk distribution across the society or over a life course. This is done in this thesis by focusing on four particular types of social programs, namely social assistance, traditional family programs, dual-earner support, and unemployment compensation.

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[64] Other critiques include that PRE scores neither account for the redistribution which is taking place through education policy and in turn affects the distribution of earning capabilities of individuals, nor the redistributive effect of social insurance schemes that crowd out market insurance.

In line with the first critique this thesis acknowledges that PRE scores have an endogeneity problem and should not be considered as a counterfactual analysis because generosity and access to social programs affect poverty risks both before and after taxes and transfers. Moreover, as this thesis argues in the theoretical section, countries have different possibilities for redistributing income within the country. Besides the welfare state, the labour market is also a means to this end. Through the labour market, states can influence the prevailing economic inequality in a country. Despite these critiques, poverty reduction effectiveness scores provide a convenient starting point for describing and comparing the efforts of welfare states across countries, though relative poverty rates before and after taxes and transfer are used for the multivariate analysis.

However, the use of relative poverty rates has also been criticised for different methodological and conceptual reasons. First, even though the calculation of poverty rates (or headcounts) is a simple measure, it does not give insight about the depth of poverty, i.e. whether households are close to the selected threshold or not. Different alternative measures have been proposed, such as income gaps, which are based on the average of the difference between the poverty line and income of the poor, this data being standardised by the poverty line. The main advantage of this measure is that it allows accounting for the average depth of poverty, but in doing so it ignores the number of individuals living below the poverty threshold. A simple measure to account for both, i.e. quantity and depth of poverty, is the intensity measure, which is simply the multiplication of the income gap and the poverty rates. These three measures are also used to describe the level of poverty prevailing in the country in Chapter 4.

To continue further, a number of authors argue in favour of using absolute poverty, i.e. an income threshold that is held constant across countries. The main reason for this is that the use of relative poverty obscures whether living standards of individuals improves or deteriorate over time in absolute terms. For example, states with more generous social programs may have higher absolute poverty rates over the long run, though constant relative poverty rates, because economic growth is hampered by extravagant redistribution which in turn reduces incentives to invest or work (Kenworthy 1999, 1120ff.). From this point of view the use of absolute poverty measures is preferable in order to account for the indirect effects of redistribution on economic outcomes. In addition, it has been argued that the emphasis on relative poverty neglects differences across countries, and that a higher relative poverty is better than greater equality in a very poor country. This is closely related to the idea that equality is inversely related with absolute well-being (Scruggs and Allan 2006, 883). Nevertheless, this thesis uses relative poverty measures, as the countries included in the analysis are

all relatively affluent democracies. Moreover, as Brady (2009, 31ff.) notes, the assumption that absolute measures can be compared across countries, e.g. Sweden and Italy, and across time, e.g. the United States in 1950s and the 1990s, but still, the decision to select a fixed set of goods or an absolute threshold is by itself ambiguous. The example of Smith (1776, see Scruggs and Allan 2006, 883) that "custom . . . has rendered leather shoes a necessary of life in England … even for the poorest creditable person" shows that material deprivation is defined by social norms. Nowadays, basic goods not only include a pair of shoes, being able to afford a meal with meat or the ability to keep the home adequately warm, but also affording a cell phone or a computer to communicate with the social environment. Besides the difficulty to set a threshold for absolute poverty, this example also emphasises the central role of interactions between individuals, and thus the concomitant comparison of the position of self with regard to others. Because individuals have to be conceived as part of a society, this thesis focuses on relative poverty rates in order to capture the financial situation of individuals relative to a country's prevailing standard of living.

Finally, recent poverty research on material deprivation and recurrent poverty has also criticised the use of relative measures of poverty. Different authors argue that relative poverty based on cross-sectional data only provide a snapshot of the financial situation of individuals and neglects that the individual situation has to be understood in a broader perspective. Therefore, they propose to use non-monetary indicators of poverty (e.g. Boarini and Mira d'Ercole 2006, Nolan and Whelan 2010) or to observe the dynamics of income over time (e.g. Fourage and Layte 2012, Tomlinson and Walker 2010). However, a recent study published by Eurostat (2010, 27) shows that correspondence between measures of material deprivation and relative income poverty is relatively high, over 75% of the cases are consistently identified as both financially and materially poor. With regard to the difference between persistent and current poverty, Jenkins and Van Kerm's (2011) findings suggest that they are closely related. Therefore, despite the advantages of these approaches, this thesis uses relative poverty measures based on income.

Data sources

In order to measure the poverty risks of immigrants and non-immigrants, this thesis relies on national household surveys: 'EU Statistics on Income and Living Conditions 2007 (EU-SILC)' for 16 European countries, the 'Household, Income and Labour Dynamics in Australia Survey (HILDA)', the Canadian 'Survey of Labour and Income Dynamic (SLID)' and the 'Current Population Survey (CPS)' for the United States.

These sources provide standardised information on income distribution and allow the cross-national comparison of earnings, market income, and disposable income of households. The data is usually available for each respondent and household, defined as group of persons living in the same dwelling and who usually reside and eat together, e.g. EU-SILC, CPS and HILDA. Canada provides the data for economic families defined as a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common law or adoption, which excludes unrelated persons living in the same dwelling (SLID 2013). In order to use the same definition across all surveys, the Canadian data for two or more economic families living in the same dwelling has been aggregated to the household level, which constitutes 3.5% of all households.

It should be noted that the main purpose of these surveys is not the analysis of immigrants' socio-economic outcomes. As a result, the information on the immigrant background is scarce and immigrants tend to be underrepresented in the samples. Both problems apply to the EU-SILC survey. Concerning the first point, the dataset only distinguishes whether the respondent 'is born' or 'has the nationality' from the country of residence, an EU member state, or from outside the EU. Moreover, the number of immigrant respondents is relatively low depending on whether nationality or place of birth is used as an identifier. For example, when taking nationality as criterion, working age immigrant households represent less than 2% of the survey sample in the Netherlands (N=39), Finland (72), Portugal (43) and Germany (122). The share of respondents exceeds the threshold of 2% when using 'place of birth' as criterion, with the exception of Finland (124), while the number of immigrant households in Portugal is below 100 (N=87, 2.8%). Also the Canadian SLID survey has its problems and only allows differentiating whether the person is born in Canada or not. Moreover, the immigration status is only available for persons living in urban areas with 500,000 inhabitants or more for confidentiality reasons. By contrast, the Australian HILDA and the US-American CPS survey not only contain a reasonable sample of immigrants (N=775 and N=7690, respectively) but also information on the place of birth and the nationality. Moreover, the HILDA dataset also includes additional immigration-related indicators such as years since arrival or language spoken at home (for an overview of immigrant households included in the surveys, see Appendix 3.1).

3.3.2 Independent variables – individual-level

Households as individual-level units

The market income and disposable income used to calculate the respective poverty risks are based on the aggregated income of all household members rather than for each member individually. The main reason for this proceeding is that specific social provisions and taxes are only available at the household level (e.g. traditional family benefits, social assistance and income taxes). However, the use of equivalised incomes allows selecting individuals or households as units of analysis, as discussed above. Moreover, according to the theoretical section, household characteristics rather than individual factors are expected to affect poverty risks. An example is whether one earner or several earners are contributing to the household income, the age, or the education of household members. Rather than identifying a head of household and attributing his or her individual characteristics to the whole household, this thesis choses an alternative strategy and assigns the combination of the characteristics of the adults living in a household to the whole household. For example, whether a household is considered to be an immigrant household does not depend only on the immigrant background of the head of the household, usually defined as the person with the highest income, but takes into account the immigrant background of all adults living in the same household. As a result, it is not only the differentiation between immigrant and non-immigrant households that can be made, but also the identification of mixed households, i.e. whether adults with an immigrant and non-immigrant background are living together. The advantage of this category is that it considers the circumstance that those members who were raised and socialised in the country of residence face different opportunities than households where all members are born abroad.

The assignment of individual characteristics to a household proceeds in three steps:

In a first step, adults are identified in the respective income surveys based on household compositions. Respondents living in one or two person households without children are classified as adult, whereas in a household with children the oldest or the two oldest persons (lone parents and couples) are selected. In the remaining multi-person households, the following criteria have been chosen, following the definitions proposed by Eurostat. One the one hand, all individuals above 25 years are coded as adults. On the other hand, only economically active individuals aged between 18 and 24 are selected as adults based on labour force status and market income.

In a second step, socio-demographic characteristics are assigned to the adults. For the *immigrant background* the indicator refers to the place of birth, which distinguishes

two categories: 'non-immigrant' and 'immigrant'.[65] The same practice of allocating adults the respective characteristic is done to operationalise the structural factors, education and skills. The indicator *education* distinguishes three categories: (1) low: ISCED 0-2, lower secondary education or less, (2) medium: ISCED 3-4, upper secondary and post-secondary non-tertiary education, and (3) high: ISCED 5-6, tertiary education or above. *Skills* are measured based on the occupation (ISCO-88 code) following the procedure proposed by Häusermann (2010) differentiating between five categories, namely (1) low service functionaries, (2) socio-cultural (semi-) professionals, (3) blue and lower-level white collar, (4) mixed service functionaries and (5) capital accumulators. Finally, *labour market participation* is measured as a dummy variable, based on whether the adult pursues paid employment or not. In addition, two dummy variables are created to assess employment conditions, namely whether the adult is self-employed or employed atypically (either employed part-time, on a temporary contract, as a family worker, or unemployed).

In a third step, the information for adults is aggregated to the household level by combining the different values of each variable. Table 3.2 provides an overview of the 'pure' categories derived in the second step as well as the combination thereof (highlighted in italic). For example, a household composed of two adults, one with a primary education (ISCED=1) and the other with an upper secondary education (ISCED=3) is coded as mixed (7 'Mixed low (0-4)'). It should be noted that some possible combinations are conflated. For example, the mixed categories of the indicator 'occupation', only distinguish whether skill levels of all household members are equal to or greater ISCO-88 code 41 (coded as 7 'Mixed skills (low, ISCO≥4)'), less or equal ISCO-88 code 32 (coded as 9 'Mixed skills (high, ISCO≤3)'), or includes adults with different skill levels (coded as 8 'Mixed skills').

The aggregation for *labour market participation* and *self-employment/atypical employment* is slightly different. Here, the number of affected persons per household is assigned to one of three categories: (1) no earner, (2) one earner, and (3) multiple earners and (1) no one atypically/self-employed, (2) at least one person, and (3) all atypically/self-employed.

The indicators at the household level include *family composition*, which distinguishes 8 different forms of lifestyles, namely (1) one person households, female, (2) one per-

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[65] For the EU-SILC countries the immigrant category includes those from EU and non-EU countries. This distinction is not available for the Canadian dataset, which contains only an indicator whether the respondent is born in Canada or not. Australia and the United States provide the information on the place of birth at the country level, which allows to identify respondents from industrialised countries, i.e. EU-25 and EFTA, Australia, Canada, Japan, New Zealand and the United States.

son households, male, (3) two person households without children, (4) multi-person households without children, (5) single parent households, female, (6) single parent households, male, (7) two person households with children and (8) multi-person households with children. In addition, two control variables, the *number of children aged 13* or below and of *adults 65 years* or above, are added.

Table 3.2. Operationalisation – individual and household-level characteristics

Variable	Operationalisation by adults and households (in italic)
Place of birth Nationality	Variable measuring place of birth: 1 'Non-immigrant', 2 'Immigrant', *3'Mixed'*
Education	Variable based on ISCED educational level: 1 'Low (ISCED 0-2)', 2 'Medium (ISCED 3-4)**'**, 3 'High (ISCED 5-6)', *7 'Mixed low (0-4)', 8 'Mixed (0-6)', 9 Mixed high (3-6)'*
Occupation	Variable based on ISCO88 classification (or equivalent): 1 'Low service functionaries', 2 'Blue and lower white collar', 3 'Mixed service functionaries', 4 'Socio-cultural (semi-) professionals', 5 'Capital accumulators', *7 'Mixed skills (low, ISCO88≥4)', 8'Mixed skills' 9 'Mixed skills (high, IS-CO88≤3)',* (Canada: based on the North American Industry Classification System 2007, NAICS 2007; United States: based on the Standard Occupational Classification 2000, SOC 2000)
Labour market participation	Variable measuring employment status: 1 'No one employed' 2 'One person employed', 3 'Multiple earners'
Atypical employment	Variable measuring atypical employment (part-time, temporary contract, family worker, and unemployed): 1 'No one employed atypically' 2'At least one person employed atypically' 3 'All employed atypically'
Self-employment	Variable measuring self-employment: 1 'No one self-employed' 2'At least one person self-employed' 3 'All self-employed '
Age	Variable measuring age categories: 1 'Young (18-39)', 2 'Middle (40-59)', [3 'Elderly (60+)'], *7 'Mixed (18-59)', 8 'Mixed (including elderly)'*
Family composition	Variable measuring family/household composition: 1 'One person household, female', 2 'One person household, male' 3 'Two person household, without dependent children', 4 ' Multi-person households, without dependent children', 5 'Single parent household, female', 6 'Single parent household, male', 7 'Two person household, with one or more children' 8 'Multi-person households, with dependent children'
Children per household	Variable measuring the number of children below 14 years (Australia: below 15, Canada: below 16)
Elderly per household	Variable measuring the number of adults 65 years or above

3.3.3 Independent variables – country-level

Although socio-economic characteristics of household members are important to explain poverty, this thesis expects that institutions at the national level have a major impact. Institutions are understood as national laws, regulations and policies implemented in particular fields, here referring to the political economy and immigration. The focus on institutions and policies means that indicators used in this thesis do not meas-

ure how they are applied in practice and experienced by individuals but rather how they exist in law.[66] National immigration, labour and social security laws therefore constitute the main source for operationalising a country's institutional setting. The main reason for looking at institutions and policies is that they mirror the different rights individuals are entitled to and the conditions they have to fulfil to get access to the labour market and the welfare state.

Two broader types of national policies are distinguished. The first refers to those policies related to labour market and welfare institutions. Here the respective regulations in the domain of the political economy are compared across countries with regard to the extent to which they protect individuals through respective regulations within the labour market and the welfare state. The second type of policies concentrates on policies directed at immigrants only, namely those regulating their access to the social programs and the labour market. Integration policies here are classified in terms of inclusiveness, i.e. immigrants' ease or difficulty to get access to the labour market and the welfare state.

3.3.3.1 Labour market and welfare state institutions

Labour market policies

The level of protection provided by states through the labour market referring to wage bargaining systems, statutory minimum wages and employment protection legislation is measured as follows. If not indicated otherwise, the data is taken from Visser's (2011) 'Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts in 34 countries between1960 and 2007' (ICTWSS). First, *wage bargaining institutions* are measured by Kenworthy's (2001) 5-point index of coordination of wage bargaining, which distinguishes between different levels where coordination takes place, higher values indicating more coordinated wage bargaining systems (see Appendix 3.2 for details). Because Kenworthy's original index also included for government intervention in wage bargaining reported separately in the ICTWSS dataset, a second indicator accounting for the degree of government intervention in wage bargaining is added. This variable distinguishes five different levels of government participation in wage settlement. Second, for the operationalisation of *statutory minimum wages* two indicators are used. The first indicator measures minimum wage setting combining information on different actors participating in the wage

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[66] In principle, immigrants and non-immigrants might be denied formal rights in law, e.g. the legal right to a minimum wage, because there is no effective state protection or enforcement of this law. On the other hand, individuals might enjoy rights that are not formulated in law, such as access to medical treatment with a legal right to health care (see Ruhs 2011, 14).

bargaining as well as the level of application (sectoral or national agreements). The second indicator refers to the share of the minimum wage in percentage of the median wage, available from the OECD. Countries without statutory minimum wages are coded as zero. Finally, *employment protection legislation* is measured by the two indices provided by the OECD and referring to employment protection strictness of workers with regular and temporary contracts. The former is based on different indicators including the difficulty of dismissal and severance pay, while the index for temporary employment focuses on government regulations on fixed term contracts and temporary work agency employment.[67]

Social policies

The level of social protection provided through the welfare states is based on three social programs that have been identified to be central in the fight against poverty of the working age population, namely unemployment programs, social assistance and family-related programs (Huber and Stephens 2001, Pfeifer 2012). While the former two compensate for the loss of income either due to the loss of employment or difficulty entering the labour market, the latter helps families to reduce their poverty risks (e.g. temporary assistance to needy families (TANF) in the United States).

Drawing on previous contributions on social rights (see Esping-Andersen 1990, Scruggs 2004, Korpi and Palme 1998), this thesis focuses on the *generosity of unemployment* programs, which is measured as the net replacement rates during the initial phase of unemployment for six different types of households, i.e. single, one earner and two earner couples either with or without two children. The unemployment replacement rates for households with earnings 67% of the average wages are used.[68] Because this thesis is concerned with explaining poverty, the situation of marginal households with low previous incomes rather than the average wage household is assessed. The net replacement rates are provided by the OECD.

The data used to operationalise *social assistance programs* is based Nelsons' (2010) 'Social Assistance and Minimum Income Protection Interim Data Set (SaMip)', which contains information on minimum income protection across different family types, i.e. single persons, lone and two parent families. In order to compare the minimum income

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[67] However, these indices have recently been criticised for neglecting the role of courts in the interpretation of the legislation (see Venn 2009, Betcherman 2012, 21). As argued in the last chapter this thesis focuses on institutions rather than on their implementation.

[68] The combination of net replacement rates for different households is problematic per se (e.g. high variation between single person households and one-earner households with children as in Australia, 36 versus 72%). The principal component analysis resulting in one factor shows that the indicators are highly and positively correlated with factor loadings above 0.84 (variance explained 81.7%).

benefits within and across countries, the indicators are calculated in percentage of the average wage. Analogous to the unemployment replacement rates, the average across different types of family is used.[69]

Finally, two forms of *family program generosity* are distinguished: dual-earner support and traditional family support. Following previous research on employment-related family programs (Gornick et al. 1997, Korpi 2000, Mandel and Semyonov 2005), dual-earner support is measured by three indicators, which capture different forms of government intervention: the full-rate equivalent of paid parental leave (number of weeks on maternity, paternity or maternal leave multiplied by the respective replacement rates during the leave), the length of maternal leave, and the share of preschool children in formal care or early education services (aged 5 or less). The former two refer to the protection states provide to working mothers, while the third reflects the state intervention facilitating the employment of mothers. An index has been constructed based on the single factor resulting from the principal component factor analysis (factor loadings≥0.85, variance explained 71.3%), which has been rescaled between 0 and 100. This data is available from the OECD for the year 2007/2008. Second, traditional family support is measured by an indicator capturing the proportion of traditional family benefits in % of the average wage. It is calculated as the average family benefits received by three household types earning 67% (or 134%) of the average wage, i.e. a lone parent family, a single earner family, and a two-earner family.[70] The calculations are based on the dataset accompanying the OECD benefits and wages report for the 2007.[71] These family benefits include yearly flat rate or lump sum benefits, family tax allowances, as well as child-raising benefits paid to parents looking after their children at home, but exclude any benefits or tax reductions for public or private childcare expenditures or the use of particular childcare services (see OECD 2007).

3.3.3.2 Integration policies – access to the welfare state and the labour market

The second set of regulations refers to policies targeting immigrants once they are settled in the country. Integration policies in this thesis are limited to immigrants' social and economic rights and are measured through the access of particular types of immigration categories to social programs and the labour market. The immigration catego-

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[69] The single factor using principal component analysis shows that the indicators are positively correlated with factor loadings above 0.90 (variance explained 88.8%).

[70] The factor loadings of the resulting single component are above 0.89 (variance explained 83.9%).

[71] An alternative could be the use of child benefit package for couple with two children but one earner based on level of earnings (50%, 100%, 150% of AW) relative to a childless couple on the same earning level (see Bradshaw and Finch 2010).

ries selected in this thesis draws on a previous analysis on immigrants' social rights by Aleinikoff and Klusmeyer (2002) and include: nationals, foreign nationals with permanent resident permits, foreign nationals with limited residence permits and their family members, recognised refugees, and supra-nationals (i.e. EU citizens).

Immigrants' access to the labour market

Two indicators are used to operationalise immigrants' economic rights and their access to the labour market. First, the 'access to employment' of each immigration category, mentioned above, is considered. Drawing on Cerna's (2009) and Ruhs' (2011) contributions four different categories are distinguished to identify the level of immigrants' access to employment. For foreign workers the indicator differentiates whether:

  0: employment is *tied to a specific employer,*
  1: employment is tied to a specific employer, but change of employer is possible though requires a *new work permit,*
  2: workers can freely change employers within a *specific sector, occupation or region,*
  3: migrant workers have *full access as nationals.*

The categorisation for the remaining immigration categories, e.g. permanent residents, family members or refugees, is slightly different and considers whether an immigration category:

  0: is *not permitted to work,*
  1: has to apply for a *working permit,*
  2: gets *unlimited working rights after a certain period* or *accelerated procedure* (e.g. no labour market test),
  3: has *full access as nationals.*

This indicator not only contains information as to whether particular immigration categories are granted access to the labour market or not, but also reveals to which degree their economic rights differs across immigration categories and countries.

Second, to measure the 'access to self-employment' an indicator is created which distinguishes whether an immigration category:

  0: has *no access* at all,
  1: has to apply for an *additional permit*,
  2: needs a *work permit,*
  3: has *full access* as nationals.

It should be noted that a score of 2 'needs a working permit' is only assigned to the family member immigration categories, where access to self-employment depends on a working permit, which is only granted after a waiting period (e.g. after one year in

Austria and Greece). Moreover, this indicator does not consider the difficulties and the additional conditions immigrants as well as nationals have to fulfil in particular countries in order to establish a business. The final index score on immigrants' access to the labour market is calculated as the mean score for each immigration category. Due to the low variation across the countries only the resulting values of four immigration categories, i.e. immigrants with permanent and limited residence permits as well as their family members, are used to create the final index, rescaled from 0 to 3 to range between 0 and 1.[72] Immigration laws as well as the report on immigration laws by the International Organization for Migration (IOM 2009) and the comments in the MIPEX dataset are used as sources.

Immigrants' access to the social programs

Concerning immigrants' social rights, the data collection proceeds as follows. In a first step the analytical framework used to compare social rights of immigrant is developed following earlier research by North et al. (1987) on non-citizens' access to social programs (study cited in Brubaker 1989, 159; see also Soysal 1994, 123). These authors highlight the importance of the access of specific immigration category and the length of residence. The former considers whether or not a particular residence permit grants access to social programs, while the latter accounts for whether countries have implemented a ban of a number of years during which immigrants are prohibited to access specific social programs, e.g. universal or means-tested programs that do not require a previous period of contribution. This approach is often chosen in countries where permanent residence permits are granted from the beginning of stay. But the length of residence, besides means-tested or universal programs, is also applicable to contributory social programs, where a certain time of previous employment is demanded.

The indicator used in this thesis combines both factors, i.e. whether a specific immigration category is granted access to social programs, and whether a certain length of residence or work period is required. The threshold for the length of residence is set at 5 years because in the majority of the countries this is the required time to be eligible for a permanent residence permit. For the contributory social programs, a lower threshold of 52 weeks is selected. The main reason is that for immigrants with limited residence permits the loss of their jobs has consequences on the renewal of their permits.

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[72] The excluded four immigration categories are family members of nationals, recognized refugees as well as EU citizens and their family members.

The indicator includes the following categories:

> 0: no access
> 1: waiting period $\geq$ 5 years or $\geq$ 52 weeks of employment
> 2: waiting period < 5 years or < 52 weeks of employment
> 3: full access

In a second step, the relevant social programs for each country are identified (e.g. unemployment insurance, programs for lone parents, child-raising allowances etc.). The selection of the respective programs is based on the comparative tables on social protection published by MISSOC for all European countries in 2007. For Australia, Canada and the United States, the country chapters of the OECD Benefits and Wages report (OECD 2007), as well as the report 'Social Security Programs throughout the World' (SSPTW 2006, 2007), are used to select the social programs (see Appendix A, for the full list).

In a third step, the national social security laws for each social program are collected. Based on the respective social security regulations, the indicator for each single social program and type of immigration category has been coded with the respective value.

The fourth step assigns the respective social program to one of the following four types of social programs: (1) unemployment compensation, incl. unemployment insurance and unemployment assistance, (2) traditional family support, (3) dual-earner support and (4) social assistance.

Then, the respective average values by type of social programs for four immigration categories are calculated, namely residents with permanent or limited residence permits as well as their family members. The access of the remaining immigration categories such as family members of nationals, refugees, and supra-national citizens is excluded due to low variation between the countries. They enjoy almost the same access to social programs as nationals.

Finally, the average score of the four immigration categories by type of social program is created yielding four different indices that measure the inclusiveness of social programs addressing the needs of the unemployed, families, working parents and individuals in need. All four indices have been rescaled from 0 to 3 to range between 0 and 1.

Data has also been collected for other factors deemed important in former studies such as the legality of residence and work, the country of origin, and the physical presence in the country, which is not always a condition for receiving social benefits (see North et al. 1987, Brubaker 1989, Soysal 1994). For example, family allowances might be

granted even for children not residing in the country.[73] Due to the low variation across countries (country of origin hardly matters in contrast to legal residence and physical presence) this information is not included in the index.[74]

3.3.3.3 Control variables: immigrant population and economic factors

The theoretical framework discussed in the previous chapter emphasises further factors that might affect immigrants' poverty as well as poverty gaps such as the composition of the immigrant population and economic factors.

In order to assess the composition of the immigrant population, different indicators are used as proxies. The first refers to the share of the foreign-born population from industrialised countries (including the member states of the EU and the EFTA, Australia, Canada, Japan, New Zealand and the United States). The three additional indicators refer to the share of immigration inflow by three types of permits based on work, family and humanitarian reasons. Because immigration inflows are highly dependent on the global political situation the 5-year average between 2003 and 2007 is used, where data was available. The data for these indicators is published in the international migration outlook (SOPEMI several years).

The indicators used to assess a country's economic situation are GDP growth, 5-year average, as well as the unemployment rate in percentage of the whole and the immigrant labour force as indicators. In addition, the employment growth and total social expenditures in % of GDP both for the year 2006 are included. The data is available from the OECD database.

3.4 Statistical methods

This thesis estimates multilevel models with random intercepts using maximum likelihood estimations in order to analyse whether variations in integration policies, as well as in the labour market and social policies, can explain cross-national immigrants' poverty and poverty gaps between immigrants and non-immigrants. Such models allow the consideration of context variation and the simultaneous estimation of the ef-

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[73] Whether this is the case, however, often depends on bilateral agreements, i.e. whether entitlements for TCNs are paid abroad as well as whether the social insurance contributions made abroad are also taken into account.

[74] North et al. (1987) include additional factors such as the 'zeal with which eligibility rules are enforced', 'state or province of residence (in federal states)' and 'nature of the program'. The former has been excluded because the primary focus are national laws rather than how these regulations are implemented, while the information for the two latter has been collected but not included into the final index.

fect of individual- and country-level variables. Since the data exhibits a multilevel character, i.e. the individuals (level-1 observations, here households) are nested within a contextual unit (level-2 units, here countries), the observations within a country are not truly independent. The use of standard regression analysis is problematic because it tends to underestimate the standard errors and therefore increases the potential for Type 1 errors, i.e. producing significant coefficients when in fact the null hypothesis is true. By contrast, multilevel models reduce the probability of these errors by allowing the intercept and slopes of individual-level variables to vary across the contextual units. Therefore, rather than treating the dependency of the observations as a nuisance, it incorporates it into the model by extracting information in order to estimate the relationship between the variables (see Steenbergen and Jones 2002, Snijders and Bosker 2012).

In other words, the use of multilevel models is driven for the reason that social and economic policies as well as integration policies differ across countries, and that all households living in a specific country are exposed to the same set of policies. Therefore, it is central to consider the unobserved country-level effect. In addition, multilevel logistic regression not only allows estimating the explanatory potential of policies at the macro-level, after controlling for socio-demographic characteristics at the household level, but also assesses the relative impact of country-level variables compared to household-level characteristics.

Analytical approach

Since the dependent variable is dichotomous, logit maximum likelihood models are used to assess the impact of social and economic policies on *immigrants' poverty*, and the moderating effect of integration policies concerning the access of immigrants to the labour market and social programs. The logit random intercept models expressed in log-odds can be decomposed into a level-1 model:

$$\log\left(\frac{\pi_{ij}}{1-\pi_{ij}}\right) = \beta_{0j} + \beta X_{ij} \qquad (1)$$

At the individual level, the dependent variable is poverty, indicating whether an immigrant household i in country j is poor (=1) or not (=0). X represents a vector of individual-level variables (i.e. educational level, labour market participation etc.). The model is comparable to a simple logistic model with the difference that the parameters vary across level-2 units denoted by the j-subscripts. Consequently, a unit change in a

variable x_1 of two households from the same country is associated with a β_1 change in their log-odds. To facilitate interpretation, all continuous variables have been centred at their means. β_{0j} refers to the intercept, which is allowed to vary across countries and therefore can be reformulated as a function of the level-2 variables:

$$\beta_{0j} = \gamma_{00} + \gamma_0 Z_j + U_{0j} \qquad (2)$$
$$\beta = \gamma \qquad (3)$$

In equation (2) and (3) γ denotes the fixed level-2 parameters, with γ_{00} being the individual-level intercept, i.e. the population average of the transformed probabilities. Z refers to a vector of country-level variables (e.g. minimum wage setting, unemployment program generosity). The random effect is described by the residual term U_{0j}, which represents the country-specific intercept. The deviations U_{0j} are assumed to be independent from each other and normally distributed, with a mean of zero and a variance of τ_0^2 (Snijders and Bosker 2012). Including equations (2) and (3) into (1) yields the mixed model:

$$\log\left(\frac{\pi_{ij}}{1-\pi_{ij}}\right) = \gamma_{00} + \gamma_0 Z_j + \gamma X_{ij} + U_{0j} \qquad (4)$$

The multilevel logistic model estimated to explain *poverty gaps between immigrants and non-immigrants* is slightly different. The reason is that poverty gaps are assessed indirectly by using the cross-level interaction between immigrant background and integration policies, i.e. access to the labour market and social programs. The resulting level-1 equation is:

$$\log\left(\frac{\pi_{ij}}{1-\pi_{ij}}\right) = \beta_{0j} + \beta_{1j}(immigrant)_{ij} + \beta X_{ij} \qquad (5)$$

Equation (5) is identical to (1) with the difference that the immigrant background characteristic is included separately. Accordingly, the integration policy variable at the country level is included in equation (6).

$$\beta_{0j} = \gamma_{00} + \gamma_0 Z_j + \gamma_0(policy) + U_{0j} \qquad (6)$$
$$\beta = \gamma \qquad (7)$$

The equations are identical to the previous random intercept model, though the variables of interest are highlighted. Substituting equations (6) and (7) into (5) and adding the cross-level interaction results in the following mixed model:

$$\log\left(\frac{\pi_{ij}}{1 - \pi_{ij}}\right) = \gamma_{00} + \gamma_{0}(\text{policy})_{j} + \gamma_{1}(\text{immigrant})_{ij} + \gamma_{01}(\text{policy})_{j} * (\text{immigrant})_{ij}$$
$$+ \gamma X_{ij} + \gamma_{0} Z_{j} + U_{0j}$$

The effect of the interaction is represented by γ_{01}, which according to the expectations of this thesis should have a negative sign to suggest that poverty gaps between immigrants and non-immigrants diminish as integration policies become more inclusive. The multilevel logistic analysis for the two dependent variables, immigrants' poverty and poverty gaps are conducted in STATA using the 'xtmelogit' command.[75] It should be mentioned that the models including the cross-level interaction have also been estimated using multilevel models with random slopes.[76] The likelihood-ratio tests indicate that the random-intercept model cannot be rejected in favour of the random-coefficient model. Therefore, only the models with random intercepts are presented.

Although the literature agrees that 19 level-2 units should be sufficient to estimate meaningful and significant multilevel models (Rabe-Hesketh and Skrondal 2012), this thesis is aware of relatively small number of countries included in the analysis. Therefore, the models try to minimise the number of country-level variables. In addition, the jackknife repeated replication method, a re-sampling technique, is applied. This statistical method is used to estimate robust standard errors and confidence intervals. The basic idea behind jackknife is to recompute the estimates based on subsample of the original observation. In other words, the model is re-estimated excluding one observation, here all observations of one country, from the sample (Wolfe and Dunn 2003). This proceeding allows controlling for the impact of each country on the regression coefficient.

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[75] "xtmelogit" is based on a maximum likelihood estimation procedure using adaptive quadrature with 7 integration points.

[76] The models using multilevel with random slopes are the same as those discussed above but include an additional equation: $\beta_{1j} = \gamma_{10} + \gamma_{1}Z + U_{1j}$ (8).

Appendix 3.1. Number of households by immigrant status (2007)

	Place of birth			Nationality			
	Non-immigrants	Mixed	Immi-grants	Non-immigrants	Mixed	Immi-grants	Total
Australia	3 807	612	775	-	-	-	5 194
	73.3%	11.8%	14.9%	-	-	-	
Austria	4 072	347	544	4 366	321	276	4 963
	82.0%	7.0%	11.0%	88.0%	6.5%	5.6%	
Belgium	3 820	447	477	4 120	305	319	4 744
	80.5%	9.4%	10.1%	86.8%	6.4%	6.7%	
Canada	3 782	661	896	-	-	-	5 339
	70.8%	12.4%	16.8%	-	-	-	
Denmark	3 981	231	132	4 121	156	67	4 344
	91.6%	5.3%	3.0%	94.9%	3.6%	1.5%	
Finland	8 046	273	124	8 234	137	72	8 443
	95.3%	3.2%	1.5%	97.5%	1.6%	0.9%	
France	6 349	674	531	7 000	304	250	7 554
	84.0%	8.9%	7.0%	92.7%	4.0%	3.3%	
Germany	8 706	531	334	9 170	279	122	9 571
	91.0%	5.5%	3.5%	95.8%	2.9%	1.3%	
Greece	3 501	186	264	3 646	114	191	3 951
	88.6%	4.7%	6.7%	92.3%	2.9%	4.8%	
Ireland	2 868	374	295	3 192	155	190	3 537
	81.1%	10.6%	8.3%	90.2%	4.4%	5.4%	
Italy	13 526	789	671	14 083	328	575	14 986
	90.3%	5.3%	4.5%	94.0%	2.2%	3.8%	
Netherlands	7 231	452	222	7 724	142	39	7 905
	91.5%	5.7%	2.8%	97.7%	1.8%	0.5%	
Norway	4 211	313	252	4 463	202	111	4 776
	88.2%	6.6%	5.3%	93.4%	4.2%	2.3%	
Portugal (2008)	2 687	206	87	2 894	43	43	2 980
	90.2%	6.9%	2.9%	97.1%	1.4%	1.4%	
Spain	8 348	454	508	8 671	242	397	9 310
	89.7%	4.9%	5.5%	93.1%	2.6%	4.3%	
Sweden	4 369	471	511	4 980	251	120	5 351
	81.6%	8.8%	9.5%	93.1%	4.7%	2.2%	
Switzerland (2009)	3 656	759	827	4 082	520	640	5 242
	69.7%	14.5%	15.8%	77.9%	9.9%	12.2%	
United Kingdom	5 318	496	376	5 748	236	206	6 190
	85.9%	8.0%	6.1%	92.9%	3.8%	3.3%	
United States*	12 334	1 150	1 950	13 591	819	1 024	15 434
	79.9%	7.5%	12.6%	88.1%	5.3%	6.6%	
Full sample	*48 704*	*4 451*	*7 690*	*53 523*	*3 131*	*4 191*	*60 845*
	80.0%	*7.3%*	*12.6%*	*88.0%*	*5.1%*	*6.9%*	
Total	110 612	9 426	9 776	110 085	4 554	4 642	129 814
	85.2%	7.3%	7.5%	713.3%	29.5%	30.1%	

Note: * The US subsample is randomly selected based on individual-level characteristics (see Table 3.2).
Source: EU-SILC, HILDA (Australia), SLID (Canada), CPS (United States).

Appendix 3.2. Operationalisation – labour market and welfare state institutions

Variable	Operationalisation
Coordination of wage bargaining	Index based on Kenworthy's classification of wage-setting coordination scores (excl. government intervention): 5 = economy-wide bargaining, based on a) enforceable agreements between the central organisations of unions and employers affecting the entire economy or entire private sector, or on b) government imposition of a wage schedule, freeze, or ceiling; 4 = mixed industry and economy-wide bargaining: a) central organisations negotiating non-enforceable central agreements (guidelines) and/or b) key unions and employers associations setting the pattern for the entire economy; 3 = industry bargaining with no or irregular pattern setting, limited involvement of central organisations, and limited freedoms for company bargaining; 2 = mixed or alternating industry- and firm level bargaining, with weak enforceability of industry agreements; 1 = none of the above, fragmented bargaining, at company level. Source: Visser (2011) ICTWSS.
Government intervention in wage bargaining	Index measuring government intervention in wage bargaining based on Hassel (2005): 5 = the government imposes private sector wage settlements, places a ceiling on bargaining outcomes or suspends bargaining; 4 = the government participates directly in wage bargaining (tripartite bargaining, as in social pacts); 3 = the government influences wage bargaining outcomes indirectly through price ceilings, indexation, tax measures, minimum wages, and/or pattern setting through public sector wages; 2 = the government influences wage bargaining by providing an institutional framework of consultation and information exchange, by conditional agreement to extend private sector agreements, and/or by providing a conflict resolution mechanism which links the settlement of disputes across the economy and/or allows the intervention of state arbitrators or Parliament; 1 = none of the above. Source: Visser (2011) ICTWSS.
Minimum wage setting	Index measuring minimum wage setting: 8 = Minimum wage is set by government, without fixed rule; 7 = Minimum wage is set by government but government is bound by fixed rule (index-based minimum wage); 6 = Minimum wage set by judges or expert committee, as in award-system; 5 = National minimum wage is set by government, but after (non-binding) tripartite consultations; 4 = National minimum wage is set through tripartite negotiations; 3 = National minimum wage is set by agreement (as in 1 or 2) but extended and made binding by law or Ministerial decree; 2 = Minimum wages are set by national (cross-sectoral or inter-occupational) agreement ('autonomous agreement') between unions and employers; 1 = Minimum wages are set by (sectoral) collective agreement or tripartite wage boards in (some) sectors; 0 = No statutory minimum wage, no sectoral or national agreements. Source: Visser (2011) ICTWSS.
Minimum wage (% of median wage)	Variable measuring the minimum wage (in local currency and PPP adjusted) in percentage of the median wage (local currency and PPP adjusted). Source: OECD 2012.
OECD index for dismissal of employees on regular contracts	Index measuring the strictness of employment protection for regular employment based on different indicators for procedural inconveniences (e.g. notification procedure), notice and severance pay for no-fault individual dismissal (e.g. notice period) and difficulty of dismissal (e.g. definition of unfair dismissal, compensation, trial period, reinstatement). Data for Switzerland refers to 2008. Source: OECD 2012.
OECD index for strictness of regulation on temporary contracts	Index measuring the strictness of employment protection for temporary employment based on different indicators regarding fixed term contracts (e.g. valid cases for their use, maximum number of successive contracts) and temporary agency employment (e.g. types of work for which it is legal, restrictions on numbers of renewals, equal treatment). Source: OECD 2012.
Unemployment program generosity	Variable measuring average net replacement rates during the initial phase of unemployment of six different household types (single person, one-earner and two-earner couples without and with 2 children) for a worker earning 67% of the average wage. Source: OECD 2012.
Social assistance	Variable measuring average replacement rates concerning minimum income protection of three different household types (single, lone and two parent family) in percentage of the average wage. Source: Nelson (2007) SaMip.
Family programs	Variables measuring *traditional family support*: family benefits in % of AW (traditional family support: average of lone parents, one and two-earner couples earning 67% (134%); *dual-earner support*: index based scores resulting from principal factor analysis: full-rate equivalent of paid parental leave, length of maternal leave and the share of preschool-children in childcare. Source: OECD 2012.

4 Descriptive analysis – immigrants' poverty and poverty gaps

This chapter presents the descriptive analysis for the two dependent variables: immigrants' poverty and poverty gaps. Accordingly, it is divided into two parts. The first part compares poverty rates based on market income and disposable income of immigrant, non-immigrant and mixed households, i.e. with at least one adult born in the country of residence. This analysis is complemented by a focus on income gaps, which gives some insight on how well poor households fare, and the intensity measure, which combines income gaps with poverty rates. The second part of this chapter is devoted to poverty gaps. In contrast to the first part, the second controls for the effect of households' socio-demographic characteristics on poverty. Based on logistic regression analysis, the average marginal effects of being an immigrant household are calculated using the position of the household relative to the poverty line as the dependent variable.

4.1 Immigrants' poverty

4.1.1 Poverty rates across countries

This subsection begins with the discussion of poverty rates based on market and disposable income. The poverty rates have been calculated using 50% of the median income as poverty threshold. This subsection then continues with the analysis of poverty reduction effectiveness (PRE) scores, which allows for the comparison of poverty rates before and after taxes and transfers.

Across all countries, *poverty rates based on market income* are on average around 19.2%, indicating that two out of ten households are living below the poverty threshold (SD=3.1). The comparison of poverty rates between non-immigrant and immigrant households reveals considerable differences between these two groups. For non-immigrant households, the poverty rate of 18% is slightly below the mean (SD=3.4), while the figure for immigrant households is almost twice as high, with a grand-mean

of 35% (SD=11.8). The high standard deviation of immigrant households points to cross-national variations in poverty rates before taxes and transfers, which are presented in Figure 4.1. The first column refers to non-immigrants' poverty rates, followed by those for mixed and immigrant households.

Three observations can be made. First, the pre-tax and transfer poverty rates of non-immigrant household are comparable across and within welfare regimes ranging between 16% and 20%. The major exceptions are Switzerland and Sweden, which have markets that generate less poverty (8.5 and 14%, respectively), while Ireland is an outlier at the top end (26%). Second, the poverty rates of mixed households are similar to those of non-immigrant households. The difference in the majority of the countries studied is fewer than 3 percentage points. In a number of countries, the poverty rates of mixed households are even considerably lower, e.g. in Norway, Australia and Ireland.[77] By contrast, the share of mixed households that are below the poverty line compared to non-immigrants is substantially higher in Belgium, Germany and France (e.g. 24% versus 16%).
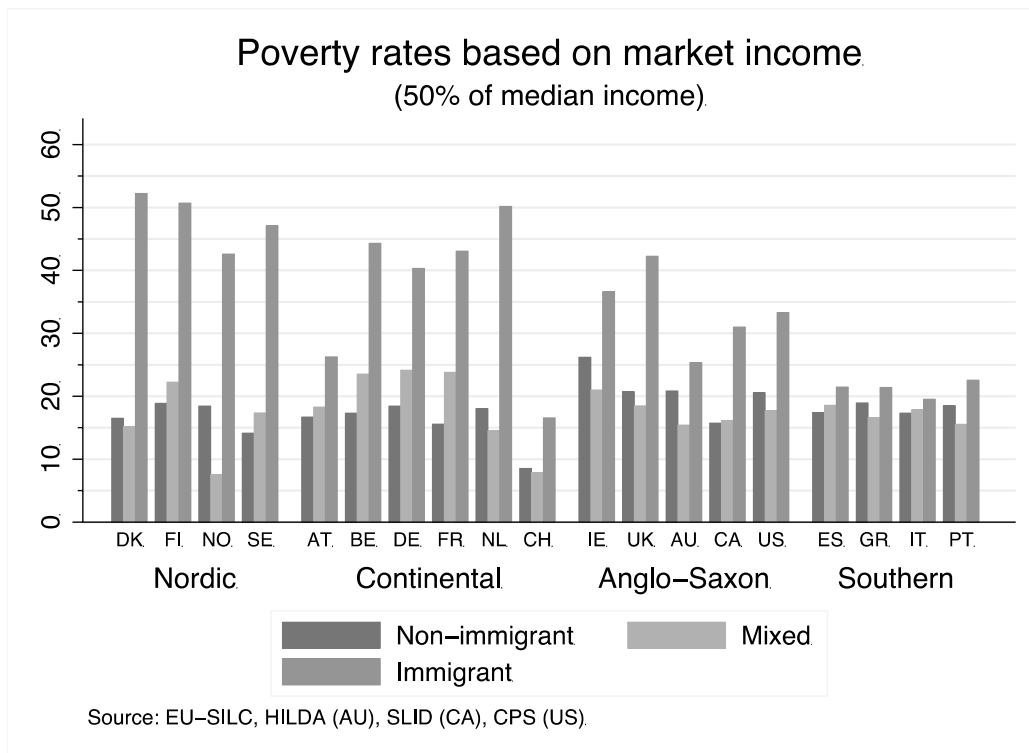
Figure 4.1. Poverty rates based on market income

Last but not least, immigrants' poverty rates are higher than those of non-immigrants in all countries. However, in contrast to non-immigrant households they tend to cluster

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[77] This finding is also supported by a t-test, while the means of immigrants' and non-immigrants' poverty rates are significantly different at the 1% level (results not shown, but available upon request from the author).

across welfare regimes. The highest rates of poverty can be found in Nordic countries (around 48%, see Appendix 4.1), followed by Continental European countries (around 41%, excl. Switzerland) and Anglo-Saxon countries (around 34%). In Southern European countries, immigrants' poverty rates are the lowest and most comparable to those of non-immigrant households. These findings suggest that Anglo-Saxon and Southern European countries are more efficient in reducing immigrants' poverty through the labour market than Continental European or Nordic countries. The difference between these two groups is below 5 percentage points (average around 21%). In other words, while in Nordic countries immigrant households are almost three times more likely to fall below the poverty threshold, the ratio in Southern European countries is below 1.2. For Continental Europe, the risk is more than twice as high when compared to 1.6 in Anglo-Saxon countries. Within the country groups, however, variations can be observed. In Switzerland (17%) and Austria (26%) immigrants' poverty rates are considerably lower than in Belgium (44%) and the Netherlands (50%). On the other hand, poverty rates of immigrants living in Canada are lower than those of their British counterparts (31% and 42%, respectively). Comparably, the share of immigrant households considered as poor is higher in Denmark (52%) than in Norway (43%).
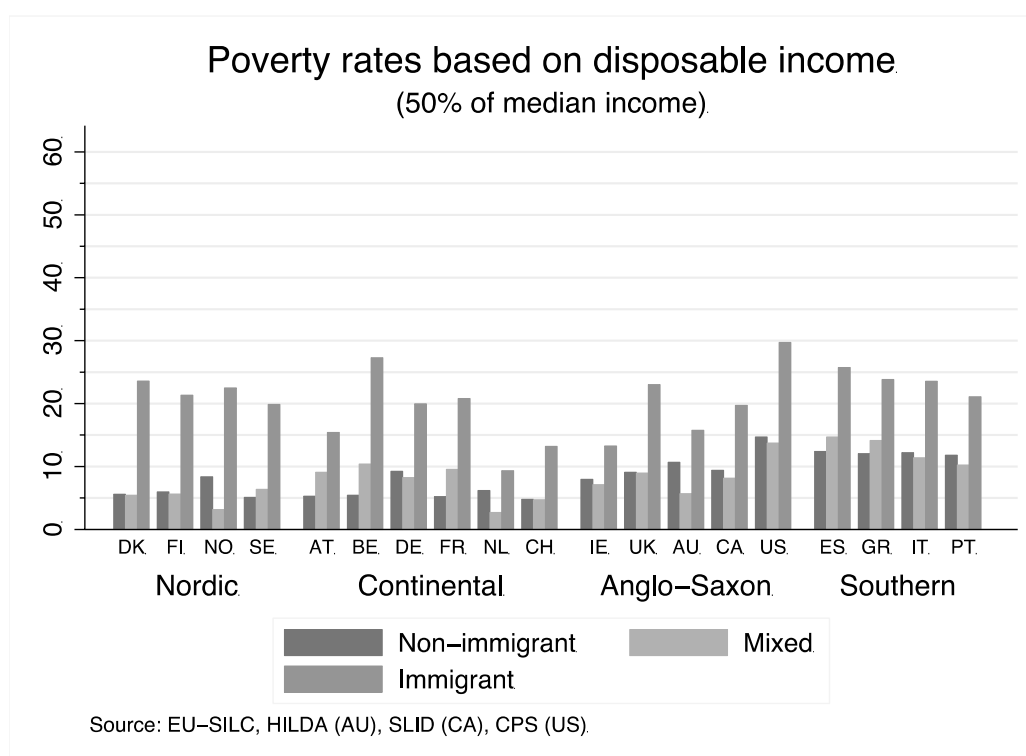
Figure 4.2. Poverty rates based on disposable income

Moving to *poverty rates based on disposable income*, the cross-country mean lies at 9.6% (SD=3.1), half of the size of pre-tax and transfer poverty discussed above. However, differences between immigrants and non-immigrants still persist. On average,

immigrants' poverty rates in the 19 industrialised countries are at 21% (SD=5.2) al-most 2.5 times the relative value for non-immigrants, whose poverty rates lie at 8% (SD=3.1). Comparing poverty rates of the latter group across countries in Figure 4.2, non-immigrant's poverty rates cluster as predicted by the welfare state literature. Nor-dic and Continental European countries feature the lowest poverty rates (around 6%), followed by Anglo-Saxon (around 10%) and Southern European countries (around 12%). Norway and Germany are closer to the Anglo-Saxon countries with poverty levels above 8%, while poverty rates in the United States reach almost 15%.

However, the pattern is less consistent when looking at immigrants' poverty rates. Immigrant households' poverty levels are still considerably higher than those of non-immigrant or mixed households. But the stair-like trend in Figure 4.1, i.e. higher pov-erty rates in Nordic and Continental Europe followed by Anglo-Saxon and Southern European countries, disappears when looking at immigrant-specific poverty. The pov-erty rates of Southern European immigrant households are now around the cross-country mean. Nordic and Southern European countries are still relatively homogene-ous, with country group averages of 22 and 24% respectively, but higher variation ex-ists in Continental European and Anglo-Saxon countries. Immigrant households living in the Netherlands, Switzerland and Ireland experience the lowest poverty risks (below 13%), followed by Austria and Australia (around 15-16%). By contrast, one out of four immigrant households in Belgium and the United States are living with an income below the poverty threshold. A last observation is that the relative difference between poverty rates of immigrants and non-immigrants increases. In Nordic countries they are more than 3.5 times more likely to live in poverty, compared to three times more likely in Continental Europe and to two times more likely in Anglo-Saxon and South-ern European countries. The highest differences between non-immigrant and immi-grant households can be observed in Belgium and France, where immigrant house-holds are over four times more likely to live below the poverty line, while the poverty rates for both groups are more comparable in the Netherlands, Australia and Ireland, with the probabilities for immigrants' living in poverty resting at around 1.5 times higher than non-immigrants.

In order to facilitate the comparison of poverty rates before and after taxes and trans-fers, *poverty reduction effectiveness (PRE) scores* are calculated. The resulting scores are simply the difference between poverty rates based on market and disposable in-come, standardised by the poverty rates based on market income. The scores range be-tween 100 and -100. A value of 50 indicates that 50% of the poor households can be lifted out of poverty. Higher PRE scores can thus be associated with higher effective-

ness of countries in reducing poverty, and vice versa (see Mitchell 1991, 65; Moller et al. 2003, 33; Morissens and Sainsbury 2005).

The PRE scores are on average around 50 (SD=16), indicating that 50 out of 100 poor households can be lifted out of poverty. The respective PRE scores by country and immigrant groups are presented in Figure 4.3. In almost all countries, the PRE scores of immigrant households are lower when compared to non-immigrant households. While across all countries over 50% of poor non-immigrant households attain a socially acceptable standard of living (mean=52, SD=15), this is only the case for 34% of immigrant households (mean=34, SD=29). For non-immigrant households, the values range from 28 to 70, and for immigrant households from -20 to 81.
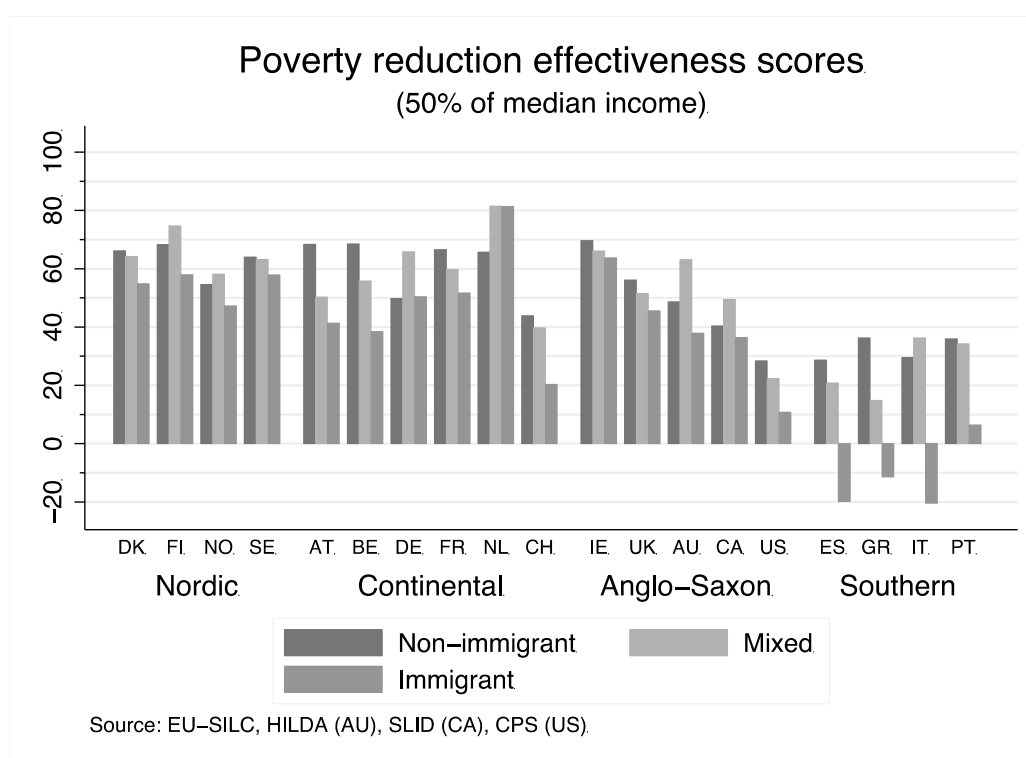
Figure 4.3. Poverty reduction effectiveness scores

The major exception is the Netherlands, where more than 8 out of 10 immigrant (and mixed) households can be taken out of poverty, compared to 65% of non-immigrant households. The highest differences in the PRE scores of immigrants and non-immigrants are observable in Southern European countries. The negative value indicates that the proportion of immigrant households living in poverty increases even after taking the redistributive capacities of the state into account. But this is not evidence that immigrants living in Greece, Spain or Italy pay more taxes than the amount they receive in social benefits (see Appendix 4.1 immigrants' mean income before and after taxes and transfers). The main reason is that a country's poverty threshold increases

when taking taxes and transfers into account compared to the poverty threshold based on market income. The PRE scores are negative for immigrant households if their net social benefits (i.e. the difference between taxes and transfers) do not change to same extent as those for non-immigrant households. Consequently, even if immigrant households are net receivers of social benefits due to the higher poverty threshold, the relative share of poor households increases.

Concerning non-immigrants' and immigrants' PRE scores in the remaining three country groups, the following observations can be made. The PRE scores for non-immigrant households in Nordic and Continental European countries are on average around 60, with the exception of Switzerland (44). By contrast, a large variation exists within the Anglo-Saxon countries, ranging from 70 in Ireland to 28 in the United States. For immigrants, the respective PRE scores are 55 in Nordic countries, around 50 in Continental European, and 40 in Anglo-Saxon countries. Interestingly, the differences between immigrant and non-immigrant PRE scores are much lower in Nordic and Anglo-Saxon countries (except the United States), while the variations are higher in Continental European countries. This could be an indication for the stronger focus on employment-related social programs, which depend on previous employment, in Continental European countries. In Austria and Belgium, for example, 70% of poor non-immigrant households can be lifted out of poverty, as compared to 40% of immigrant households. In Germany, by contrast, the scores for immigrants and non-immigrants are almost identical (PRE scores=50). This is insofar an interesting finding, as some studies suggest that immigrants were disproportionately affected by the Hartz IV reforms (see Butterwegge and Reisslandt 2005). Moreover, the difference between immigrants and non-immigrants' PRE scores is also relatively low in Canada, Ireland and Sweden.

Finally, two outliers with considerably lower immigrant PRE scores are worth mentioning. Switzerland and the United States do relatively badly in reducing the poverty rates of immigrant households. In Switzerland only one out of five poor households reaches a socially acceptable standard of living, and this is the case for only 10% of immigrant households in the United States. However, while in the former the poverty rates based on market income are among the lowest across countries (15%), the respective value for the United States is more than twice as high (30%).

In sum, the comparison of these three poverty indicators yields four main findings. First, immigrant households are more likely to live below the poverty line than non-immigrant and mixed households, regardless whether these are measured by poverty rates before or after taxes and transfers. Second, across all countries, immigrants are

less likely to come out of poverty than non-immigrants. In addition, the results also show that the poverty rates of non-immigrant households, at least when measured in terms of disposable income, rank according to the welfare state literature. Non-immigrant households living in Nordic and Continental European countries experience lower poverty risks than their counterparts in Anglo-Saxon and Southern European countries. Finally, these findings only partly apply to immigrant households when considering the homogeneity within country groups as well as the level of poverty rates. On the one hand, variations in immigrants' poverty rates within the Nordic and Southern European countries are relatively small. By contrast, in Continental European and Anglo-Saxon countries, immigrants' country of residence makes a significant difference. The poverty rates are considerably higher in the United States, Belgium and the United Kingdom with over 25% of poor immigrant households, compared to the Netherlands, Switzerland and Ireland (below 14%). On the other hand, no clear pattern emerges with regard to the levels of immigrants' poverty rates. The respective values are not considerably lower in Nordic countries, but comparable to Southern European countries (around 20%). Moreover, when disregarding the outliers Belgium and the United States, the poverty rates of immigrant households are actually lower in Continental European and Anglo-Saxon countries. However, poverty rates do not provide information on how poor households fare. In two countries with the same poverty rates, poor households on average may have considerably different financial budgets. For example, in one country, poor households may live with an income close to the poverty thresholds, while in another country the average income of poor households may be less than half of the poverty threshold. For this reason, two alternative measures are presented in the next section.

4.1.2 Alternative measures of poverty – income gaps and intensity

Income gaps, the first measure, capture the difference between the average income of poor households and the poverty threshold, standardised by the poverty threshold. The indicator ranges between 0 and 1, with higher values indicating that the income of poor households is substantially below the poverty threshold. The second measure, intensity, is simply the product of the poverty rate and the income gap (see Brady 2003, 2009).

The *income gap based on market income* across countries is on average at 0.62 (SD=0.07). In other words, in the majority of the countries studied, poor households live with a market income that is less than 50% of the poverty threshold. One possible reason for this is that poor household members have a low labour market attachment

and consequently no earnings from employment. The relative values for immigrant and non-immigrant households are comparable, with an average around 0.63, but with a higher standard deviation concerning immigrant households (SD=0.13 and SD=0.06, respectively).

The income gaps based on market income by countries are summarised in Figure 4.4. Although in the majority of countries immigrants fare worse than non-immigrant households, closely followed by mixed households, in a number of countries they actually have market incomes that are closer to the poverty line than the non-immigrant poor. Poor immigrant households in Southern Europe are in a better financial situation compared to non-immigrant households. For example, in Greece, immigrant households live on average with a yearly income of 62% of poverty threshold, here 4'900 Euros, compared to 41% for non-immigrant households. This finding can also partly be observed in Switzerland and Anglo-Saxon countries such as Australia, Canada and the United States.[78]
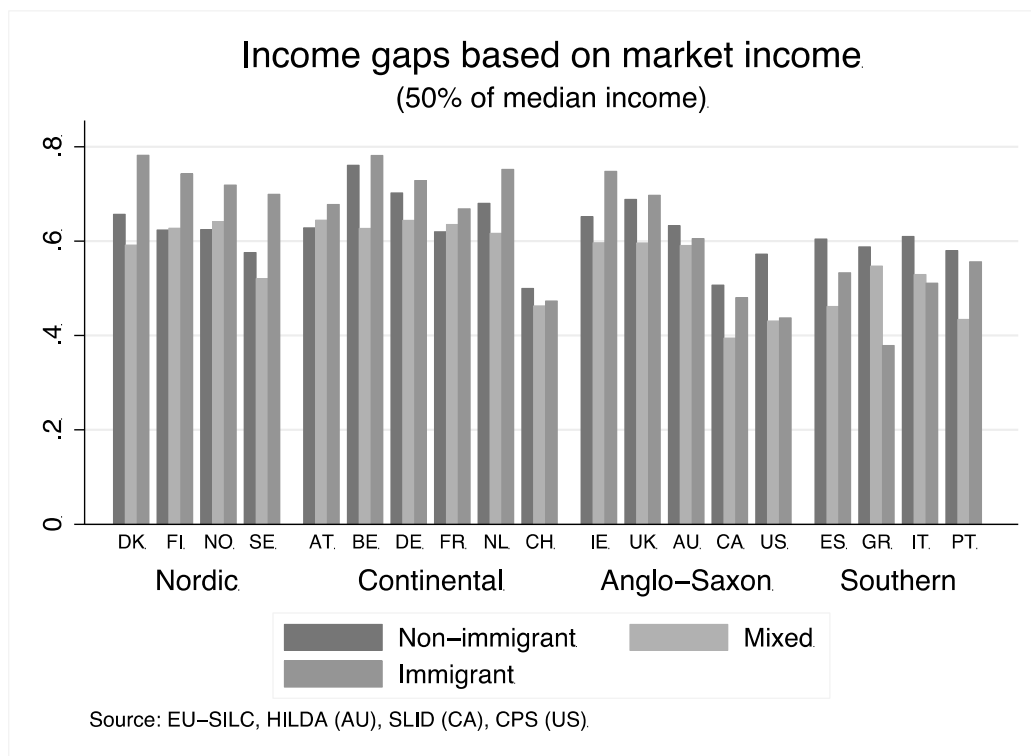
Figure 4.4. Income gaps based on market income

When taking taxes and transfers into account, the *income gaps based on disposable income* are on average considerably lower (mean=0.33, SD=0.05). The grand-mean is comparable for non-immigrant and immigrant households (mean=0.33, SD=0.05 and mean=0.34, SD=0.08). These results indicate that the disposable income of poor

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[78] Moreover, income gaps and poverty based on market income are more strongly correlated in the case of immigrant than non-immigrant households (0.80 and 0.46, $p < 0.05$; see Appendix 4.2).

households, though not enough to lift them out of poverty, is closer to the poverty threshold. This finding is also supported when comparing the values across countries (see Figure 4.5). However, when compared to income gaps based on market income, no clear patterns can be observed across country groups. First, in a number of countries, immigrant households are less poor in terms of income than non-immigrant households. Examples are Finland, Norway, Germany, and Switzerland but also Canada, the United States, and Greece. Second, the depth of poverty varies within country groups. Within the Nordic countries, the respective values for immigrant households are much lower in Finland (below 0.2) than in Denmark (above 0.4), one of the countries with the highest values. Differences also exist in the other country groups, e.g. between France and the Netherlands or Canada and Ireland. Finally, what is in particularly interesting is that countries with relatively low immigrants' poverty rates, such as the Netherlands and Ireland, exhibit relatively large income gaps. In other words, although the number of Dutch and Irish immigrant households living in poverty is relatively low, their disposable income is considerably below the poverty threshold.[79]
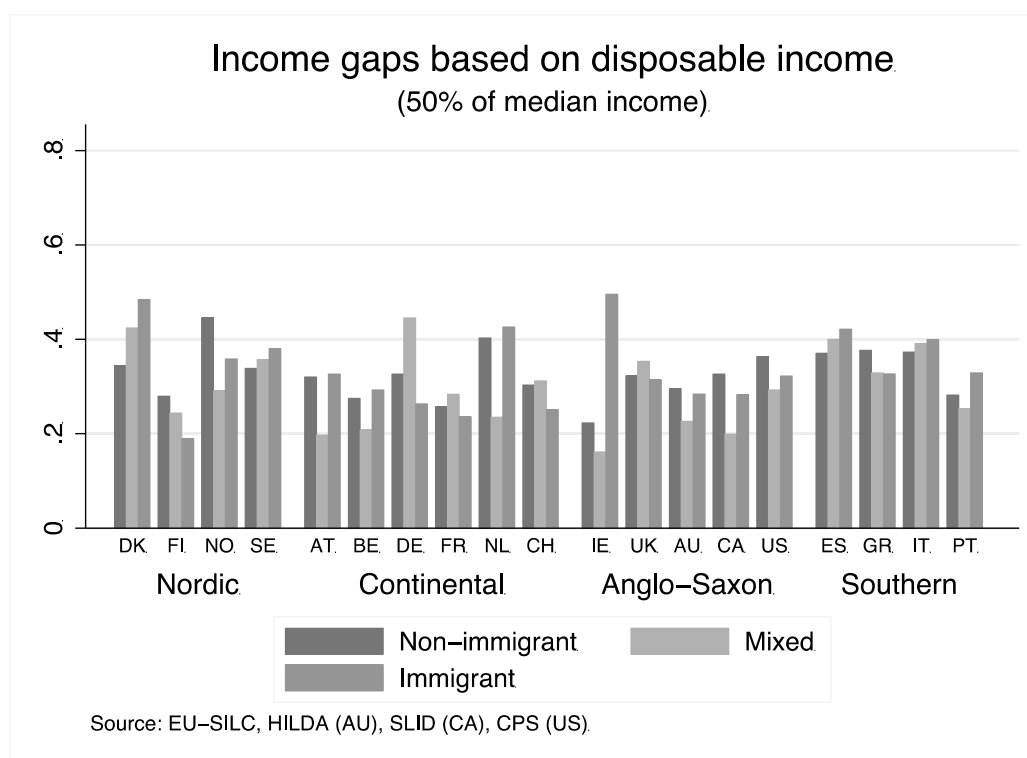
Figure 4.5. Income gaps based on disposable income

The second indicator, *intensity*, combines the information of a country's poverty rate and the income gaps. It therefore provides a measure for the quantity as well as the depth of poverty.

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[79] This finding is also supported by the non-significant correlation between poverty rates and income gaps based on disposable income, which is, however, not solely driven by these two outliers.

Using the measure *intensity based on market income*, the grand-mean lies at 12 (SD=2.6). According to the findings above, the average for immigrant households (mean=23, SD=11.2) is higher than for non-immigrant households (mean=11, SD=2.7). Figure 4.6 presents intensity broken down by country. First, poverty risks for immigrant households are still higher in all countries than for non-immigrant households, with the exception of Greece and Italy, while the statistics for mixed households are closer to those of immigrant households. Second, the pattern hardly differs compared to the respective figures on poverty rates based on market income (see Figure 4.1). The correlation between these two indicators is also very high for all three groups (above 0.9, see Appendix 4.2).
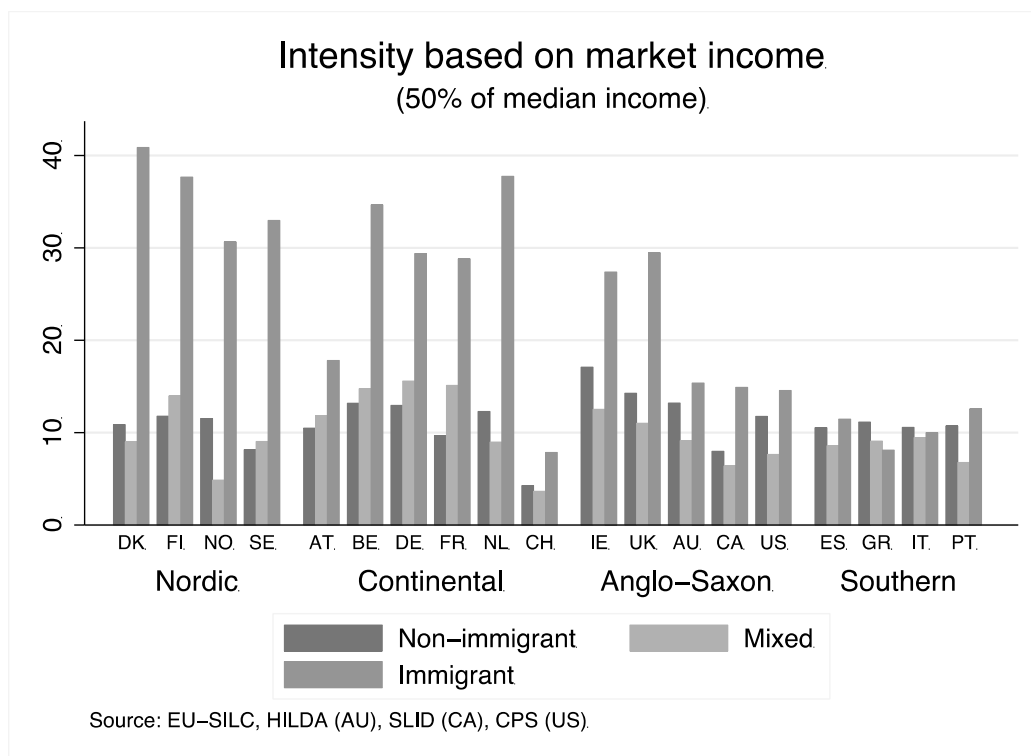
Figure 4.6. Intensity measure based on market income

Figure 4.7 presents the *intensity measure based on disposable income.*[80] Here, the difference between non-immigrants and immigrants decreases compared to poverty rates based on disposable income.[81] In addition, the intra-country group variation, observed above, changes. While immigrants' poverty rates were comparable in Nordic and Southern European countries, intra-country group differences can now be observed. For example, Finish immigrants have poverty risks that are more than two times lower

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[80] The cross-country average is 3.2 (SD=1.2), for non-immigrant households 2.8 (SD=1.3) and for immigrant households 6.8 (SD=2.4).

[81] The correlation coefficients between poverty rates and the intensity measure, both based on disposable income, are still relatively high for non-immigrant and mixed households (both around 0.9) and 0.73 for migrant households.

than those of Danish immigrants. The differences within the Continental European and Anglo-Saxon country groups diminish. Belgium, still the laggard in terms of poverty based on intensity, comes closer to Germany and France. Comparably, the Netherlands moves to the group mean and is replaced by Switzerland as the country where immigrants are exposed to the lowest poverty risks. Analogous to Belgium and the Netherlands, the intensity measure for immigrant households decreases in Canada and Australia, which here surpass Ireland.
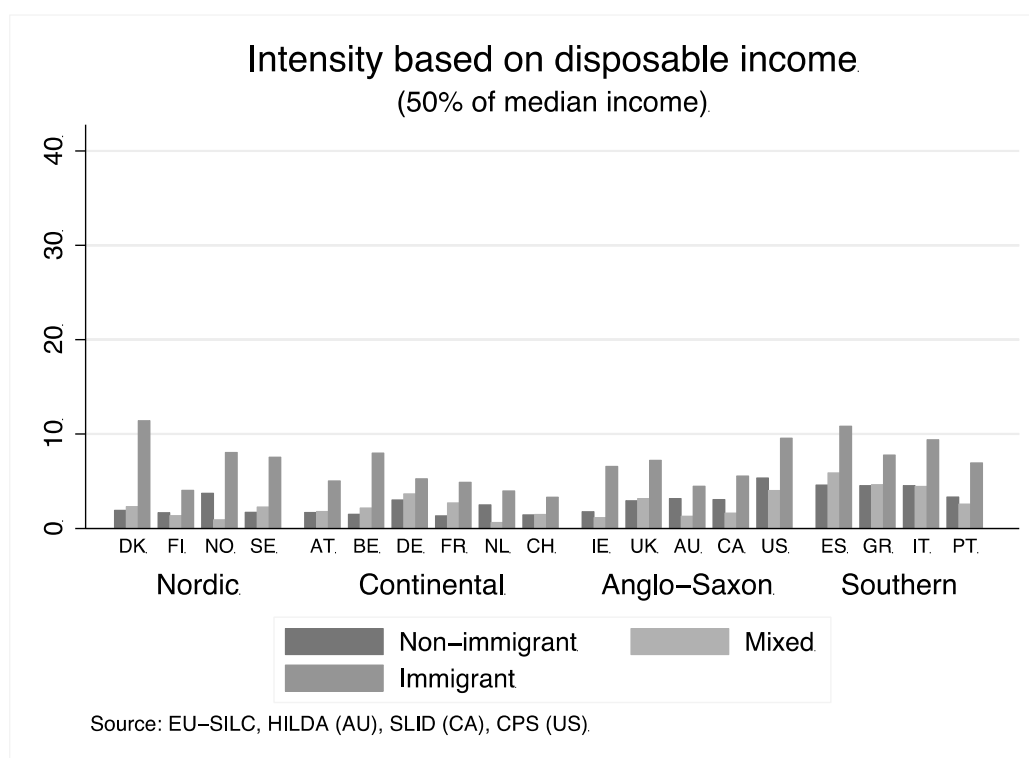
Figure 4.7. Intensity measure based on disposable income

The descriptive analysis of alternative measures of poverty, such as income gaps and intensity, emphasises the fact that the financial situations of poor households differ across countries. For example, the income gaps for poor Irish and Dutch immigrant households show that their financial situations are worse than those of their counterparts in living in Finland. This is also reflected in findings based on the intensity measure. However, a comparison of the country ranking using intensity measures and the simpler poverty rates shows that the ranking remains more or less stable, with the exceptions mentioned above. Considering that the interpretation of the intensity measure is not straightforward, this thesis therefore continues to use poverty rates based on market income and disposable income as dependent variables.

The poverty indicators used so far were aggregated measures comparing the immigrant and the non-immigrant population in general. They do however not take into account that immigrant and the non-immigrant households might differ with regard to socio-

demographic factors. The next subchapter presents how immigrants fare compared to non-immigrants when controlling for household-level characteristics such as skill and education, family composition and labour market participation.

4.2 Poverty gaps

This subsection compares the poverty risks of immigrants to those of non-immigrants. The poverty gaps are assessed through the average marginal effect of the immigrant background based logistic regressions. In a first step, the raw average *raw average marginal effects coefficients* are calculated, including only the immigrant household characteristics as an explanatory factor. In a second step, the socio-demographic household characteristics are added, resulting in the *net average marginal effects*. This is done separately for poverty based on market income and disposable income.
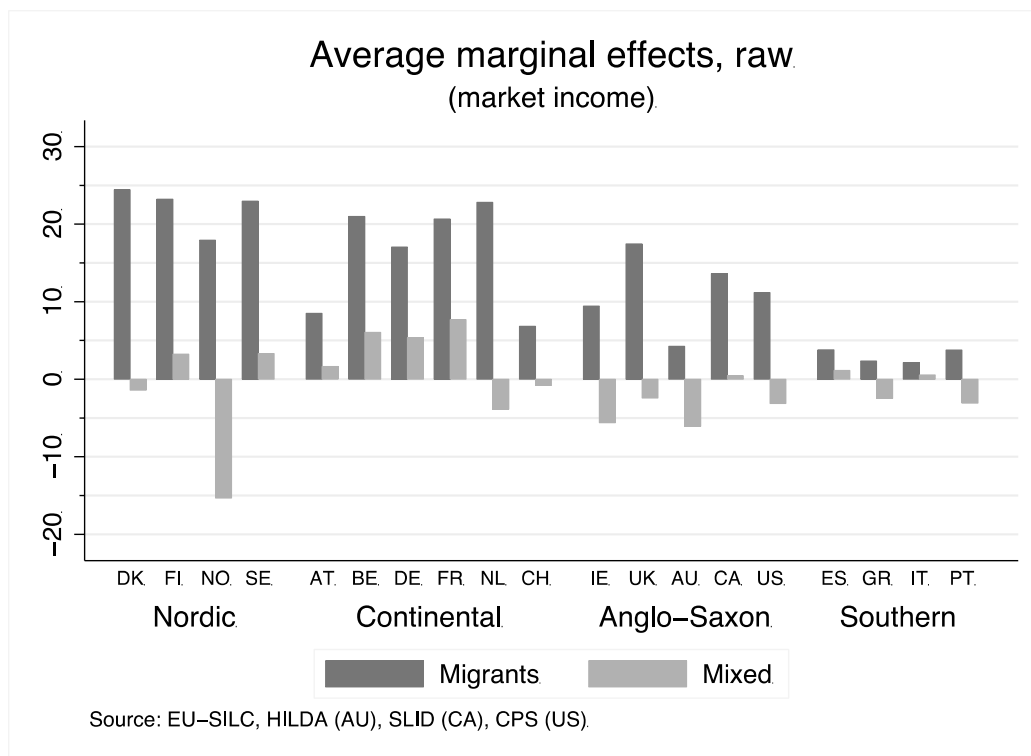
Figure 4.8. Average marginal effects based on market income (excl. control variables)

When looking at the *raw average marginal effects based on market income* without controlling for socio-demographic factors, the likelihood for immigrants to live in poverty is around 14 times higher than for non-immigrant households.[82] The results calculated for each country separately are reported in Figure 4.8. In line with the findings discussed above, immigrants across countries tend to be exposed to higher poverty risks when compared to non-immigrants. In principle, the raw average marginal

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[82] This result refers to the full sample, including all countries.

effects are just an alternative way to compare poverty rates. They are nevertheless pre-sented in this subsection because they serve as a benchmark for capturing the separate effect of socio-demographic characteristics. Immigrants' risk of living in poverty aver-ages 13 times higher (SD=8) across countries, ranging from 2 times higher in Italy to 24 times higher in Denmark. The difference between non-immigrants and immigrants is most pronounced in Nordic countries. Here, the likelihood for immigrants to live in poverty is more than 22 times higher, followed by Continental Europe (mean=16) and the Anglo-Saxon countries (mean=11). The poverty gaps are considerably lower in Southern European countries and Australia (below 5). By contrast, the coefficients for these countries are not significant at the 5% level (see Table 4.1 below). This result al-so applies to the poverty gaps of non-immigrant and mixed households, which, in the majority of countries, are exposed to comparable poverty risks. Only in France, Bel-gium and Germany do mixed households have a significantly higher risk of living in poverty (above 5, see Appendix 4.3). By contrast, Norwegian mixed households have a 15 times lower probability of ending up in poverty compared to non-immigrant households.
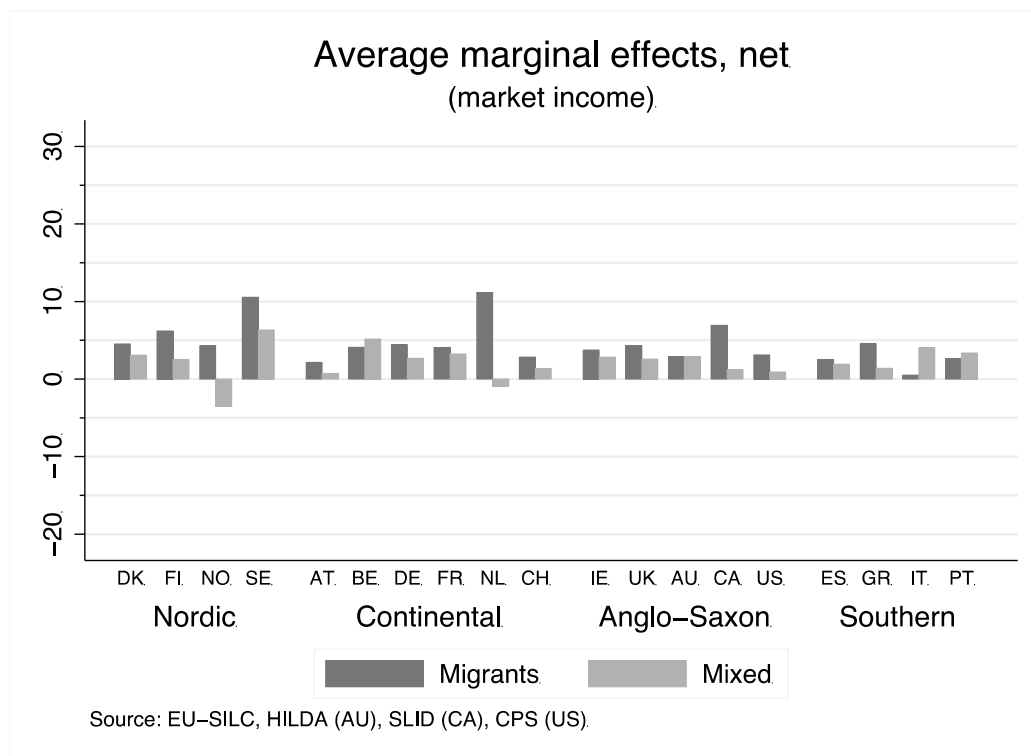
Figure 4.9. Average marginal effects based on market income (incl. control variables)

The results differ when controlling for socio-demographic factors such as skills and education, labour market participation, family composition, and age of households.[83]

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[83] In addition, variables measuring atypical employment and self-employment, as well as the number of household members below 13 and above 65, have been included as control.

The average marginal effect of the immigrant background across countries decreases from a 14 times higher poverty risk to around 6 times higher. This finding is also evident when comparing the *net average marginal effect coefficients based on market income* by countries in Figure 4.9. Three major differences should be highlighted. First, the net coefficients are much lower for both immigrant and mixed households, indicating that socio-demographic factors play an important role in explaining poverty gaps. The values range between 1 and 11 for immigrants, and between -4 and 6 for mixed households. It should be noted that the majority of the coefficients for mixed households are now positive, except in Norway and the Netherlands, though these numbers are only significant for Sweden, Belgium, France and Italy.[84]

Second, the concomitant higher p-values of the coefficients indicate that the poverty risks of immigrant and non-immigrant households become more similar when controlling for socio-demographic factors. For example, in Austria and Ireland the differences between immigrants and non-immigrants is no longer significant, while for Denmark and Norway the coefficients are only significant at the 10% level (see Table 4.1). Therefore, socio-demographic factors, rather than the immigrant background, affect poverty gaps between immigrants and non-immigrants. Comparing immigrants' poverty rates based on market income with raw and net AME coefficients further supports the importance of socio-demographic factors. While the correlation for the former is relatively high and positive (r=0.96, see Appendix 4.2), the respective correspondence with net average marginal effects coefficients, after controlling for socio-demographic factors, is considerably lower (r=0.63). Among the most important determinant is labour market participation. Households with at least one employed person or multiple earners have a considerably lower probability of ending up in poverty. On the other hand, households where all members are employed atypically or self-employed, with some exceptions[85], have higher poverty risks. Although the poverty gaps have decreased after controlling for socio-demographic characteristics, they remain still significant in a number of countries. On average they are around 5 times higher in Continental European and Anglo-Saxon countries, while in Sweden and the Netherlands the risk for immigrants to live below the poverty threshold is above 10 times higher when compared to non-immigrants.

Finally, intra-country group variation increases compared to raw AME coefficients in Figure 4.8. Immigrants living in Norway have considerably lower poverty risks than their counterparts in Sweden. Accordingly, immigrants in Austria and Switzerland ex-

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[84] The result for Australia is missing because the logistic regression did not lead to a conversion.
[85] Germany, France, Norway, Switzerland and the United States.

perience lower poverty risks based on market income compared to Dutch immigrants. Concerning Anglo-Saxon countries, a difference, though less notable, can be observed between Ireland and the United States (AME coefficients around 3, n.s. for Ireland), on the one hand, and Canada, on the other (AME coefficient=7, p<0.001). This is also the case in Southern Europe when comparing Greece and Italy.

In sum, although the AME coefficients based on market income decrease when controlling for socio-demographic characteristics, immigrants in a number of countries are still exposed to higher poverty risks than non-immigrants, and the poverty gaps vary across countries without a consistent pattern.
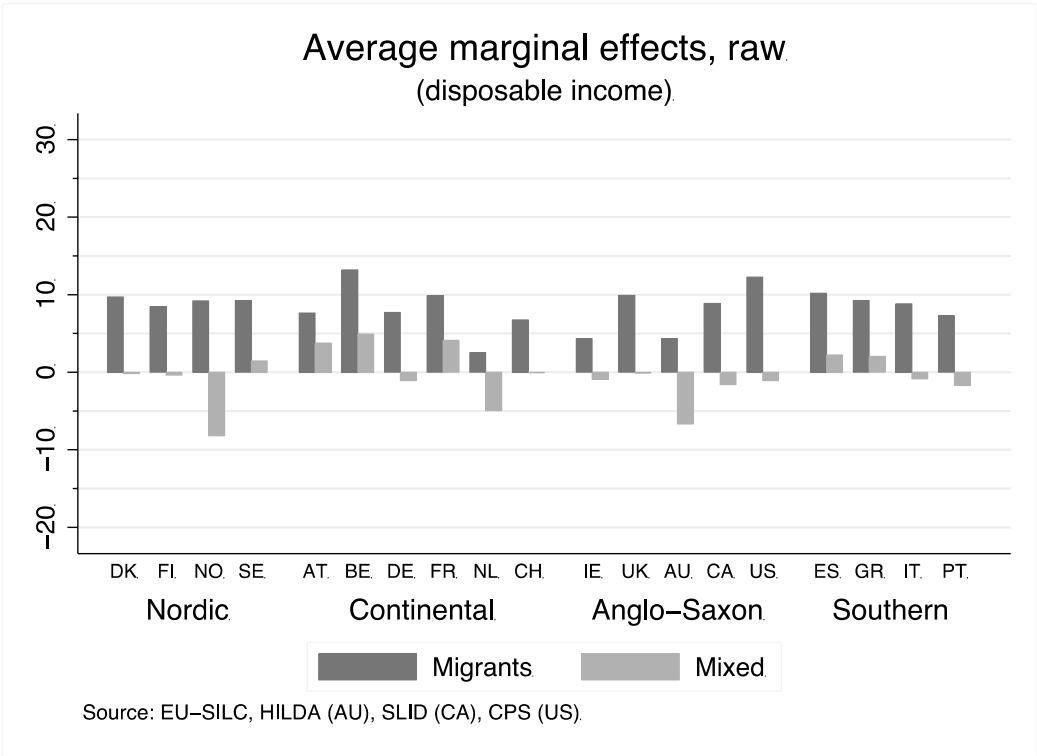
Figure 4.10. Average marginal effects based on disposable income (excl. control variables)

When looking at *raw average marginal effects coefficients based on the disposable income*, immigrants are exposed to higher poverty risks compared to non-immigrants, 14 times higher for all countries (grand-mean). The respective results when taking taxes and transfers into account are presented in Figure 4.10. In accordance with the findings discussed above, raw AME coefficients are positive in all countries, indicating that immigrants across the board have higher poverty risks than non-immigrants. However, when compared to raw AME coefficients based on market income, the values are lower and range between 3 to 13 times (mean=8, SD=3), compared to between 2 and 24 (mean=13, SD=8). For mixed households, the values vary between -8 and 5. For the latter, the raw coefficients based on market income and those based on disposable income are highly correlated (r=0.80) in contrast to the respective values for immigrants

(r=0.16). This low correlation can be explained by the Nordic and the Southern European countries, which both move to the cross-country average. Immigrants living in Southern Europe now not only have significantly higher poverty risks as compared to non-immigrants (around 9), but also risks that are comparable to those of immigrants living in Nordic countries.

In general the cross-national differences in raw AME coefficients based on disposable income are less pronounced than those based on market income. Major exceptions are Belgium and the United States at the upper end, and the Netherlands, Ireland and Australia at the lower end.
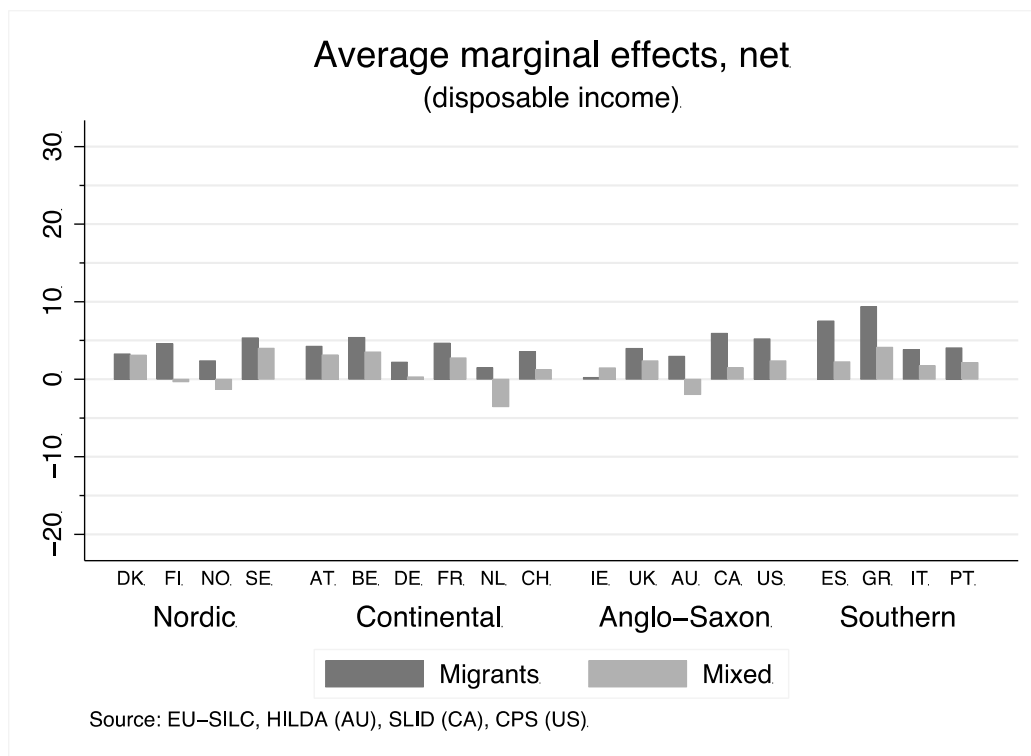
Figure 4.11. Average marginal effects based on disposable income (incl. control variables)

When turning to the *net average marginal effects after controlling for socio-demographic characteristics,* the cross-country mean when including all observations reflects a 7.2 times higher probability of immigrant households ending up in poverty compared to non-immigrant households. The net AME coefficients by countries, as shown in Figure 4.11, are lower than those excluding control variables, and also those based on the market income. According to the country-specific coefficient, the likelihood of immigrants ending up in poverty is 4 times higher than for non-immigrants (SD=2) ranging between 0 and 9.[86] Moreover, comparable to the discussion on the results for net AME coefficients based on market income, the poverty gaps between

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[86] For mixed households the average is around 2 (SD=2) with a maximum of 4 times higher risks in Sweden and 4 times lower risks in the Netherlands compared to non-immigrant households.

immigrants and non-immigrants have ceased to be significant (see Table 4.1). Examples are Denmark, Norway and Ireland, as well as Germany and the Netherlands, for which labour market participation and type of employment (atypical or self-employment) are better predictors than whether household members are born in the country of residence or not. However, the opposite is the case in three countries. In Austria, Spain, and Greece, the poverty risks based on disposable income are now significantly higher for immigrants than for non-immigrant households compared to the respective coefficients based on market income. This finding again suggests that the net effect of taxes and transfers is lower for immigrants than for non-immigrants.

Finally, intra-group variations can be observed not only in the Nordic countries, with higher poverty risks for immigrants living in Sweden as compared to Norway, but also in Continental Europe, for example between Belgium and the Netherlands. Considering Southern European countries, the poverty risks of immigrants living in Greece is almost 10 times higher compared to native-born in contrast to Portugal and Italy, where the respective values are around 4. Looking at the Anglo-Saxon countries, immigrants living in Ireland exhibit much lower poverty risks than their counterparts in Canada and the United States. The latter could be explained by the fact that immigrants, including those with permanent residence permits, are, since the Welfare Reform Act of 1996, excluded from federal means-tested cash and non-financial social service for the first five years (see Van Hook et al. 2006, 644).

While the discussion so far has mainly focused on how poverty gaps differ across countries concerning only one specific measure of average marginal effects, it is noteworthy to highlight the changes in significance levels of poverty gaps when controlling for socio-demographic characteristics, the comparison of raw versus net AME coefficients, and when taking taxes and transfers into account, the comparison of net AME coefficients based on market income versus disposable income (see Table 4.1).

Using poverty gaps between immigrants and non-immigrants when controlling only for the immigrant background as a baseline model, one can observe that in the majority of the countries the poverty gaps are highly statistically significant (p<0.001), regardless whether based on market income or disposable income. Australia and the four Southern European countries are an exception with AME coefficients based on market income being not significant. The same applies to the Netherlands and Ireland when concerning AME coefficients based on disposable income.

As discussed above, the inclusion of socio-demographic characteristics besides reducing the size of the AME coefficients also affects the significance levels of poverty

gaps. Four possible changes can be observed, namely no change, fading away (reduction of the significance level), ceasing to be significant, or reinforcing.

Table 4.1. Average marginal effects (AME) of immigrant households, by country

	AME based on market income (raw)	AME based on market income (net)	AME based on disposable income (raw)	AME based on disposable income (net)
DEN	24.4***	4.5†	9.7***	3.3†
FIN	23.2***	6.2*	8.5***	4.6**
NOR	17.9***	4.3†	9.2***	2.4
SWE	23.0***	10.5***	9.2***	5.4***
22.1	*6.4*	*9.2*	*3.9*	
AUT	8.5***	2.2	7.6***	4.2***
BEL	21.0***	4.1*	13.2***	5.4***
FRA	20.7***	4.1**	9.9***	4.7***
GER	17.1***	4.4**	7.7***	2.2
NET	22.8***	11.2***	2.5	1.5
SWI	6.8***	2.8**	6.8***	3.6***
16.1	*4.8*	*8.0*	*3.6*	
IRE	9.4*	3.7	4.4	0.2
UKM	17.5***	4.3**	9.9***	4.0*
AUS	4.2	2.9	4.4*	2.9†
CAN	13.6***	6.9***	8.9***	5.9***
USA	11.2***	3.1***	12.3***	5.2***
11.2	*4.5*	*8.0*	*3.8*	
ESP	3.8	2.5	10.2***	7.5***
GRE	2.3	4.6†	9.3***	9.4***
ITA	2.1	0.5	8.8***	3.8*
POR	3.8	2.6	7.3*	4.0
3.0	*2.5*	*8.9*	*6.2*	

Notes: † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.
Source: EU-SILC, HILDA (AUS), SLID (CAN) and CPS (USA).

First, comparing raw and net AME coefficients in Table 4.1, *no change* can be found in three countries, namely Sweden, Canada and the United States, where the poverty gaps remain highly significant even when controlling for the socio-demographic characteristics. In addition, the significance level does not change in the Netherlands and Spain. Among those countries where the significance of the poverty gaps *fades away* in both cases, i.e. based on market and disposable income, are Finland and the UK. In a number of Continental European countries, the significance only partly fades away with regard to AME coefficients based on market income, i.e. Belgium, France, Germany and Switzerland. Finally, the poverty gaps based on market income as well as disposable income *ceases to be significant* in two Nordic countries, Denmark and Norway (using the 5% significance level). This partial effect can also be observed in

Austria and Ireland (AME coefficients based on market income) as well as in Germany, Australia and Portugal (based on disposable income). A tendency towards the *reinforcement* of the poverty gap between immigrants and non-immigrants, at least if based on market income, is only evident in Greece.

Second, when comparing the net AME coefficients based on market income with those based on disposable income, the pattern is slightly different. Taking taxes and transfers does *not change* considerably the significance levels and the size of the coefficients in Denmark, Norway, Ireland and Portugal besides Sweden, Canada and the United States. The effect *fades away* in the United Kingdom, while in Germany and the Netherlands the poverty gap based on disposable income *ceases to be significant*. However, in Finland, Belgium, France and Switzerland the significance levels of the poverty gaps are *reinforced* when comparing the pre- and the post-tax and transfer AME coefficients. Among those countries are also Austria, Spain, Italy and Greece where poverty gaps actually become significant when including taxes and transfers.

Conclusion

This chapter provided a description of immigrants' poverty and poverty gaps between immigrants and non-immigrants. In general, immigrants are more often exposed to poverty than non-immigrants, regardless of which poverty measurements are used. Moreover, the results suggest that there is variation between countries. The main three relative findings can be summarised as follows. First, immigrants' poverty across countries is higher than that of non-immigrants and mixed households, regardless of whether poverty is measured based on market income or disposable income. However, the income gaps show that although immigrants have a higher probability of ending up in poverty, they are in a better financial situation when compared to poor native-born households, for example in Switzerland and the United States (based on disposable income, this is also true in Finland and Norway, Germany, and France).

Second, the analysis of the poverty gaps also indicates that immigrants fare worse in terms of socio-economic outcomes when compared to non-immigrants, but that the effect of socio-demographic factors should not be underestimated. In a number of countries, the differences between immigrants and non-immigrants disappear after controlling for household-level characteristics such as labour market participation and the type of employment. This finding thus suggests that these factors are central to assessing poverty risks in general, and immigrants' poverty in particular.

Finally, the findings from the second part of this chapter not only show that intra-regime variation exists, but also that socio-demographic characteristics do not suffice

to explain differences between immigrants' and non-immigrants' poverty risks. Alternative explanations such as the political-institutional setting and, in particular, immigrants' access to the labour market and the welfare state, as discussed in the previous chapters, have to be taken into account. The prevailing labour market and welfare institutions, and their inclusiveness towards immigrants, is considered more in detail in the next chapter.

Appendix 4.1. Poverty rates (50% of median income) and alternative measures

	DEN	FIN	NOR	SWE		AUT	BEL	FRA	GER	NET	SWI		IRE	UKM	AUS	CAN	USA		ESP	GRE	ITA	POR	
Non-immigrants																							
Poverty rates (pre)	16.5	18.9	18.4	14.1	*17.0*	16.7	17.3	15.6	18.4	18.0	8.5	*15.8*	26.2	20.7	20.8	15.7	20.5	*20.8*	17.4	18.9	17.3	18.5	*18.0*
Poverty rates (post)	5.6	6.0	8.4	5.1	*6.3*	5.3	5.5	5.2	9.3	6.2	4.8	*6.0*	8.0	9.1	10.7	9.4	14.7	*10.4*	12.4	12.1	12.2	11.8	*12.1*
PRE scores	66.2	68.3	54.6	64.0	*63.2*	68.4	68.5	66.6	49.8	65.7	43.9	*61.8*	69.6	56.2	48.7	40.4	28.4	*50.2*	28.7	36.3	29.6	36.0	*32.6*
Income gap (pre)	0.66	0.62	0.62	0.58	*0.62*	0.63	0.76	0.62	0.70	0.68	0.50	*0.65*	0.65	0.69	0.63	0.51	0.57	*0.61*	0.60	0.59	0.61	0.58	*0.60*
Income gap (post)	0.34	0.28	0.45	0.34	*0.35*	0.32	0.28	0.26	0.33	0.40	0.30	*0.31*	0.22	0.32	0.30	0.33	0.36	*0.31*	0.37	0.38	0.37	0.28	*0.35*
Intensity (pre)	10.9	11.8	11.5	8.1	*10.6*	10.5	13.2	9.7	12.9	12.3	4.3	*10.5*	17.1	14.3	13.2	8.0	11.8	*12.9*	10.5	11.1	10.6	10.7	*10.7*
Intensity (post)	1.9	1.7	3.7	1.7	*2.3*	1.7	1.5	1.3	3.0	2.5	1.5	*1.9*	1.8	2.9	3.2	3.1	5.3	*3.3*	4.6	4.5	4.5	3.3	*4.3*
Mean income poor (pre)*	6 532	4 780	7 397	5 801	*6 127*	4 317	2 912	3 768	3 562	4 214	12 560	*5 222*	4 596	6 439	5 419	7 220	5 801	*5 895*	2 905	2 736	3 630	2 116	*2 847*
Mean income poor (post)*	9 947	8 990	10 316	8 611	*9 466*	8 222	8 443	8 090	8 165	6 462	14 896	*9 046*	11 396	13 450	19 762	8 939	8 532	*12 416*	4 980	4 233	6 284	4 123	*4 905*
Immigrants																							
Poverty rates (pre)	52.3	50.7	42.6	47.1	*48.2*	26.3	44.3	43.1	40.3	50.2	16.6	*36.8*	36.6	42.3	25.4	31.0	33.3	*33.7*	21.5	21.4	19.5	22.6	*21.2*
Poverty rates (post)	23.6	21.3	22.5	19.9	*21.8*	15.4	27.3	20.8	20.0	9.3	13.2	*17.7*	13.3	23.0	15.8	19.7	29.7	*20.3*	25.7	23.8	23.5	21.1	*23.6*
PRE scores	54.9	57.9	47.2	57.9	*54.7*	41.3	38.4	51.7	50.4	81.4	20.3	*52.0*	63.7	45.5	37.9	36.4	10.8	*39.8*	-19.8	-11.4	-20.4	6.4	*-11.3*
Income gap (pre)	0.78	0.74	0.72	0.70	*0.74*	0.68	0.78	0.67	0.73	0.75	0.47	*0.68*	0.75	0.70	0.61	0.48	0.44	*0.59*	0.53	0.38	0.51	0.56	*0.49*
Income gap (post)	0.48	0.19	0.36	0.38	*0.35*	0.33	0.29	0.24	0.26	0.43	0.25	*0.30*	0.50	0.31	0.28	0.28	0.32	*0.34*	0.42	0.33	0.40	0.33	*0.37*
Intensity (pre)	40.9	37.7	30.6	33.0	*35.5*	17.8	34.6	28.8	29.4	37.7	7.8	*26.0*	27.4	29.5	15.4	14.9	14.6	*20.3*	11.4	8.1	10.0	12.6	*10.5*
Intensity (post)	11.4	4.0	8.1	7.6	*7.8*	5.0	8.0	4.9	5.3	4.0	3.3	*5.1*	6.6	7.2	4.5	5.6	9.6	*6.7*	10.8	7.8	9.4	6.9	*8.7*
Mean income poor (pre)	4 151	3 268	5 542	4 112	*4 268*	3 746	2 658	3 288	3 248	3 266	13 225	*4 905*	3 327	6 256	5 825	7 614	7 635	*6 131*	3 428	4 125	4 554	2 236	*3 586*
Mean income poor (post)	7 828	10 116	11 938	8 069	*9 488*	8 150	8 234	8 327	8 934	6 206	16 011	*9 310*	7 399	13 621	20 093	9 526	9 085	*11 945*	4 576	4 571	6 020	3 852	*4 755*
Mixed																							
Poverty rates (pre)	15.2	22.2	7.6	17.4	*15.6*	18.3	23.5	23.8	24.2	14.5	7.9	*18.7*	21.0	18.5	15.4	16.1	17.7	*17.7*	18.6	16.6	17.9	15.6	*17.1*
Poverty rates (post)	5.4	5.6	3.2	6.4	*5.2*	9.1	10.4	9.6	8.3	2.7	4.7	*7.5*	7.1	9.0	5.7	8.2	13.7	*8.7*	14.7	14.1	11.4	10.2	*12.6*
PRE scores	64.2	74.7	58.1	63.2	*66.9*	50.3	55.8	59.8	65.8	81.5	39.7	*60.1*	66.1	51.5	63.1	49.5	22.3	*50.8*	20.8	14.8	36.3	34.3	*26.5*
Income gap (pre)	0.59	0.63	0.64	0.52	*0.60*	0.64	0.63	0.64	0.64	0.62	0.46	*0.61*	0.60	0.60	0.59	0.39	0.43	*0.52*	0.46	0.55	0.53	0.43	*0.49*
Income gap (post)	0.42	0.24	0.29	0.36	*0.33*	0.20	0.21	0.28	0.45	0.24	0.31	*0.28*	0.16	0.35	0.23	0.20	0.29	*0.25*	0.40	0.33	0.39	0.25	*0.34*
Intensity (pre)	9.0	14.0	4.9	9.0	*9.2*	11.8	14.7	15.1	15.6	9.0	3.6	*11.6*	12.5	11.0	9.1	6.4	7.6	*9.3*	8.6	9.1	9.5	6.8	*8.5*
Intensity (post)	2.3	1.4	0.9	2.3	*1.7*	1.8	2.2	2.7	3.7	0.6	1.5	*2.1*	1.1	3.2	1.3	1.6	4.0	*2.3*	5.9	4.7	4.5	2.6	*4.4*
Mean income poor (pre)	7 775	4 729	7 062	6 554	*6 530*	4 128	4 539	3 617	4 258	5 053	13 479	*5 846*	5 331	8 343	6 041	8 865	7 721	*7 260*	3 955	3 008	4 380	2 852	*3 549*
Mean income poor (post)	8 733	9 433	13 196	8 368	*9 932*	9 713	9 214	7 806	6 725	8 278	14 706	*9 407*	12 300	12 840	21 712	10 627	9 480	*13 392*	4 744	4 558	6 101	4 286	*4 922*
Poverty line (pre)	19 051	12 701	19 710	13 677	*16 285*	11 619	12 171	9 917	11 969	13 180	25 104	*13 993*	13 214	20 669	14 765	14 649	13 569	*15 373*	7 345	6 643	9 311	5 042	*7 085*
Poverty line (post)	15 172	12 476	18 614	13 017	*14 820*	12 099	11 646	10 896	12 127	10 821	21 379	*13 161*	14 669	19 865	28 064	13 273	13 405	*17 856*	7 911	6 791	10 023	5 742	*7 617*
Mean income poor (pre)	6 256	4 694	7 128	5 423	*5 875*	4 183	3 068	3 654	3 590	4 164	12 931	*5 265*	4 500	6 576	5 586	7 623	6 328	*6 123*	2 995	2 864	3 730	2 178	*2 942*
Mean income poor (post)	9 516	9 090	10 644	8 431	*9 420*	8 382	8 486	8 109	8 149	6 504	15 370	*9 167*	10 902	13 426	20 001	9 405	8 740	*12 495*	4 923	4 297	6 247	4 119	*4 896*

Notes: * in US dollar.
Source: EU-SILC, HILDA (AUS), SLID (CAN) and CPS (USA).

Appendix 4.2. Correlation between different measures of poverty

		Non-immigrants			Immigrants					Mixed					Non-immigrants			Immigrants					Mixed						
		PR	IG	INT	PR	IG	INT	AME raw	AME net	PR	IG	INT	AME raw	AME net	PR	IG	INT	PR	IG	INT	AME raw	AME net	PR	IG	INT	AME raw	AME net		
Non-immigrants	Poverty rates (pre)	-																											
	Income gap (pre)	**0.46**	-																										
	Intensity (pre)	**0.93**	0.74	-																									
Immigrants	Poverty rates (pre)	0.37	0.51	0.46	-																								
	Income gap (pre)	0.26	0.76	0.50	**0.80**	-																							
	Intensity (pre)	0.35	0.69	0.53	0.97	0.91	-																						
	AME, raw (pre)	-0.36	0.13	-0.23	**0.96**	0.74	0.93	-																					
	AME, net (pre)	-0.08	0.15	0.00	**0.63**	0.34	0.56	0.65	-																				
Mixed	Poverty rates (pre)	0.16	0.54	0.33	0.29	0.55	0.44	0.11	0.07	-																			
	Income gap (pre)	0.22	0.74	0.46	0.31	0.76	0.54	0.08	0.12	0.31	-																		
	Intensity (pre)	0.16	0.64	0.37	0.29	0.66	0.48	0.11	0.10	**0.92**	0.65	-																	
	AME, raw (pre)	-0.10	0.42	0.08	0.22	0.48	0.36	0.23	0.08	0.72	0.04	0.63	-																
	AME, net (pre)	-0.09	0.05	-0.05	-0.04	0.11	0.00	0.03	-0.01	0.59	-0.09	0.45	0.71	-															
Non-immigrants	Poverty rates (post)	0.43	-0.21	0.22	-0.53	-0.66	-0.62	-0.66	-0.40	-0.03	-0.52	-0.27	-0.31	-0.14	-														
	Income gap (post)	-0.15	-0.10	-0.18	-0.02	-0.22	-0.07	-0.01	0.17	-0.54	-0.08	-0.51	-0.46	-0.58	0.30	-													
	Intensity (post)	0.29	-0.22	0.10	-0.46	-0.65	-0.56	-0.55	-0.31	-0.18	-0.45	-0.38	-0.38	-0.30	**0.94**	0.60	-												
Immigrants	Poverty rates (post)	0.16	-0.08	0.06	0.01	-0.23	-0.08	0.00	-0.37	0.26	-0.22	0.08	0.16	0.24	0.47	0.19	0.50	-											
	Income gap (post)	-0.27	0.04	-0.20	0.07	0.18	0.13	-0.06	0.05	-0.18	-0.04	-0.21	-0.38	-0.02	0.11	0.28	0.16	**-0.09**	-										
	Intensity (post)	0.02	-0.05	-0.03	-0.01	-0.11	-0.04	-0.09	-0.32	0.00	-0.24	-0.15	-0.13	0.17	0.44	0.37	0.52	**0.73**	0.59	-									
	AME, raw (post)	-0.26	0.09	-0.17	0.08	-0.15	0.00	**0.16**	-0.32	0.26	-0.16	0.12	0.34	0.29	0.15	0.10	0.22	0.91	-0.21	0.59	-								
	AME, net (post)	-0.11	-0.12	-0.14	-0.38	-0.61	-0.47	-0.32	-0.09	0.09	-0.41	-0.10	0.31	0.19	0.35	0.16	0.38	0.57	-0.28	0.30	0.60	-							
Mixed	Poverty rates (post)	0.08	0.09	0.06	-0.49	-0.58	-0.56	-0.53	-0.52	0.41	-0.40	0.15	0.33	0.29	0.65	-0.02	0.58	0.66	0.40	0.66	0.31	0.49	-						
	Income gap (post)	0.32	0.16	0.31	0.00	-0.09	0.00	0.04	-0.14	-0.01	-0.05	-0.04	0.18	0.19	0.20	0.42	0.33	-0.02	0.15	0.08	-0.14	-0.01	0.21	-					
	Intensity (post)	0.18	0.11	0.14	-0.41	-0.51	-0.46	-0.43	-0.45	0.30	-0.34	0.08	0.30	0.27	0.64	0.23	0.66	**0.50**	0.50	0.61	0.15	0.43	**0.87**	0.64	-				
	AME, raw (post)	-0.18	0.05	-0.15	-0.05	-0.04	-0.04	0.04	-0.24	0.58	-0.01	0.49	**0.80**	0.66	-0.25	-0.42	-0.30	0.57	0.32	0.52	0.53	0.61	0.56	0.09	0.42	-			
	AME, net (post)	-0.25	-0.33	-0.36	-0.28	-0.28	-0.30	-0.26	-0.34	0.29	-0.23	0.14	0.41	0.63	0.09	-0.33	-0.01	0.69	0.17	0.62	0.52	0.59	0.62	0.16	0.48	0.77	-		
Non-immig.	PRE scores	0.08	0.52	0.28	0.74	0.86	0.82	0.72	0.43	0.27	0.75	0.53	0.17	0.12	-0.86	-0.37	-0.85	-0.40	0.03	-0.35	-0.20	-0.46	-0.60	-0.35	-0.66	0.15	-0.12	-	
Mixed	PRE scores	0.11	0.46	0.28	0.75	0.85	0.82	0.73	0.58	0.17	0.65	0.41	0.05	0.02	-0.69	-0.23	-0.69	-0.53	0.00	-0.47	-0.45	-0.69	-0.81	-0.24	-0.74	-0.28	-0.51	0.82	-
Immigrants	PRE scores	0.12	0.39	0.27	0.81	0.80	0.83	0.79	0.64	0.12	0.58	0.34	-0.01	-0.08	-0.71	-0.23	-0.71	-0.51	0.00	-0.47	-0.37	-0.63	-0.77	-0.32	-0.77	-0.21	-0.41	0.86	0.92

Notes: PR: poverty rates, IG: income gap, INT: intensity. Parameters mentioned in the text are highlighted in bold.
Source: EU-SILC, HILDA (AUS), SLID (CAN) and CPS (USA).

Appendix 4.3. Average marginal effects (AME) coefficients, by country

	Mixed households				Immigrant households			
	AME based on market income (raw)	AME based on market income (raw)	AME based on market income (raw)	AME based on market income (raw)	AME based on market income (raw)	AME based on market income (net)	AME based on disposable income (raw)	AME based on disposable income (net)
DEN	-1.4	3.1	-0.2	3.1	24.4***	4.5†	9.7***	3.3†
FIN	3.2	2.5	-0.4	-0.3	23.2***	6.2*	8.5***	4.6**
NOR	-15.3***	-3.5	-8.2**	-1.3	17.9***	4.3†	9.2***	2.4
SWE	3.3†	6.3***	1.5	4.0**	23.0***	10.5***	9.2***	5.4***
	-2.6	*2.1*	*-1.8*	*1.4*	*22.1*	*6.4*	*9.2*	*3.9*
AUT	1.6	0.7	3.8	3.1†	8.5***	2.2	7.6***	4.2***
BEL	6.0**	5.2**	4.9***	3.5**	21.0***	4.1*	13.2***	5.4***
FRA	7.7***	3.2*	4.1**	2.8*	20.7***	4.1**	9.9***	4.7***
GER	5.4**	2.7†	-1.1	0.3	17.1***	4.4**	7.7***	2.2
NET	-3.9	-0.9	-5.0*	-3.5*	22.8***	11.2***	2.5	1.5
SWI	-0.8	1.3	-0.1	1.2	6.8***	2.8**	6.8***	3.6***
	2.7	*2.0*	*1.1*	*1.2*	*16.1*	*4.8*	*8*	*3.6*
IRE	-5.6	2.8	-0.9	1.5	9.4*	3.7	4.4	0.2
UKM	-2.4	2.6	-0.1	2.4	17.5***	4.3**	9.9***	4.0*
AUS	-6.1*	2.9	-6.7**	-2.0	4.2†	2.9	4.4*	2.9†.
CAN	0.5	1.2	-1.6	1.5	13.6***	6.9***	8.9***	5.9***
USA	-3.1***	0.9	-1.1	2.4**	11.2***	3.1***	12.3***	5.2***
	-3.4	*1.9*	*-2.1*	*1.9*	*11.2*	*4.5*	*8*	*3.8*
ESP	1.1	1.9	2.2	2.3	3.8	2.5	10.2***	7.5***
GRE	-2.5	1.4	2.1	4.1	2.3	4.6†	9.3***	9.4***
ITA	0.6	4.1*	-0.9	1.8	2.1	0.5	8.8***	3.8*
POR	-3.1	3.4	-1.7	2.2	3.8	2.6	7.3*	4
	-1.0	*2.7*	*0.4*	*2.6*	*3.0*	*2.5*	*8.9*	*6.2*

Notes: † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.
Source: EU-SILC, HILDA (AUS), SLID (CAN) and CPS (USA).

5 Descriptive analysis – integration policies

This chapter is devoted to integration policies targeting immigrants' incorporation in their receiving countries. It focuses on two specific types: those regulating the *access of immigrants to the labour market* (i.e. employment and self-employment), and those regulating their *access to the welfare state*, i.e. unemployment programs, family-related programs and social assistance. As discussed in the theoretical chapter, these two types of integration policies are expected, on the one hand, to moderate the impact of the labour market and welfare system on immigrants' poverty, and on the other hand, to affect poverty gaps between immigrants and non-immigrants. This chapter provides a detailed description concerning the access of different types of immigration categories to the labour market and different social programs by country. The considered immigration categories are: nationals, immigrants with permanent and limited residence permits as well as their family members, recognised refugees, and EU citizens. Before presenting the results of immigrants' access to the labour market and social programs separately, this chapter starts with a short overview of the composition of the immigrant population across countries.

5.1 Immigrant population and composition

The saliency of immigration in political debates across advanced industrialised countries can partly be supported by looking at the share of the foreign-born population around the year 2007 (see Table 5.1). In the majority of countries more than 10 out of 100 residents are born outside the country of residence. Nevertheless, high variation across countries concerning the stocks of foreign-born population can be observed. It ranges from 25% in Australia and is closely followed by Switzerland (22%) and Canada (20%), but decreases to 4% in Finland. Also among those countries with relatively low shares of immigrants are Portugal (6%), Denmark (7%) and France (8%). Moreover, the data shows that traditional immigration countries remained favoured countries of destination among immigrants (e.g. Australia and Canada). This is also the case for the two 'guestworker' countries, Switzerland and Austria. Because the data refers to

the share of foreign-born population, the high figures in both countries cannot be as-cribed only to strict naturalisation laws.[87] More recent immigration countries such as Ireland and Spain also have a considerable share of foreign-born population. This is not the case for Greece and Norway, which cluster along with France and the United Kingdom to make up those countries with the lowest proportion of foreign-born immi-grants. Finally, countries with high immigration inflows during the post-war period such as Germany, Belgium, and Sweden are located around the grand-mean (13%).

Table 5.1. Stocks of foreign-born population (in 1 000s and %)

		Total	Top 3	largest group	2nd largest	3rd largest	EU-15
Australia	2007	5 295 (25%)	36%	United King-dom (22%)	New Zealand (9%)	China (5%)	-
Austria	2007	1 246 (15%)	42%	Serbia & Mon-tenegro (15%)	Germany (14%)	Turkey (13%)	20%
Belgium	2007	1 380 (13%)	33%	France (12%)	Morocco (12%)	Italy (9%)	45%
Canada	2006	6 187 (20%)	24%	UK (9%)	China (8%)	India (7%)	-
Denmark	2007	379 (7%)	21%	Turkey (8%)	Germany (7%)	Iraq (6%)	20%
Finland	2007	203 (4%)	45%	Former USSR (22%)	Sweden (15%)	Estonia (8%)	24%
France	2007	7 017 (8%)	40%	Algeria (19%)	Morocco (12%)	Portugal (9%)	27%
Germany	2007	10 529 (13%)	24%	Turkey (14%)	Poland (5%)	Russian Feder-ation (5%)	14%
Greece	2001	1 123 (10%)	52%	Albania (36%)	Germany (9%)	Turkey (7%)	13%
Ireland	2006	602 (14%)	59%	United King-dom (44%)	Poland (10%)	United States (4%)	52%
Italy	2008	4 375 (7%)	31%	Romania (16%)	Albania (10%)	Morocco (6%)	-
Netherlands	2007	1 751 (11%)	31%	Turkey (11%)	Suriname (11%)	Morocco (10%)	18%
Norway	2007	445 (9%)	20%	Sweden (8%)	Poland (7%)	Denmark (5%)	27%
Portugal	2001	651 (6%)	53%	Angola (27%)	France (15%)	Mozambique (12%)	24%
Spain	2007	6 045 (13%)	31%	Romania (12%)	Morocco (11%)	Ecuador (8%)	20%
Sweden	2007	1 228 (13%)	28%	Finland (15%)	Iraq (8%)	Former Yugo-slavia (6%)	27%
Switzerland	2000	1 571 (22%)	37%	Italy (15%)	Germany (12%)	Serbia & Mon-tenegro (10%)	52%
UK	2007	6 192 (10%)	22%	India (9%)	Poland (7%)	Ireland (7%)	20%
USA	2007	38 048 (14%)	39%	Mexico (31%)	Philippines (4%)	India (4%)	-

Source: OECD International Migration Database (2011) and SOPEMI (2010).

Three observations can be made concerning the diversity of the immigrant population. First, the countries vary with regard to the homogeneity of the immigrant population in

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[87] This is evident in the relatively high stocks of foreign population based on nationality, 10% of the national population in Austria and 21% in Switzerland. In the majority of the countries, the share of immigrants is considerably lower when using nationality as a criterion for identification of immigrants (below 10%, see Appendix 5.1).

terms of the country of origin. The most homogenous country is Ireland, where 59% of the immigrant population originates from three countries, namely the United Kingdom, Poland and the United States. Portugal and Greece are also among those countries where three countries of birth make up more than 50% of the immigrant population. On the other hand, the immigrant population tends to be more heterogeneous in Norway, Denmark and the United Kingdom, where the top three countries of origin only account for 20% of the immigrant population. On average, the three largest immigrant groups represent over a third of the immigrant population across countries. Second, a closer look at the top three destinations of countries shows that the largest immigrant groups originate from adjoining countries. For example, over 10% of the Norwegian immigrant population originates from Scandinavian countries. This can also be observed in other countries, such as Ireland, where 44% of the immigrants are born in the United Kingdom, Greece (36% from Albania), and Finland (22% from the Former USSR).

However, although the list of countries with substantial immigration from neighbouring states could be elaborated, it can also be observed that, in the majority of countries, at least one of the top three countries of origin is not from the immediate surroundings. This supports a claim that, compared to earlier waves of immigration, the share of foreigners from non-industrialised countries has increased. This development makes the differences between the immigrant and the native population more salient and noticeable, for example due to skin colour, cultural and religious practises (Koopmans et al. 2005, 4). An example is the Chinese population in Canada and Australia, which replaced the Italians among the top three countries of origin in the 1990s (OECD International Migration Database 2011). Moreover, the Turkish population represents the largest immigrant group not only in Germany and the Netherlands but also in Denmark. The Turkish and the Iraqi immigrant population, along with the Germans, constituted around 20% of the Danish immigrant population in 2007 and displaced the Swedish and the Norwegian immigrants from their top positions in 1990, these two countries at the time making up 30% of foreign-born population (again, including Germans). These changes are also evident when looking at the share of immigrants from the EU-15 member countries, a crude proxy for immigration from industrialised countries (see last column).[88] Denmark, along with Greece and Austria, exhibits the lowest figures. By contrast, almost half of the immigrant population in Ireland, Switzerland, and Belgium originates from the EU-15 member countries.

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[88] The focus on persons from the EU-15 member states rather than the inclusion of the accessing countries since 2004 and 2007, respectively, is due to the transitional arrangements set out in the 2003 and 2005 Accession Treaty (European Commission 2006, 2008).

Central to this thesis is that the immigrant population makes a considerable part of the population, with a share of over 10% (except in Finland and Portugal). Moreover, the foreign population does not only consist of immigrants from neighbouring states and countries benefiting from special treatment, e.g. the European Union or Nordic countries. Although, as discussed above, the share of persons born in EU-15 member states should not be neglected, the findings suggest that the diversity has increased over the last decades in terms of country of origin as well as the concentration of immigrants from the same countries. Having these results in mind, the following subsections present the rights of immigrants with more in detail in terms of access to the labour market and to social programs.

5.2 Integration policies – access to the labour market

5.2.1 Employment

This thesis hypothesises that the economic rights of immigrants in terms of access to the labour market, i.e. employment and self-employment, affects their socio-economic outcomes directly and in relation to non-immigrants. Table 5.2 summarizes the access of different immigration categories to gainful employment. The columns refer to nationals, immigrants with permanent residence permits, immigrants with limited residence permits and their respective family members, as well as refugees and EU citizens. As is evident in Table 5.2, nationals and their family members have the most privileged access to the labour market. In all countries, third country nationals married to a citizen are granted full access to the labour market from the beginning of the stay.[89] This is also true for Convention refugees as well as EU citizens moving to another member state and their family members (see last two columns). The economic rights of Union citizens are codified in Article 23 of the Directive 2004/38/EC, which also entitles family members of EU citizens originating from third-countries to the right to take up any employment or self-employment. Family members, as defined in the Directive, not only include the spouse and children under the age of 21, but also the partners of EU citizens as well as the direct relatives in ascending line of both the Union citizen and the spouse/partner.

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[89] Depending on the country, the legislation also includes civil partners, direct relatives in ascending line of both spouses as well as adult children.

Table 5.2. Immigrants' access to employment by immigration category

	Nationals/ family members	Immigrants with permanent residence permits/ family members	Immigrants with limited residence permits/ family members[1]	Recognised refugees	EU citizens/ family members
AUS	3	3	1/3	3	-
AUT	3	3/2[1y]	0[5y]/2[1y]	3	3[2]
BEL	3	3	1.5 (A=3[4y], B=0)/ 2[A=3, B=1]	3	3[2]
CAN	3	3	0/1	3	-
DEN	3	3	2/3	3	3[2]
FIN	3	3	1.5(A=3, B=0)/3	3	3
FRA	3	3	2/3	3	3[2]
GER	3	3	2/2[2y]	3	3[2]
GRE	3	3/2[1y]	2/2[1y]	3	3
IRE	3	3/2	1[12m, 5y]/2	3	3
ITA	3	3	1/3	3	3
NET	3	3	1.5[3y]/2[3y]	3	3[2]
NOR	3	3	1.5(perm.)/3	3	3[2]
POR	3	3	2[3y]/3	3	3
ESP	3	3/2	1.5[1y]/2	3	3
SWE	3	3	1.5(A=3[3y], B=0)/ 2(0y:1/>0y:3)	3	3
SWI	3	3	1[5y]/0	3	3[2]
UKM	3	3/1.5(≤4y:1[2y]/ >4y:3)	2/1	3	3
USA	3	3	1/0	3	-

Notes: Immigrants with limited residence permits/*family members* 0 = employment tied to specific employer/*not permitted to work*, 1 = (change of) employment possible but requires new work permit, 2 = change allowed within specific sector, occupation or region/*unlimited working rights after certain period*, 3 = full access as nationals.

The period of years to be granted full access to the labour market without having to apply for permanent residence permit is indicated in square bracket.

[1] For Australia and the United States the respective reference category is the 'Standard Business Sponsorship' (subclass 457) and the non-immigrant visa H-1B and H-2B (H-4 for their immediate family members.).

[2] Apply restrictions for workers from EU-8 countries (see European Commission 2008, Table 1).

Source: see Appendix A.

Turning attention to immigrants with permanent residence permits, this category enjoys the same access to employment as nationals in all states. Most countries also allow their family members immediate access to employment, though with some exceptions. In Germany and Greece, for example, family members of permanent third-country nationals have to wait one year before they obtain unrestricted access to employment. Restrictions also exist in Ireland and Spain where lawfully residing spouses and dependents are required to obtain a labour permit, but are exempted from a labour market test (IOM 2009, 330). Finally, in the United Kingdom, full access to employment depends on the length of the marriage, civil partnership or cohabitation. If the relation has lasted more than four years, spouses and partners are granted 'indefinite

leave to remain' in country, and this goes along with an unrestricted access to employment (IOM 2009, 521). Otherwise, they are entitled to a leave to enter and stay for a period of two years, which requires them to apply for a work permit. Using the example of the United Kingdom, it should be noted that family members of permanent residents are often granted unrestricted access to employment, but this is combined with a limited residence permit for a probationary period, after which they are granted an unlimited residence permit (e.g. after 1 year in Belgium or 2 years in Australia). Apart from the restrictions mentioned above, these four immigration categories, i.e. nationals, permanent residents, recognised refugees and EU citizens as well as their respective relatives, are granted almost unrestricted access to employment on the same terms as nationals.

By contrast, countries differ with regard to the restrictions they impose on immigrants with limited residence permits, who in this thesis are understood as migrant workers and thus exclude foreigners residing in the country for other reasons such as retirement or leisure. None of the states grants full access to employment in the same terms as nationals from the beginning of the stay. However, three manners in which states regulate the economic rights of migrant workers can be distinguished.

First, full economic rights, i.e. unrestricted access to employment without having to apply for a new permit when changing employer and occupation, are linked to permanent residence permits. This approach can be observed in traditional immigration countries such as Australia, Canada and the United States.[90] Austria and Ireland can also be included in this group, as in these countries migrant workers have to wait up to five years to get unrestricted access to employment, the same time required to obtain permanent residence permit.[91]

Second, a number of countries grant immigrant workers unlimited residence permits after having been employed in the host country for a specific number of years. This unlimited residence permit allows immigrant workers to pursue any gainful employment without restrictions. In contrast to a permanent residence permit, it does not grant further rights such as protection from expulsion, e.g. due to insufficient financial means and conviction, and access to particular social programs (see discussion below). Examples of countries maintaining this practice are Finland, Sweden, the Netherlands and Belgium, which require three to four years of former employment. Switzerland

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[90] The United States and Australia, in contrast to Canada, allow migrants workers to apply for a new working permit while still in the country, if the worker wants to change employers. However, they have to go through the same process as immigrants applying for their first permit.

[91] Irish immigrants are allowed to change their employer after an initial period of 12 months (IOM 2009, 331).

could also be mentioned, a country where immigrant workers are entitled unlimited access to paid employment after five years, while third-country nationals can obtain a permanent residence permit only after 10 years of lawful residence.[92]

Finally, certain states link labour permits to a specific sector, occupation or region and thus allow immigrants to change their employers without having to request a new permit. Among the countries that pursue this practice are Denmark, France, Germany, Greece, and the United Kingdom. Furthermore, in Portugal, migrant workers are allowed to pursue and accept employment from a job list published by the government, and are granted unlimited access to paid employment after 3 years. Spain provides a particular case, as it limits the initial permit granted for one year to a specific sector or region, but entitles unrestricted access to any employment with the renewed permit.

When turning to the economic rights of family members of migrant workers, national policies in general encourage their employment by granting them full access to the labour market from the beginning of their stay. However, it should be noted that countries vary greatly with regard to the conditions the sponsor and his/her family members have to fulfil to reunify the family, e.g. length of habitual residence, integration requirements, and economic resources. For example, a third-country national living in Denmark must have held a permanent residence permit for at least three years, which de facto requires between 8 and 10 years of residence (IOM 2009, 218; see also Groenendijk 2006, 14). Other countries such as Australia, Austria, Germany, Norway and the Netherlands are less strict with regard to the length of residence, usually after one year or less, but demand proof of language proficiency and integration tests from the joining family members (see Huddleston et al. 2011, Goodman 2010). The Netherlands goes so far as to require family members to attend a language and integration test before arriving in the country.

Having this caveat in mind, the three Nordic countries (Denmark, Finland, and Norway) as well as Australia, France, Italy, and Portugal grant family members of immigrant workers immediate access to paid employment. The second group of countries makes unrestricted access to employment of family members either dependent on the residence permit of the sponsor (e.g. Belgium), the length of residence in the country of the joining family member (e.g. Austria, Greece, Germany or the Netherlands) or requires family members to request a work permit, though without being constrained by a labour market test (e.g. Ireland, Spain). Sweden is a particular case, as it makes

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[92] In Switzerland, some immigration categories, including family member of Swiss citizens and permanent residents, EU-15 citizens and nationals from countries with bilateral agreements such as the United States, Canada, Island, Monaco and San Marino, enjoy a privileged access to permanent residence permits after five years.

unlimited access to employment conditional upon whether the family members have lived together abroad. Finally, in the United Kingdom and Canada,[93] each family member has to apply for a work permit separately, without preferential treatment, while in the United States and Switzerland, family members are not allowed to work at all until sponsor obtains permanent residence or a settlement permit.

The least privileged immigration category in terms of access to employment is asylum seekers (results not shown). Countries differ with regards to whether immigrants are allowed to take up paid employment during the asylum procedure and waiting period. In Ireland and Denmark, asylum seekers have no right to employment at all. These two countries are also those which opted out of the Council Directive 2003/9/EC, which laid down minimum standards for the reception of asylum seekers. The remaining EU/EFTA member countries and Anglo-Saxon countries permit asylum seekers to work during the determination of their immigration status (see EQUAL 2007, 6f.). In Sweden and Norway, asylum seekers can apply for a work permit without having to endure a waiting period, which can take up to 12 months (e.g. France, Germany, or the United Kingdom). In Australia, the access of asylum seekers to employment depends on whether they have a bridging visa or not (Aleinikoff and Klusmeyer 2002, 96f.).

5.2.2 Self-employment

The findings are quite similar when comparing the access of different immigration categories to self-employment (see Table 5.3). Nationals and Union citizens including their family members, as well as permanent residents, are allowed to start their own business or provide services from the beginning of their stay without having to obtain an additional permit.[94] In the majority of countries this also applies to family members of permanent residents because the respective regulations do not differentiate between paid employment and self-employment. Notable exceptions are Ireland, Portugal and Spain, together with France and Belgium, which in principle allow all types of immigration categories to take up self-employment, but make it dependent on the request of a separate business permission. In Belgium even asylum seekers may request a '*carte professionelle*'.

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[93] In Canada the law requires that the sponsor be either a Canadian citizen or a permanent resident. The case mentioned above refers to family members that are allowed to enter the country together with the migrant worker (see Immigration and Refugee Act, Art. 13(1)).

[94] Portugal is an exception. According to the MIPEX country notes, self-employment is restricted to Portuguese and EU/EFTA nationals, long-term residents and refugees (Huddleston et al. 2011). However, the immigration law legislation defines the different conditions for immigrant entrepreneurs to be granted a residence visa (Act 244/1998, Art. 37(1)(d)). Therefore, family members of nationals have been coded as having to obtain an additional permit.

Table 5.3. Immigrants' access to self-employment by immigration category

	Nationals/ family members	Immigrants with permanent residence permits/ family members	Immigrants with limited residence permits/ family members[1]	Recognised refugees	EU citizens/ family members
AUS	3	3	1/3	3	n.a.
AUT	3	3/2	1/2	3	3[2]
BEL	3	3/1	2(A=3, B=1)/1	3	3[2]
CAN	3	3	3/1	3	n.a.
DEN	3	3	1/3	3	3[2]
FIN	3	3	2(A=3, B=1)/3	3	3
FRA	3	3/1	1	3	3[2]
GER	3	3	1/0	3	3[2]
GRE	3	3/2	0[3y]/2	3	3
IRE	3	3/1	1	3	3
ITA	3	3	3	3	3
NET	3	3	3	3	3[2]
NOR	3	3	1/3	3	3[2]
POR	3/1	3/1	1	3	3
ESP	3	3/1	1	3	3
SWE	3	3	2(A=3, B=1)	3	3
SWI	3	3	1/0	3	3[2]
UKM	3	3	1/3	3	3
USA	3	3	1/0	3	n.a.

Notes: 0: no access, 1: additional permit, 2: work permit allows self-employment, 3: full access.
The period of years to be allowed to change from an employment to self-employment is indicated in square brackets.
[1] For Australia and the United States the respective reference category is the 'Standard Business Sponsorship' (subclass 457) and the non-immigrant visa H-1B and H-2B (H-4 for their immediate family members.).
[2] Restrictions are applied with regard to workers from EU-8 countries (European Commission 2008, Table 1).
Sources: see Appendix A.

Migrant workers with limited permits in general can pursue self-employment but have to apply for a new residence permit that confers the right to start a business and therefore to fulfil the admission conditions, such as possessing a minimum of investment capital (e.g. in Germany, Greece, Ireland, United Kingdom and the United States), submission of a viable business plan (e.g. Austria, Belgium, Denmark, France, Norway and Switzerland), or other conditions such as a free quota space (e.g. Austria, for an overview see SOPEMI 2011). As discussed above, immigrants with an unlimited stay, a subcategory of limited residence permits, are in a privileged position and therefore allowed to be self-employed without additional permits in Belgium, Finland and Sweden. In three countries, namely Canada, the Netherlands, and Italy, persons with limited residence permits for work are able to take up self-employed activities without any restrictions for the remaining period of validity.

Concerning the family members of persons with limited residence permits, they enjoy the same access as their sponsor or even full access from the beginning of their stay, because the work permit allows them to pursue paid and self-employment. The exceptions are, again, Switzerland and the United States, both of which prohibit relatives from entering the labour market. Moreover, as mentioned above, in Belgium, family members of migrant workers must apply for an additional permit. Germany presents a particular case, their family members are not allowed to work on his/her own or to undertake free-lance work. This changed with the amendments of the respective articles in the Residence Act, which came into force on August 28, 2007 (IOM 2009, 281).

In sum, the analysis shows that immigrants across all countries enjoy comprehensive economic rights. While nationals and their family members, as well as permanent residents, refugees, and citizens from countries with preferential treatment (e.g. EU) are granted full access to the labour market, certain restrictions apply to migrant workers. Their employment is often bound to a specific employer, section or profession for the first years of residence in the country. Nevertheless, a number of countries allow them to change their employer or to become self-employed, though under the condition of applying for a new permit, or after the passage of a specified number of years. Countries, however, differ with regard to the economic rights they grant family members of immigrants with limited and permanent residence permits. While certain countries also restrict the access of family members to the labour market (e.g. Switzerland and the United States), other countries such as Australia, France, Portugal and the Nordic countries allow them to pursue any employment, including self-employment, from the beginning of their stay.

5.2.3   Index – immigrants' access to the labour market

The resulting index concerning immigrants' access to the labour market is presented in Figure 5.1. Due to low variation across countries with regard to the access of nationals and their family members, as well as refugees and asylum seekers, the index only takes into account the respective scores for immigrants with permanent and limited residence permits as well as their family members. Moreover, the index has been rescaled from the original values between 0-3 and ranges now from 0 to 1.

The average across all countries lies around 0.75 (SD=0.1), with a minimum of 0.6 and a maximum of 0.9 indicating that immigrants' access to the labour market is relatively unrestricted. As discussed above, the most inclusive countries are Italy, the Netherlands and Denmark. The former two allow all immigration categories to pursue self-employment without having to obtain a special permit. Ireland, Switzerland and

the United States are to be found on the bottom end, these countries score relative low mainly due to the restrictions they put on the family members of immigrants.
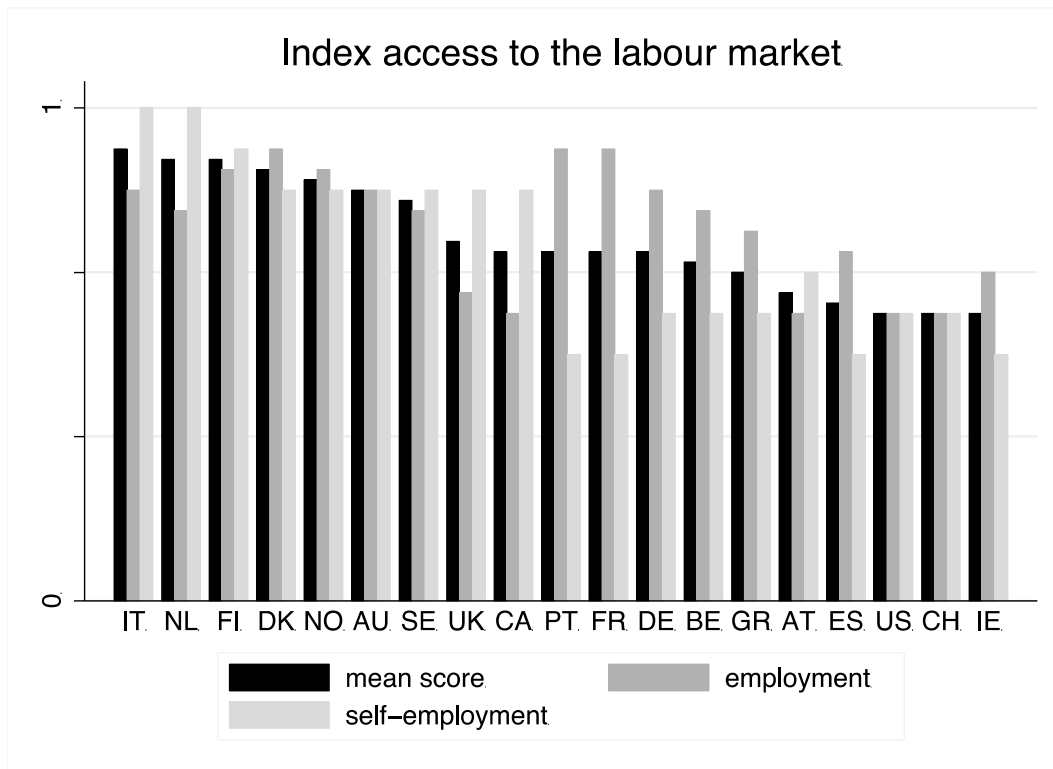
Figure 5.1. Index immigrants' access to the labour market

5.3   Integration policies – access to social programs

This subsection provides an overview on immigrants' social rights in terms of access to social programs, namely unemployment programs, family-related programs (traditional and dual-earner support) and social assistance. As discussed in the theoretical chapter, the inclusiveness of integration policies concerning immigrants' access to social programs is expected not only to moderate the effect of the generosity of the welfare state on their poverty, but also their poverty gaps relative to non-immigrants.

Before presenting the results in detail, some general remarks have to be made. In line with former contributions, the analysis shows that citizenship/nationality is not a condition for obtaining access to social programs (North et al. 1987, Brubaker 1989, Soysal 1994, Aleinikoff and Klusmeyer 2002). Moreover, the access to welfare benefits depends on other factors such as physical presence in the country, the legality of residence and work, as well as the duration of residence and contributions paid into social insurance systems. Finally, permanent residence permits in the majority of countries entitles the permit-holder to full social rights, with one major exception. Countries granting permanent residence permits from the beginning of the stay restrict

the access to social programs, mainly means-tested or universal programs, for the first years of residence. The different practices implemented by countries as a general principle, i.e. across different types of means-tested and universal social programs, are presented in more detail in the next subsection.

Regulating immigrants' access to social programs

The introduction of a waiting period, mentioned above, is mainly practiced in Anglo-Saxon countries, and targets permanent residents. For example, with the Welfare Reform Act of 1996, the United States adopted a five-year limited eligibility for federal means-tested public benefits in the case of qualified aliens such as lawful permanent residents (8 U.S.C. §1613). In other words, permanent residents are barred from these services for the first five years of residence. Furthermore, lawful permanent residents have to demonstrate 40 quarters' work to be entitled to means-tested programs such as Supplementary Security Income or Food Stamps.[95] Refugees are exempt from the condition of employment, but their access is restricted to a maximum of 7 years (see also Aleinikoff and Klusmeyer 2002). This combination of permanent visa holders and an imposed waiting period can also be observed in Australia. Only persons that are Australian residents, defined by law as citizens and holders of a permanent visa (Social Security Act 1991, 7(2)), and who have complied with the newly arrived resident's waiting period, i.e. have been an Australian resident for a period of 104 weeks, are granted access to social benefits such as unemployment assistance ('newstart allowance') and social assistance ('special benefit').

Although Canada has not implemented a specific waiting period, permanent residents and their family members have no access to public funds for the first years. The reason is that as a condition for family reunification, the sponsor's undertaking obliges him to provide financial support for 3 years from the date the spouse becomes a permanent resident (10 years for children less than 22 years of age, Immigration Refugee Protection Regulations, Art. 132(1)).

Comparable to the United States, presumably permanent residents' access to non-contributory social programs is very restricted in the United Kingdom, though only indirectly linked to permanent residence permits. In order to be granted access to welfare programs, immigrants have to fulfil different conditions. First, they have to be present in the country and be ordinarily residents, i.e. be based in the United Kingdom and no other country. Second, immigrants have to pass the habitual residence test, which is

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[95] U.S. immigrants also get credit for the 40 quarters of work requirement for work performed by his/her parents when the immigrant was under 18, and by the spouse during marriage (National Immigration Law Centre 2005).

not explicitly defined in the regulations, but refers to the 'settled intentions' of for-
eigners (see Child Poverty Action Group, chapter 58). Alternatively, they can have the
right to reside, which besides British and Irish nationals is also granted to Common-
wealth citizens and those immigrants with leave to remain under the UK immigration
rules. Under the EC law all EU citizens have the right to reside for three months,
which is prolonged for workers and their family members.[96] Finally, persons should
not be subject to immigration controls, which means that a 'no public funds' re-
striction is attached to their residence permits, or being 'subject of a formal undertak-
ing' during a period of five years. British citizens, EEA nationals and their family
members, and refugees are exempt from these conditions. In other words, while the
right to reside mainly aims to restrict the access of inactive EU citizens, the 'subject to
immigration control' requirement targets third-country nationals and their family
members (Child Poverty Action Group 2008, 1372ff). As a result, although a perma-
nent residence permit is not a requirement for social benefit entitlement, the correlat-
ing regulation de facto limits access to permanent residents. Immigrants in principle
can qualify for 'indefinite leave to remain' after five years, though under the condi-
tions that they have sufficient financial means for themselves and their family mem-
bers and that no family member has made use of public funds (Aleinikoff and
Klusmeyer 2002).

By contrast, in Ireland access to social programs is not bound to a permanent residence
permit, but on being a 'habitual resident'. According to Section 246(1) of the Social
Welfare Consolidation Act of 2005, a person is considered to be a habitual resident of
the State if "at the date of making the application […] the person has been present in
the State or any part of the Common Travel Area[97] for a continuous period of 2 years
ending on that date." Therefore, immigrants have only to fulfil a two-year waiting pe-
riod to be entitled to non-contributory social programs.

Also the Nordic countries, except Denmark, define eligible residents in their social se-
curity laws, though without referring explicitly to a specific length of residence.
Moreover, the respective laws in Sweden and Norway define eligible residents as
those persons who intend to or have stayed in the country for period of at least 12
months. Consequently, immigrants must maintain actual residence in the country. The
Norwegian legislation further requires the resident to be lawfully in the country and a

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[96] The right of residence can also be prolonged for more than three months if the inactive EU citizen
has sufficient means for themselves and their families, as well as health insurance. Moreover, EU citi-
zens are allowed to seek employment for up to six months under the condition of not becoming a bur-
den on the social assistance system (see Directive 2004/38/EC on the right of citizens of the Union and
their family members to move and reside freely within the territory of the Member States).
[97] The United Kingdom of Great Britain and Northern Ireland, the Channel Islands and the Isle of Man.

member of the National Insurance Scheme (National Insurance Act, Art. 2(1)). The Finnish legislation is even more explicit with regard to what is considered as a permanent move. Besides residing lawfully and solely in Finland, immigrants are required to have close ties to Finland, e.g. to have previously been a permanent resident or of Finnish origin, to be a family member of permanent resident, or to have a Finnish employment contract of or comparable to at least two years.

Comparing the different approaches defining immigrants' access to non-contributory social programs across countries, it is immediately apparent that the Nordic countries pursue a less restrictive practice than the Anglo-Saxon countries, where immigrants have to wait between 2 to 5 years in order to be entitled to benefits. By contrast, in the Nordic countries, the mere commitment to reside in the country for a period over one year suffices to be entitled to welfare benefits.

Continental and Southern European countries have so far not been discussed in this section for different reasons. First, the majority of social programs in those countries are based on former contributions. Therefore, immigrants that have not contributed are not entitled to social programs. Second, if the access of immigrants to social programs is restricted, it is made solely dependent on a permanent residence permit, which in these countries requires at least 5 years of residence. Finally, the renewal of immigrants' residence permits, as well as opportunities for obtaining a permanent residence permit in those countries, is contingent on proof of sufficient means for themselves and their families, comparable to the United Kingdom (discussed above). As a result, although not excluded formally, reliance on means-tested benefits such as social assistance puts their legal stay in danger. After having discussed the general principles countries apply with regard to access to social programs, the following subsection is devoted to the specific types of social programs available.

5.3.1 Unemployment programs

Table 5.4 gives an overview of the unemployment programs implemented in the 19 OECD countries (see first column). Two types of programs can be distinguished, unemployment insurance and unemployment assistance (in italic). The former exists in all countries except Australia. Because entitlement to unemployment insurance benefits depends on former contributions from employment, all immigration categories are entitled to this benefit as long as they fulfil the respective requirements. Moreover, they have to be in possession of a working permit that allows them to pursue gainful employment. Consequently, the same values have been assigned to all immigration categories, including nationals. Immigration categories that are not allowed to work

are coded as 0 (e.g. family members of immigrants with limited residence in Switzerland and the United States).

Table 5.4. Immigrants' access to unemployment programs by immigration category

	Program title	Condition	Nationals/ family members	Permanent residence permit/ family members	Limited residence permit/ family members	Recognised refugees	EU citizens
AUS	*Newstart allowance*	Australian resident and waiting period (2y)	3	2/2.5	0	3	-
AUT	Arbeitslosengeld / *Notstandshilfe (cont. of payment)*	contributory: 52 weeks	1	1	1	1	1
BEL	Allocation de chômage	contributory: 52 weeks	1	1	1	1	1
CAN	Employment Insurance	contributory: 600 hours	2	2	2	2	-
	Employment assistance (Ontario Works)	permanent residence permit	3/2	3/2	0	3	-
DEN	Arbejdsløshedsforsikring	contributory: 52 weeks	1	1	1	1	1
FIN	Basic security (perustoimeentuloturva), earnings-related security (ansiooperusteinen sosiaaliturva)	contributory: 43 weeks	2	2	2	2	2
	Labour market support (työmarkkinatuki)	'permanent resident'	3	3	2	3	3
FRA	Assurance de chômage / régime de solidarité (cont. of payments)	contributory: 26 weeks	2	2	2	2	2
GER	Arbeitslosenversicherung	contributory: 52 weeks	1	1	1	1	1
	Arbeitslosengeld II	residence/work permit (expulsion: 5y)	3	3/**1**	**1**	3	3
GRE	Unemployment insurance	contributory: 125 days	2	2	2	2	2
IRE	Unemployment Benefits	contributory: 39 weeks	2	2	2	2	2
	Unemployment Assistance	habitual residence (2 years)	3	3/2	2	3	3
ITA	L'assicurazione contro la disoccupazione	contributory: 104 weeks	1	1	1	1	1
NET	Unemployment Insurance (WW)	contributory: 26 weeks	2	2	2	2	2
NOR	Dagpenger	contributory: 1.5 of basic income	2	2	2	2	2
POR	Subsídio de desemprego	contributory: 65 weeks	1	1	1	1	1
	Subsídio social de desemprego	contributory: 26 weeks	2	2	2	2	2
ESP	Prestación por desempleo	contributory: 52 weeks	1	1	1	1	1
	Subsídio por desempleo	contributory: 26 weeks	2	2	2	2	2
SWE	Inkomstbortfallsförsäkring	contributory: 52 weeks	1	1	1	1	1
	Grundförsäkring	contributory: 26 weeks	2	2	2	2	2
SWI	Arbeitslosenversicherung	contributory: 52 weeks	1	1	1/0	1	1
UKM	Contribution-based jobseeker's allowance	contributory: min. £ 2'175	2	2	2	2	2
	Income-based jobseeker's allowance	different conditions*	3/1	3/1	0	3	3
USA	Unemployment Insurance (Michigan)	contributory: 20 weeks	2	2	2/0	2	-

Notes: Social assistance programs are highlighted in italic. Cases in bold indicate consequences for residence permits.
0 = no access, 1 = contribution period ≥52 weeks or a waiting period of ≥5 years, 2 = employment/contribution period <52 weeks or waiting period <5 years, 3 = full access. * The specific conditions for the United Kingdom include presence and ordinary residence in the country (habitual residence test), having the right to reside, and not being subject to immigration control (public funds restriction or subject of a formal undertaking).
Sources: see Appendix A.

The major difference in unemployment programs across countries concerns the required length of contributions, which ranges between 600 working hours in Canada

(around 15 weeks within the last year) to two years of insurance and 52 weekly contributions during the last two years in Italy. For the majority of the countries, a contribution period between 26 and 52 weeks is required.

Two additional requirements affecting immigrants in particular have to be mentioned. First, legal residence is a condition for being granted unemployment benefits, although not all social security legislation mentions it explicitly (see also Brubaker 1989, 159f.).[98] Second, unemployed persons must have their place of residence in the host country. This means that unemployment benefits are hardly ever paid abroad. Although all countries under analysis have signed bilateral social security agreements, they rarely address unemployment insurance (e.g. overseas countries, France and Spain) or mainly refer to the aggregation of insurance period paid in the country of origin (e.g. Austria, Belgium, Denmark, Italy, Portugal and Switzerland). EU citizens are a notable exception, as they benefit from the exportability of unemployment payments. Within the European Union, entitlement to benefits can be retained for up to three months under the condition that the EU citizen has sought work and been registered as unemployed in that Member State for at least four weeks (Council Regulation (EC) No. 883/2004 of 29 April 2004, Art. 64(1)).

By 2010, this regulation has also been extended to third-country nationals.[99] The residence condition particularly affects temporary migrant workers who lose their right to unemployment benefits with the expiration of their residence permit. Moreover, unemployment per se not only endangers the renewal of the permit if the migrant worker cannot find another job during the remaining validity of the residence permit (e.g. in Italy) but also can be a reason for immigrants' expulsion. For example, in Austria, immigrants that are unemployed for more than four months during their first year of residence can be expelled from the country (Fremdenpolizeigesetz 2005, Art. 54(2)). The case of Finland shows that EU citizens are not exempt from this practice. According to Article 160 of the Aliens Act, an EU citizen maintains his status as employed or self-employed for only six months if he has worked for fewer than twelve months, or has been employed based on a fixed-term contract for less than one year.

A number of countries further provide unemployment assistance programs that are either based on a reduced contribution period (e.g. Portugal, Spain or Sweden) or continuation of unemployment payments (e.g. Austria, France). As discussed above, enti-

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[98] The countries not explicitly referring to the legal status of immigrants are Germany, Ireland and Sweden. The latter requires residence and a work permit in order to register in Försäkringskassan.

[99] See Regulation (EU) No. 1231/2010 of 24 November 2010 extending Regulation (EC) No 883/2004 and Regulation (EC) No 987/2009 to nationals of third countries who are not already covered on the ground of their nationality.

tlement to unemployment assistance in those countries depends on a previous employment record. However, some countries have also implemented unemployment assistance programs that are granted regardless of former employment, but instead based on a means test. Here, the access of different immigration categories depends on a permanent residence permit (Australia, Canada, the United Kingdom) or a being a resident of the country (Finland and Germany). For example, in Australia, as mentioned above, holders of permanent visas have to further sit out a two-year waiting period to be eligible for the new start allowance. This is also the case for their family members, who have to be Australian residents. However, in contrast to other immigration categories, their residence period in Australia on a temporary visa for spouses and partners is also counted towards fulfilment of the waiting period. As discussed above, immigrants' access to non-contributory programs in the United Kingdom is highly restricted by excluding immigrants from income-based jobseeker's allowance for the first five years. By contrast, the condition to being entitled to labour market support in Finland only depends on being a resident intending to settle permanently, i.e. having a work contract for at least two years or other ties to the country. Germany is a particular case. The respective article in the legislation only requires the immigrant to have a work permit (Sozialgesetzbuch II, Art. 8(2)). However, reliance on social benefits can be a reason for expulsion (see discussion below). Therefore, although immigrants with limited residence permits are in principle entitled to Arbeitslosengeld II, their access is considered to be restricted.

5.3.2 Family-related programs

All countries included in this thesis have introduced social programs that address the needs of families. Two different types can be distinguished, traditional family programs and dual-earner programs. They aim to support families in general through child and tax allowance or working parents in particular, e.g. maternity and parental leave schemes as well as provision of childcare. A number of countries have also implemented child-raising programs that compensate for the costs of caring for children. In countries where entitlement is not linked to employment, these specific programs are included as traditional family programs.

Traditional family programs

Table 5.5 provides a summary of traditional family and child programs implemented across countries. In the majority of the countries, these benefits are granted to citizens and residents on a universal basis, regardless of former employment records or financial situation. This universal characteristic is also evident when comparing the access of different immigration categories. Any immigrant family legally residing in Austria, Denmark, France, the Netherlands, Norway, Portugal, Sweden or Spain is entitled to family benefits. However, in Belgium, Italy, and Switzerland, family benefits are linked to employment, while Greece further requires at least 50 days of insurance. Ireland, a particular case, grants immigrant families access to benefits either based on employment or after a two-year waiting period.

By contrast, countries providing means-tested family programs tend to restrict the access of immigrants comparable to unemployment assistance by requiring a specific length of residence in the country. Examples are not only the Anglo-Saxon countries (the United Kingdom and the United States) but also Belgium, where a guaranteed family allowance is part of the social assistance system. In order to be entitled to this allowance, the person must have resided for at least 5 years in the country. Two exceptions are worth mentioning. On the one hand, Canadian immigrants with limited residence permits are eligible for child tax benefits after a residence period of 18 months. On the other hand, Australian (permanent) residents are entitled to family tax benefits without having to endure a waiting period. By contrast, access to Parenting Payment, an income support to help with the costs of raising children, requires two years of residence in Australia. However, as with the 'Newstart allowance', the length of residence of spouses and partners on a temporary visa is also counted as waiting period to get access to Parenting Payment (Social Security Act 1991, Art. 729(2)f(v)).[100]

Although family benefits are generally granted to immigrants regardless of their type of residence permit, one major requirement has to be met across all countries, namely the eligible person and the child should be both legally residing in the country. In the case of a child's residence requirement, exceptions are made for migrant workers covered by the bilateral social security agreement (e.g. Austria, Belgium, Germany, Switzerland and the United Kingdom). Although the child is residing abroad, these workers may also qualify for child benefits as long as the family members abroad do not receive equivalent benefits (for social security treaties at the supra-national level, e.g. between the EU and North African countries, see Pennings 2003, chapter 19).

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[100] Furthermore, single parents are exempted from the qualifying waiting period if they became a lone parent during their stay in Australia (Social Security Act 1991, section 500(1)(d)(i)).

Table 5.5. Immigrants' access to traditional family programs by immigration category

	Program title	Condition	Nationals/ family members	Permanent residence permit/ family members	Limited residence permit/ family members	Recognised refugees	EU citizens
AUS	Family benefits (lump-sum maternity payment, Family Tax Benefit Part A/B)[1]	Australian resident	3	3	0/3	3	-
	Parenting payment (PP)[1]	Australian resident and waiting period (2y)	3	2/2.5	0	3	-
AUT	Family benefits (Familienbeihilfe, Kinderbetreuungsgeld, -absetzungsbetrag, Alleinverdie- ner- und Alleinerzieher- absetzbetrages)	legal stay (residence permit)	3	3	3	3	3
BEL	Allocations familiales	employment	2	2	2	2	2
	Prestations familiales garanties[1]	residence permit and waiting period (5y)	3	3/1	1	3	3
CAN	Family benefits (Canada child tax benefit, universal childcare benefit)	permanent residence permit or 18 months of residence	3	3/0	2(18m)/0	3	-
DEN	Child and youth benefit (børne- og ungeydelse)	legal stay, liable to taxation	3	3	3	3	3
	Child allowance (børnetilskud)	residence requirement: 1 year (or 3 years)	3	3	2	3	2
	Childcare allowances (communes)	residence requirement: 7 years	3	3/1	0	0	1
FIN	Family benefits (family allowance, child home care allowance, private childcare allowance)	permanent resident	3	3	2	3	3
FRA	Family benefits (allocations familiales et de parent isolé[1])	legal stay (residence permit)	3	3	3	3	3
GER	Family benefits (Kindergeld, Elterngeld)	permanent residence permit or employment	3	3	2	3	3
GRE	Child benefit	contributory: 50 days	2	2	2	2	2
IRE	Family benefits (child benefit, one parent family payment)	habitual residence (2 years) / employment	3	3/2	2	3	3
ITA	Assegno per il nucleo familiare	employment	2	2	2	2	2
NET	Algemene Kinderbijslag	legal stay (residence permit)	3	3	3	3	3
NOR	Family benefits (child benefit, monthly cash benefit for parents with small children, maternity grant)	legal stay (residence permit)	3	3	3	3	3
	Lone parent benefit (stønad til enslig mor eller far)	legal stay and insured for 3 years	3	3/2	2	3	2
POR	Prestações familiares	legal stay (residence permit)	3	3	3	3	3
ESP	Prestaciones por hijo a cargo[1]	legal stay (residence permit)	3	3	3	3	3
SWE	Barnbidrag	legal stay (residence permit)	3	3	3	3	3
SWI	Kinderzulage	employment	2	2	2/0	2	2
UKM	Family benefits (child benefit, child tax credit[1])	different conditions*	3	3/1	0	3	3
USA	Temporary Assistance for Needy Families (TANF)[1]	lawful permanent resident (5 years)	3/1	1	0	3	-

Notes: 0 = no access, 1 = contribution period ≥52 weeks or a waiting period of ≥5 years, 2 = employment/contribution period <52 weeks or waiting period <5 years, 3 = full access. [1] Means-tested programs.
* The specific conditions for the United Kingdom include presence and ordinary residence in the country (habitual residence test), having the right to reside, and not being subject to immigration control (public funds restriction or subject of a formal undertaking).
Sources: see Appendix A.

These social security agreements usually cover child allowances but no other types of benefits listed in Table 5.5 such as child-raising and child-care benefits. Different countries have implemented particular programs that not only address inactive mothers who are not entitled to maternal leave, for example the 'Kinderbetreuungsgeld' in Austria, but also allow the parent to choose their preferred childcare arrangements regardless whether or not they are in a position of paid employment (e.g. Canada and Denmark). In addition, separate family programs addressing the needs of a lone parent are not only available in Australia, but also France, Ireland and Norway. The entitlement conditions for immigrants are comparable to those of child benefits. However, some countries further require that the eligible parent have spent a certain period in the country (e.g. 3 years for lone-parent benefits in Norway, 1 to 7 years for special child allowances and childcare benefits in Denmark) or have a residence permit that allows him/her to work (e.g. child-raising benefits 'Elternzeit' and 'Elterngeld' in Germany). Despite these minor exceptions, traditional family programs tend to cover all residents regardless of type of residence permit or employment record.

Dual-earner programs

The different social programs addressing the needs of working parents are presented in Table 5.6. Parental benefits are available in all countries except the United States. By 2007, dual-earner support in Australia was confined to childcare benefits.[101] The countries differ as to whether being employed suffices, or whether a specific contribution period has to be fulfilled in order to get access. Paid employment is a requirement in five countries, namely Austria, Finland, Germany, Italy and the Netherlands. In the remaining countries the required contribution period ranges between 120 hours of employment during the last 13 weeks in Denmark to more than six months in Ireland, Spain, Switzerland and France. Two particular cases are Finland and Sweden, which combine employment-related benefits with flat-rate benefits for all inactive residents. The condition in Sweden for receiving the contributory parent's cash benefits is being insured for sickness cash benefits above SEK 180 (€ 20) for at least 240 consecutive days before confinement. The Finish social security system requires 180 days of residence in the country, and also includes self-employed and employed workers not living in Finland but who are entitled to maternity benefits if they have worked for at least 4 months (MISSOC 2007, Comparative Tables Part 8, 33).

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[101] A national paid parental leave has been introduced on 1 January 2011 that covers working parents in covers not only parents in full-time and part-time employment, but also seasonal workers and self-employed persons (Baird and Williamson 2011).

Table 5.6. Immigrants' access to dual-earner programs by immigration category

	Program title	Condition	Nationals/ family members	Permanent residence permit/ family members	Limited residence permit/ family members	Recognised refugees	EU citizens
AUS	Child Care Benefit	employment and Australian resident	3	3	0/3	3	-
AUT	Maternity benefits (Wochengeld)	employment	2	2	2	2	2
BEL	Indemnité de maternité	contributory: 26 weeks	2	2	2	2	2
	Congé parental	contributory: 52 weeks	1	1	1	1	1
CAN	Maternity benefits, parental care	contributory: 600 hours	2	2	2	2	-
DEN	Maternity benefit (dagpenge ved fødsel), parental allowance	contributory: 120h in the last 13 weeks	2	2	2	2	2
FIN	Maternity, parental and paternity allowance (äitiysraha, vanhempainraha, isyysraha)	employment or permanent resident (incl. 180 days of residence)	3	3	2	3	2
	Partial childcare allowance (osittainen hoitoraha)	employment and permanent resident	2	2	2	2	2
FRA	Maternal and parental leave (indemnités journalières de maternité et de paternité)	contributory: 43 weeks	2	2	2	2	2
	Complément de libre choix d'activité (CLCA)	contributory: 104 weeks	1	1	1	1	1
	Complément de libre choix de mode de garde (Colca)	employment	2	2	2	2	2
GER	Maternity benefits (Mutterschaftsgeld)	employment	2	2	2	2	2
GRE	Maternity benefit	contributory: 200 days	2	2	2	2	2
IRE	Maternity benefit	contributory: 39 weeks	2	2	2	2	2
	Family Income Supplement	employment	2	2	2	2	2
ITA	Congedo di maternità/paternità	employment	2	2	2	2	2
NET	Maternity leave (Zwangerschaps- en bevallingsverlof)	employment	2	2	2	2	2
NOR	Parental benefits (foreldrepenger)	contributory: 26 weeks	2	2	2	2	2
	Childcare benefit, lone parent (stønad til barnetilsyn)	employment, legal stay and insured for 3 years	3	3/2	2	3	2
POR	Protecção da maternidade (e da paternidade)	contributory: 26 weeks	2	2	2	2	2
ESP	Prestación por maternidad	contributory: 36 weeks	2	2	2	2	2
SWE	Parental benefits (föräldrapenning)	universal and contributory: 240 days of insurance	3	3	3	3	3
SWI	Mutterschaftsgeld	contributory: 39 weeks	2	2	2/0	2	2
UKM	Statutory maternity pay and maternity allowance	contributory: 26 weeks	2	2	2	2	2
	Working tax credit (also for those without family)	employment and different conditions*	3	3/1	0	3	3
USA	n.a.						

Notes: 0 = no access, 1 = contribution period ≥52 weeks or a waiting period of ≥5 years, 2 = employment/contribution period <52 weeks or waiting period <5 years, 3 = full access.

* The specific conditions for the United Kingdom include presence and ordinary residence in the country (habitual residence test), having the right to reside, and not being subject to immigration control (public funds restriction or subject of a formal undertaking).

Sources: see Appendix A.

Table 5.6 also includes childcare benefits for working mothers. These programs help parents cope with the rising costs of accommodating their children in non-public supported or private childcare facilities (e.g. Australia, France and Norway). The main

condition of entitlement is usually the employment of both parents for a number of hours per week. However, in order to be granted childcare benefits in Norway, the lone parent and the child must have resided in the country for at least three years.

Interestingly, in contrast to unemployment programs, the respective sections in the social security legislation do not explicitly refer to migrant workers. Exceptions are Canada and Denmark, which make receiving payments dependent on residence in the country. Moreover, some countries also allow immigrant workers under certain conditions to receive their benefits abroad (e.g. Sweden or Italy).

5.3.3 Social assistance programs

Compared to the social programs discussed so far, immigrants' access to social assistance varies most (see Table 5.7). In general, three different practices can be distinguished across countries. First, entitlement to means-tested benefits depends on the *permanent residence permits*. For example, immigrants and their family members living in Austria's capital Vienna have to be in the possession of a residence permit 'Daueraufenthalt-EG' or 'Daueraufenthalt-Angehöriger', which is granted after five years under the condition that they have complied with the integration agreement referring to the acquisition of knowledge of the German language (IOM 2009, 143). In addition, the Belgian social security legislation also requires a permanent residence permit. The latter refers rather indirectly to this condition by demanding that the foreigner be inscribed in the population register (Law of 26 May 2002 on the Right to Social Integration, Art. 3(3)), for which a person has to be a permanent resident or citizen. The second group of countries allows access to social assistance benefits *after a specific waiting period*. This condition is applied in the Anglo-Saxon countries discussed above, namely Australia, Ireland, the United Kingdom and the United States. Moreover, European countries such as France and Denmark also pursue this practice, where applicants have to prove five or seven years of residence, respectively.[102] De facto, this is the same time period as is requested to apply for a permanent residence permit. In addition, according to national legislation, Spain also requires a residence period of at least one year. Since the Spanish communities are responsible for social assistance, they can independently raise the time of required residencies, usually between 3 and 5 years (see MISSOC 2007 Part 2, 112). In the case of Madrid, the residence requirement is limited to having lived in the municipality for one year.

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[102] Recent immigrants and refugees living in Denmark, including Danish citizens who have stayed abroad for more than seven out of the past eight years, are instead entitled to an introductory benefit (starthjælp), which is however less generous than regular social assistance (Sainsbury 2012, 110).

Table 5.7. Immigrants' access to social assistance programs by immigration category

	Program title	**Condition**	Nationals/ family members	Permanent residence permit/ family members	Limited residence permit/ family members	Recognised refugees	EU citizens
AUS	Special Benefit	Australian resident and waiting period (2y)	3	2/2.5	0/2	3	-
AUT	Sozialhilfe	residence permit (expulsion: 5y)	3	3/**1**	0	3	1
BEL	Revenue d'intégration	permanent residence permit	3	3	0	3	3
CAN	Basic financial assistance (Ontario Works)	permanent residence permit	3/2	3/2	0	3	-
DEN	Kontanthjælp (Social Bistand)	residence permit (expulsion: 7 years)	3/1	3/0	0	3 (special program)	3
FIN	Living Allowance (toimeentulotuki)	permanent resident (communes)	3	3	3	3	3
FRA	Droit a l'integration so- ciale (former: Revenu Mi- nimum d'Insertion)	residence permit and waiting period: 5 years	3	3/1	1	3	3
GER	Sozialhilfe	residence permit (expulsion: 5y)	3	3/**1**	**1**	3	3
GRE	n.a.	-					-
IRE	Supplementary Welfare Allowance	habitual residence (2 years)	3	3/2	2	3	3
ITA	Minimo Vitale	residence permit (valid: 1 year)	3	3	3	3	3
NET	Algemene Bijstand	residence permit	3	3	3	3	3
NOR	Stønad til livsopphold (so- sialhjelp)	legal stay (residence permit)	3	3	3	3	3
POR	Rendimento social de in- serção	legal stay (residence permit)	3	3	3	3	3
ESP	Renta mínima de inserción	residence requirement: 1 year	3	3/2	2	3	3
SWE	Ekonomiskt bistånd (socialbidrag)	legal stay (residence permit)	3	3	3	3	3
SWI	Sozialhilfe	residence permit (ex- pulsion: no limit)	3	**1**	**1**	3	1
UKM	Income support	different conditions*	3/1	3/1	0	3	3
USA	Supplemental Security In- come (SSI), Food Stamps	lawful permanent resi- dents (5y + 40 quarters of work)	3/1	1	0	3 (max. 7 years)	-

Notes: 0 = no access, 1 = contribution period ≥52 weeks or a waiting period of ≥5 years, 2 = employment/contribution period <52 weeks or waiting period <5 years, 3 = full access. Cases highlighted in bold indicate consequences for residence permits.
* The specific conditions for the United Kingdom include presence and ordinary residence in the country (habitual residence test), having the right to reside, and not being subject to immigration control (public funds restriction or subject of a formal undertaking).
Sources: see Appendix A.

In the last group of countries, access to social and unemployment assistance is granted if the applicants have a *legal residence permit*. Countries following this practice include the three Nordic countries as well as the Netherlands, Portugal and Italy. The latter just requires, according to the national legislation, that the residence permit be valid for at least one year (Decree-Law No. 286 of 25 July 1998, Art. 41).[103] Also, the social

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[103] According to the regulations of the community of Milano, only permanent residents, i.e. the "titola- ri di carta di soggiorno" are granted access to social assistance, which however has been declared to be

assistance legislation of Germany and Switzerland, here of the canton Zurich, do not explicitly refer to a particular type of residence permit. However, in both countries, as well as in Austria, welfare dependency can be a reason for expulsion (see also Koopmans et al. 2012). While in Germany, it is a discretionary practice during the first eight years (5 years in Austria). Permanent and temporary residents living in Switzerland can be expelled if they rely on social assistance, regardless of how long they have been living in the country. Since the revised Aliens Act, which came into force on the 1st of January 2008, after 15 years of residence in the country, welfare dependency is no longer a reason to revoke a permanent residence permit.

Finally, it should be mentioned that the access of EU citizens to social assistance in the majority of the countries is limited to the first three months. Moreover, after that period only those who have a right to reside, i.e. workers and their family members, and inactive persons that have sufficient income to maintain themselves, are usually granted access to social assistance.

5.3.4 Indices – immigrants' access to social programs

Figure 5.2 presents the four resulting indices of immigrants' access to social programs by type. Concerning the index on immigrants' access to *unemployment compensation* programs in the upper left corner) the scores range between 0.3 and 0.8 (mean=0.5, SD=0.2). Finland and Ireland are among the countries which are most inclusive towards immigrants, these two countries combine unemployment insurance and assistance. Switzerland, Italy, Belgium, Denmark and Austria are the most exclusive, requiring at least 52 weeks of previous social security contributions. The range, when compared to the other types of programs, is relatively small because all of the countries either require a previous employment record or make access dependent on a waiting period.

When turning to *traditional family programs,* not only is the range considerably larger, from 0.2 to 1, but the ranking of the countries also changes. Here, Austria is among the six countries that grant immigrant families full access to traditional benefits regardless of their type of residence permit, as opposed to the United States, the United Kingdom and Canada.[104] The average across countries is 0.7, indicating that the majority of countries are relatively inclusive towards immigrants (SD= 0.2). The variations are the

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not in accord with the national legislation by administrative tribunal of the Lombardia on September 2010 (sentenza N.6353 del 21/09/2010 – Tar Lombardia Milano).

[104] It should be mentioned that although Spain ranks among the most inclusive countries towards immigrants, family benefits are granted based on a means test which is set relatively low, i.e. a yearly income of €9,000 (42% of the average wage).

smallest with regard to immigrants' access to *dual-earner policies*. The respective values lie between 0.5 and 1, when excluding the United States (mean=0.7, SD=0.1). The top scorers are now Australia and Finland, in addition to Sweden, all three countries granting access to parental leave or childcare benefits not only based on previous employment but also on a universal basis. The United States scores the lowest because there is no national parental leave scheme.

Finally, when comparing the *social assistance* index, the countries that grant immigrants full access are Sweden, Finland, the Netherlands, Norway, Portugal, and Italy. By contrast, the most exclusive countries are United States, the United Kingdom, Switzerland, Austria, and also Denmark. The average value is around 0.6 with a standard deviation of 0.3. Greece also scores at the bottom because it has no social assistance program.
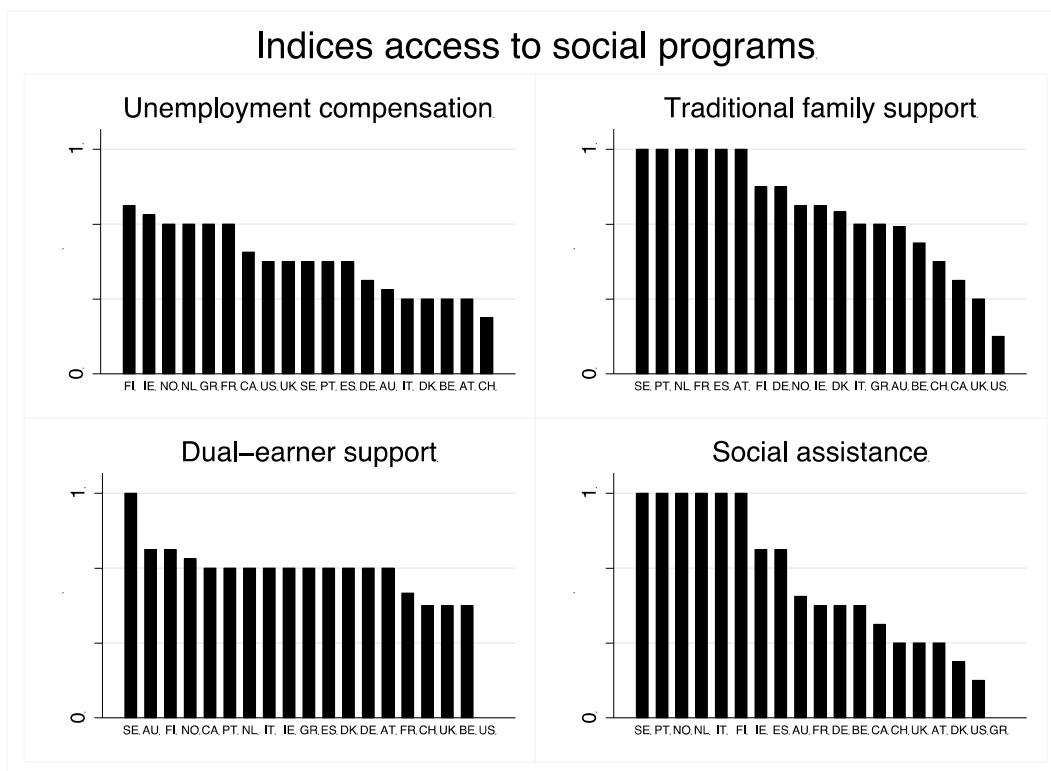
Figure 5.2. Indices immigrants' access to social programs

Conclusion

Bringing the findings in Figure 5.2 together, certain countries tend to incorporate (or exclude) immigrants across different types of social programs. For example, three Nordic countries Finland, Norway and Sweden as well as the Netherlands are among the countries granting immigrants rather inclusive access to social programs. On the other end are countries such as the United States, the United Kingdom and Switzerland, which tend to restrict immigrants' access to social programs. These results indi-

cate that more expansive welfare states, granting entitlement based on a universal principle, do not necessarily ban immigrants from accessing social benefits. Pierson's (2001) argument that social programs create their own constituency could serve as an explanation. Once created, social programs provide feedback in terms of broad support of the welfare state, which makes it difficult to exclude a particular section of the society, in this case immigrants.[105] By contrast, rather residual or liberal welfare states where entitlement is based on need and whether or not a recipient is deserving of aid further opt to keep immigrants separate. This is in line with Banting's (2000, 23) observation that countries with "weaker social commitments" such as the United States and the United Kingdom are more exclusive towards immigrants. Between these two poles lie countries with conservative corporatist welfare states (e.g. Austria, France and Germany), which indirectly restrict immigrants' access to social programs by linking this access to employment and former contributions.

However, the relation between the basis of entitlement of redistribution (universal, employment-related and means-tested) not only concerns the structure of the welfare state in general, but can also be broken down into the type of social programs. As this chapter shows, variation across countries with regard to the type of social programs can be observed. For example, Austria and France also extend the access to universal traditional family programs to immigrant families, regardless of the immigration category. By contrast, entitlement to social programs granted to lone-parents requires a waiting period (e.g. Australia and Norway, though no income test is applied in the latter). The restriction of immigrants' access to means-tested programs is observable in the case of social assistance programs, where several countries require a permanent residence permit or a certain number of years of residence in the host country for entitlement.

The congruence between basis of entitlement to social programs and immigrants' access to these programs partly accounts for the pattern observed in Nordic, Continental European and Anglo-Saxon countries. However, it is noticeable that, in general, Southern European countries are more inclusive towards immigrants, at least with regard to non-contributory or non-employment related programs.[106] Usually, a valid residence permit suffices for entitlement to social programs such as traditional family

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[105] This is just the other side of the coin, showing that electoral support for social programs targeting immigrants only is difficult to reach (see Mahnig 2000).

[106] In the Spanish law on the rights of immigrants, for example, the articles referring to the social rights of immigrants such as health care, housing assistance, social security and social services. This puts them on par with nationals, providing a prominent place following basic rights (Ley Organica 4/2000 de 11 de enero, sobre derechos y libertades de los extranjeros en España y su integración social, Art. 12-14).

programs or social assistance. This might be explained by relatively recent democratisation of those countries compared to the other countries analysed in this thesis, but also by the "deeply rooted socialist/communist subculture" (Ferrera 1996, 18), which is echoed in the endeavour to treat all residents equally, including immigrants. However, the inclusiveness of immigrants to means-tested and universal social programs in those countries has to be put into perspective in terms of the existence and generosity of these benefits. As the welfare state literature indicates, while Southern European countries provide generous protection for their core labour force (e.g. pension), the minimum income protection schemes in Southern European countries remain among the least developed across advanced industrialised countries (see Ferrera 1996).

Appendix 5.1. Stocks of foreign population by nationality (in 1 000s and %)

		Total	Largest group	2nd largest	3rd largest	Top 3	EU-15
Austria	2007	835 (10%)	Serbia & Montenegro (16%)	Germany (14%)	Turkey (13%)	43%	20%
Belgium	2007	971 (9%)	Italy (17%)	France (13%)	Netherlands (13%)	44%	61%
Denmark	2007	298 (5%)	Turkey (10%)	Iraq (6%)	Germany (6%)	22%	23%
Finland	2007	133 (3%)	Russian Federation (20%)	Estonia (15%)	Sweden (6%)	41%	16%
France	2007	3 697 (6%)	Portugal (13%)	Algeria (13%)	Morocco (12%)	38%	32%
Germany	2007	6 745 (8%)	Turkey (25%)	Italy (8%)	Poland (6%)	39%	24%
Greece	2007	643 (6%)	Albania (60%)	Bulgaria (5%)	Romania (4%)	69%	4%
Ireland	2006	413 (6%)	United Kingdom (27%)	Poland (15%)	Lithuania (6%)	48%	66%
Italy	2007	3 433 (6%)	Romania (18%)	Albania (12%)	Morocco (11%)	41%	-
Netherlands	2007	688 (4%)	Turkey (14%)	Morocco (11%)	Germany (9%)	34%	31%
Norway	2007	266 (6%)	Sweden (11%)	Poland (10%)	Denmark (8%)	29%	37%
Portugal	2007	446 (4%)	Brazil (16%)	Cape Verde (15%)	Ukraine (9%)	39%	20%
Spain	2007	5 269 (12%)	Romania (14%)	Morocco (12%)	Ecuador (8%)	34%	21%
Sweden	2007	518 (6%)	Finland (16%)	Iraq (8%)	Denmark (7%)	31%	37%
Switzerland	2007	1 571 (21%)	Italy (18%)	Germany (13%)	Serbia (12%)	43%	59%
United Kingdom	2007	3 824 (7%)	Poland (11%)	Ireland (9%)	India (7%)	26%	26%

Source: OECD International Migration Database (2011). Data is not available for Australia, Canada and the United States.

6 Multivariate analysis – explaining immigrants' poverty

This chapter tests if integration policies concerning immigrants' access to the labour market and social programs moderate the effect of the labour market and welfare system on immigrants' poverty. The presentation of the results from the multilevel analysis is divided in two sections. The first section discusses the impact of labour market institutions on immigrants' poverty based on market income (before taxes and transfers), while the second section moves to the results related to the effect of welfare state institutions, i.e. particular social programs, on immigrants' poverty rate based on disposable income (after taxes and transfers). Both sections are structured as follows; first, the baseline model is shown, which includes household-level predictors and the country-specific random intercept. Then, the variables at the country level, referring to the institutional setting, are added separately. Finally, the effect of the interaction between a country's institutions and immigrants' access to the labour market and social programs is estimated. The findings only partly support the hypotheses developed in the theoretical chapter. The empirical evidence indicates that more inclusive integration policies concerning labour market access have a reductive impact on immigrants' poverty, but only in relation to minimum wage policies. This is also the case for the interaction between immigrants' access to family-related and social assistance programs and the generosity of these social benefits. The robustness tests show that these findings should be treated with caution, as these findings with the exclusion of the United States cannot be replicated. The remainder discusses results and possible explanations.

6.1 Results

6.1.1 Immigrants' poverty and the impact of labour market policies

Table 6.1 summarizes the results using poverty based on market income as dependent variable. Model 0 serves as a benchmark to assess the variation explained by the country-level variables. It includes a number of socio-demographic variables at the household level such as educational attainment, occupation, and employment of household members, as well as the number of children and elderly living in the household.

Table 6.1. Determinants of immigrants' poverty based on market income (MI)

	Model 0	Model 1a	Model 1b	Model 2a	Model 2b	Model 3a	Model 3b
Ref. low education							
Medium	-0.514***	-0.512***	-0.516***	-0.513***	-0.514***	-0.514***	-0.516***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
High	-0.981***	-0.981***	-0.983***	-0.981***	-0.981***	-0.982***	-0.985***
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Mixed, low	-0.250*	-0.249*	-0.253*	-0.249*	-0.250*	-0.250*	-0.252*
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Mixed	-0.436**	-0.437**	-0.439**	-0.435**	-0.436**	-0.436**	-0.439**
	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
Mixed, high	-0.474***	-0.473***	-0.477***	-0.473***	-0.474***	-0.474***	-0.477***
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Ref. low service functionaries							
Blue collar workers	-0.412***	-0.412***	-0.413***	-0.412***	-0.412***	-0.412***	-0.412***
	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
Mixed service function.	-0.679***	-0.681***	-0.681***	-0.680***	-0.678***	-0.679***	-0.681***
	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Socio-cultural profess.	-0.797***	-0.796***	-0.798***	-0.796***	-0.797***	-0.796***	-0.798***
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Capital accumulators	-1.151***	-1.152***	-1.151***	-1.151***	-1.151***	-1.151***	-1.152***
	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
Mixed skills, low	-0.390***	-0.388***	-0.388***	-0.391***	-0.390***	-0.388***	-0.386***
	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Mixed skills	-0.501***	-0.501***	-0.501***	-0.501***	-0.501***	-0.501***	-0.502***
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Mixed skills, high	-1.361***	-1.362***	-1.364***	-1.361***	-1.361***	-1.361***	-1.364***
	(0.29)	(0.29)	(0.29)	(0.29)	(0.29)	(0.29)	(0.29)
Other	-0.132	-0.137	-0.135	-0.133	-0.131	-0.133	-0.136
	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
Ref. no one employed							
One person	-3.120***	-3.124***	-3.123***	-3.120***	-3.120***	-3.121***	-3.123***
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Multiple earners	-4.582***	-4.587***	-4.585***	-4.583***	-4.581***	-4.583***	-4.585***
	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
Ref. no one employed atypically							
At least one person	0.630***	0.631***	0.629***	0.630***	0.630***	0.630***	0.629***
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
All	1.338***	1.339***	1.340***	1.337***	1.338***	1.339***	1.340***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Ref. no one self-employed							
At least one person	0.553***	0.553***	0.555***	0.553***	0.553***	0.553***	0.555***
	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
All	0.876***	0.875***	0.877***	0.876***	0.876***	0.876***	0.876***
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Number of children ≤ 13	0.469***	0.469***	0.469***	0.469***	0.469***	0.469***	0.469***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Number of persons ≥ 65	0.203*	0.200*	0.201*	0.202*	0.203*	0.202*	0.202*
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Wage bargaining coordination		-0.127					
		(0.09)					
Government intervention			-0.154				
			(0.11)				
Minimum wage setting				0.015			
				(0.04)			
Min. wage (% of median)					-0.001		
					(0.00)		
OECD EPL index (reg.)						-0.074	
						(0.14)	
OECD EPL index (temp.)							-0.143
							(0.10)
Constant	2.397***	2.464***	2.455***	2.406***	2.396***	2.429***	2.448***
	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.17)	(0.16)
Level 2 Intercept	-0.735***	-0.792***	-0.791***	-0.743***	-0.735***	-0.742***	-0.788***
Var (country)	0.230	0.205	0.205	0.226	0.230	0.227	0.207
ICC	0.065	0.059	0.059	0.064	0.065	0.064	0.059
Log-likelihood	-3856.084	-3855.190	-3855.137	-3856.007	-3856.063	-3855.937	-3855.162
LR test	292.800	192.605	217.649	221.616	285.585	258.405	232.603
N (households)	9585	9585	9585	9585	9585	9585/19	9585
N (countries)	19	19	19	19	19	19	19

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

As the intra-class coefficient (ICC) shows, about 6.5% of the variation in immigrants' poverty can be explained by country differences. The likelihood ratio (LR) test is sig-

nificant at the 1% significance level, indicating that the use of multilevel analysis im-
proves the model fit, compared to simple logistic regression analysis.[107]

Turning to household-level characteristics, the level of an individual's education and
skills has a significant impact on the immigrants' poverty. For example, immigrant
households with upper or post-secondary education have almost two times lower odds
to end up in poverty as the reference category, here households with lower educational
attainments, or at most a lower secondary education ($1/\exp(-0.514)=1.67$, $p<0.001$).
All types of households with mixed educational attainments (i.e. different combina-
tions of educational levels within a household) experience lower poverty risks than
low-educated households. Concerning skill level, measured by occupation, households
employed in low service-sector jobs (reference category) have a higher probability of
being poor than households including blue-collar workers. Mixed service functionaries
are less likely to fall in poverty than blue-collar workers, and socio-cultural profes-
sionals and capital accumulators even less so. The mixed skilled categories (such as
'mixed skills, low') fall between these defined categories.

One of the strongest predictor of immigrants' pre-tax and transfer poverty is, not sur-
prisingly, households' labour market participation. The odds of poverty are almost 23
times lower for households where at least one person is employed ($1/\exp(-3.120)$
$=22.65$, $p<0.001$) and around 98 times lower for households with multiple earners
($1/\exp(-4.582)=97.71$, $p<0.001$). Type of employment also affects poverty. Immigrant
households with atypically or self-employed persons experience significantly higher
poverty risks than households with standard workers employed full-time and with an
unlimited job contract (reference category). Finally, households with inactive depend-
ents are exposed to higher poverty (number of children: $b=0.469$, $p<0.001$; number of
elderly persons aged 65 and above: $b=0.203$, $p<0.05$). These results support the hy-
pothesis that structural factors, in particular skills, education, and employment pattern
of households, are central to explaining immigrants' poverty.

Table 6.1 further contains the models testing the impact of different labour market in-
stitutions. Model 1a and 1b estimate the impact of wage setting institutions. As evident
in Model 1a, the coefficient referring to Kenworthy's index of wage bargaining coor-
dination points in the expected direction, indicating that higher wage bargaining coor-
dination is related to lower poverty risks based on market income. However, the coef-
ficient is not significant. Comparably, government intervention in wage bargaining

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[107] The variables referring to 'age' and 'family composition' have been excluded because they do not
substantially contribute to improve the baseline model. Most categories are not significant at the 10%
level.

does not affect immigrants' poverty (see Model 1b). Again, the coefficient is negative, but not significant. Although the literature suggests that the level of centralisation and coordination of wage bargaining tends to reduce wage inequalities, especially at the bottom of the wage distribution (e.g. Pontusson et al. 2002), this does not directly translate into lower immigrants' poverty. Nevertheless, the ICC coefficients in both models decreased from 6.5% to 5.9%, meaning that these determinants account for a part of unexplained country-level variation.

Model 2a and 2b estimate the impact of minimum wage policies. Neither the index measuring minimum wage setting nor the level of minimum wages in percentage of the median wage has a significant impact on immigrants' poverty. Moreover, the sign of the coefficient referring to the minimum wage setting is positive, indicating that stronger involvement by governments increases immigrants' poverty.

The effect of employment protection legislation concerning regular and temporary contracts is estimated in Model 3a and 3b. Both parameter values are negative, indicating that stronger regulations have an alleviating impact on poverty, though these values are not significant. In sum, these results suggest that labour market institutions on their own do not contribute to explain cross-national variations in immigrants' poverty based on market income. However, as discussed in the theoretical chapter, this thesis postulates that the impact of national labour market institutions on immigrants' poverty depends on the inclusiveness of integration policies regulating immigrants' access to the labour market.

The moderating effect of immigrants' access to the labour market

In order to test the labour market hypothesis related to wage setting systems, minimum wage laws, and employment protection legislation, the Models 1a – 3b are re-estimated interacting each labour market policy indicator with the integration policy index concerning immigrants' access to the labour market, presented in the previous chapter.

It should be noted that, besides the household-level characteristics, two additional variables at the country level are included: GDP growth, and share of permits granted for humanitarian reasons. As discussed in the previous chapters, several contributions emphasise the importance of a country's economic development on poverty. The effect of different indicators, such as the average GDP growth in the preceding 5 years, employment growth, as well as the unemployment rate for the whole population and the immigrant population alone, have been tested. None of these indicators, with the exception of GDP growth, is related to cross-national variations in immigrants' poverty.

However, the positive coefficient indicates that immigrants living in countries with higher economic growth are exposed to higher poverty.[108] This might be explained by a country's immigrant composition, e.g. that wealthier countries are more willing to take in refugees than countries with less healthy economies. The share of permits issued for humanitarian reasons is also the only indicator of different variables, which is positively and significantly related to immigrants' poverty (see Appendix 6.1).[109] Generally speaking, these findings provide little support for the hypotheses that a country's economic situation, or the composition of the immigrant population, has an impact on immigrants' poverty.

Table 6.2. Determinants of immigrants' poverty (MI) – the moderating effect of access to the labour market (incl. control variables)

	Model 1a	Model 1b	Model 2a	Model 2b	Model 3a	Model 3b
GDP growth (5-year average)	1.039	2.144	0.850	1.995	1.992	1.632
	(2.86)	(2.39)	(2.05)	(1.94)	(3.46)	(2.36)
Permit based statistics, humanitarian	0.046†	0.035	0.061**	0.069***	0.034	0.037
(%)	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)
Index labour market (LM)	*-0.529*	*-0.173*	*-2.270***	*-2.412***	*-0.977*	*-0.924*
	(1.18)	(1.19)	(0.85)	(0.78)	(0.99)	(0.95)
Wage bargaining coordination	-0.065					
	(0.10)					
Wage coordination X access (LM)	-0.397					
	(0.90)					
Government intervention		0.000				
		(0.12)				
Government intervention X access (LM)		-1.310				
		(0.85)				
Minimum wage setting			0.053†			
			(0.03)			
Minimum wage setting X access (LM)			-0.868***			
			(0.25)			
Minimum wage (% of median)				0.007†		
				(0.00)		
Minimum wage X access (LM)				-0.124***		
				(0.03)		
OECD EPL index (reg.)					0.006	
					(0.17)	
OECD EPL index (reg.) X access (LM)					0.797	
					(1.75)	
OECD EPL index (temp.)						-0.058
						(0.10)
OECD EPL index (temp.) X access (LM)						1.061
						(1.06)
Level 2 Intercept	-0.967***	-1.028***	-1.277***	-1.355***	-0.956***	-0.988***
Var (country)	0.144	0.128	0.078	0.067	0.148	0.139
ICC	0.042	0.037	0.023	0.020	0.043	0.040
Log-likelihood	-3738.316	-3737.442	-3733.564	-3732.793	-3738.515	-3737.934
LR test	100.256	98.544	50.128	32.989	106.693	103.453
N (households)	9323	9323	9323	9323	9323	9323
N (countries)	18	18	18	18	18	18

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level variables (not shown).

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[108] The coefficient is also significant and positive when using GDP per capita (PPP adjusted, USD). By contrast to former contributions (Chzhen and Bradshaw 2012, Nelson 2008), this analysis does not find support that GDP per capita or its natural log transformation reduces poverty. Economic progress actually increases poverty, at least in the case of immigrants.

[109] Other migration-related indicators include the share of immigrants from industrialised countries, and the share of permits issued for work and family.

Model 1a and 1b in Table 6.2 test the interaction between immigrants' access to the labour market and wage setting institutions on immigrants' poverty. As both models show, the interaction terms referring to the wage bargaining coordination index or government involvement in the wage bargaining process are not related to immigrants' poverty. Although the coefficients are negative, as expected, they are not significant at the 5% level. However, interpreting the effects through differentiation and differences in predicted values, as the literature suggests, does not yield different results (not shown; see Braumoeller 2004, Kam and Franzese 2007).[110] Based on the data used in this thesis, it is not possible to support the hypothesis that the impact of wage bargaining capacity between employers, employees, and the government is moderated by the integration policies that regulate immigrants' access to the labour market.

In Model 2a and 2b, the interaction with minimum wage regulations is estimated. Both interaction coefficients are not only negatively related to immigrants' poverty, but also statistically significant. Concerning the impact of government involvement in the minimum wage setting in Model 2a, the coefficient suggests that countries are more effective in reducing immigrants' poverty if they combine these policies with inclusive integration policies (b=-0.868, p<0.001). In other words, the marginal effect of minimum wage setting on immigrants' poverty is stronger in countries where immigrants are more easily granted access to the labour market.

In order to test whether the interaction is significant across the whole range of values on the index concerning immigrants' access to the labour market, the marginal effect of the minimum wage setting is plotted. Figure 6.1 shows that more regulated minimum wage setting increases immigrants' poverty when their access to the labour market is rather restricted (see left-hand side of the graph). But this effect decreases as immigrants' access to the labour market becomes more inclusive. As the figure also indicates, minimum wage setting has actually a reductive effect on immigrants' poverty when immigrants are granted facilitated access to the labour market (see right-hand side of the graph, e.g. in Finland, the Netherlands or Italy; see Appendix B and C for the descriptive statistics). This means that stronger regulated minimum wage setting not only makes a difference in countries where immigrants are granted facilitated access to the labour market by reducing their poverty, which is in line with the hypothesis, but also in countries where the barriers to enter the labour market are rela-

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[110] This is also supported by the LR test comparing the improvement from the simple model with the lower-order terms versus the complex model including the interaction term. As Appendix 6.2 shows, the log likelihood parameter hardly changes.

tively high, i.e. by increasing their poverty. The findings, however, cannot be general-
ised for values between the mean and around ± 1.5 standard deviations.
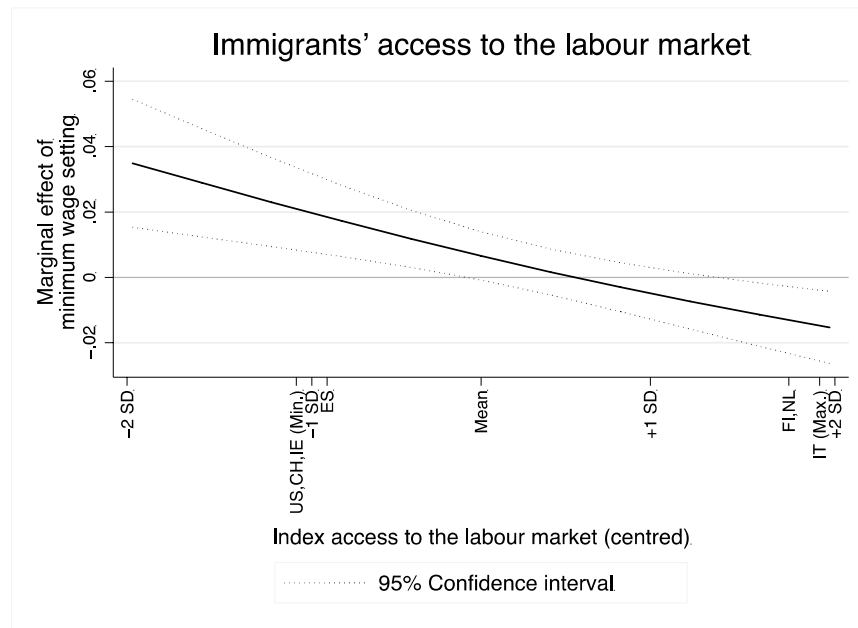
*Figure 6.1. The marginal effect of minimum wage setting on immigrants' poverty (immi-
grants' access to the labour market)*

Accordingly, the results in Model 2b, when including the level of minimum wage as a
percentage of the median wage, indicate that higher minimum wages have as stronger
effect on immigrant's poverty risks when combined with inclusive integration policies
(b=-0.124, p<0.001). Moreover, in both models, the coefficients referring to lower-
order term index on immigrant's labour market access are negative and significant
(b=-2.270, p<0.01 and b=-2.412, p<0.01). Because they are included together with the
interaction term, they can only be interpreted in relation to the particular case where
the minimum wage in per cent of the average wage is set at zero, here the grand-mean
(variables have been centred). These findings provide support for the proponents of
minimum wage policies, who argue that the poverty-alleviating effect prevails over
any adverse effect on employment (e.g. Fortin et Lemieux 1997). In addition, they
suggest that a positive effect is not confined to United States, but applies to advanced
industrialised countries in general, at least with regard to immigrants' poverty.

Turning to Model 3a and 3b, which test the hypothesis concerning whether the impact
of employment protection on immigrants' poverty is moderated by the inclusiveness of
integration policies, results indicate that there is no relationship between those factors.
Neither the coefficients nor the figure plotting of the marginal effect of inclusive inte-
gration policies provide empirical evidence that the impact of employment protection
on poverty depends on the access of immigrants to the labour market (figures not

shown). This could be due to its indirect effect on poverty, through the employment opportunities and employment conditions of immigrant workers (see below).

Concerning the effect of economic factors and the composition of the immigrant population, the share of permits issued for humanitarian reasons is only positively and significantly related to immigrants' poverty in Model 2a and 2b. The coefficient referring to GDP growth is still positive but not significant, when controlling for a country's openness towards refugees.[111] Meanwhile, the interaction between labour market institutions, i.e. collective wage bargaining and employment protection, and the inclusiveness of integration policies towards immigrants do not affect immigrants' poverty. So far, the findings only provide empirical support that the impact of minimum wage policies and immigrants' poverty depends on immigrants' access to the labour market. Whether the same conclusions can be drawn focusing on social programs and immigrants' access is discussed in the next section.

6.1.2 Immigrants' poverty and the impact of social programs

Findings concerning immigrants' poverty risk after taxes and transfers are presented in Table 6.3. The intra-class coefficient of the benchmark model indicates that about 5.6% of the variation in immigrants' poverty can be ascribed to country-level differences (see Model 0). Concerning household-level characteristics, it can be said that immigrant households with higher education and skills, multiple earners, and typically employed members have a lower risk of ending up in poverty. The coefficients hardly changed in size compared to those in Table 6.1. Only the effect of the employment of household members on poverty after taxes and transfers has lost in importance, decreasing from -3.1 to -1.5 for single-earner households, and from -4.6 to -2.6 for multiple-earner households. This finding reflects the fact that welfare states, which are indirectly included in the dependent variable, redistribute income between residents. The coefficients referring to an immigrant household living with atypically- or self-employed members are still significant. In relative terms, coefficients concerning self-employed members have even increased. One explanation could be that self-employed persons in a number of countries are covered by separate social insurance schemes (see MISSOC 2007; SSPTW 2006, 2007).

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[111] It should be noted that the data is on humanitarian permits is missing for Greece. Nevertheless, when including the control variables separately, i.e. GDP growth and permits on humanitarian reasons, the interaction term referring to the minimum wage settlement and level of minimum wage remain significant at the 5% level and 10% level respectively.

Table 6.3. Determinants of immigrants' poverty based on disposable income (DPI)

	Model 0	Model 1	Model 2a	Model 2b	Model 3
Ref. low education					
Medium	-0.521***	-0.522***	-0.520***	-0.520***	-0.493***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
High	-0.724***	-0.725***	-0.717***	-0.725***	-0.746***
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Mixed, low	-0.222*	-0.222*	-0.222*	-0.223*	-0.211*
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Mixed	-0.220	-0.218	-0.214	-0.220	-0.206
	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)
Mixed, high	-0.383**	-0.383**	-0.380**	-0.383**	-0.391**
	(0.12)	(0.12)	(0.12)	(0.12)	(0.13)
Ref. low service functionaries					
Blue collar workers	-0.363***	-0.364***	-0.365***	-0.364***	-0.371***
	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
Mixed service functionaries	-0.689***	-0.690***	-0.689***	-0.691***	-0.684***
	(0.13)	(0.13)	(0.13)	(0.13)	(0.14)
Socio-cultural professionals	-0.766***	-0.766***	-0.769***	-0.767***	-0.729***
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Capital accumulators	-1.141***	-1.141***	-1.144***	-1.143***	-1.122***
	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
Mixed skills, low	-0.470***	-0.471***	-0.476***	-0.469***	-0.448***
	(0.11)	(0.11)	(0.11)	(0.11)	(0.12)
Mixed skills	-0.593***	-0.595***	-0.593***	-0.593***	-0.606***
	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Mixed skills, high	-1.953***	-1.957***	-1.957***	-1.954***	-2.094***
	(0.40)	(0.40)	(0.40)	(0.40)	(0.43)
Other	0.173	0.172	0.177	0.169	0.212†
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Ref. no one employed					
One person	-1.463***	-1.463***	-1.464***	-1.467***	-1.473***
	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
Multiple earners	-2.639***	-2.639***	-2.640***	-2.644***	-2.601***
	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Ref. no one employed atypically					
At least one person	0.608***	0.610***	0.609***	0.609***	0.558***
	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
All	0.810***	0.810***	0.807***	0.809***	0.816***
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Ref. no one self-employed					
At least one person	0.764***	0.764***	0.764***	0.764***	0.772***
	(0.14)	(0.14)	(0.14)	(0.14)	(0.15)
All	1.002***	1.001***	1.004***	1.001***	1.006***
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Number of children ≤ 13	0.215***	0.215***	0.215***	0.216***	0.212***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Number of persons ≥ 65	-0.515***	-0.516***	-0.515***	-0.516***	-0.505***
	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Unemployment generosity		-1.337			
		(0.97)			
Traditional family benefits			-0.037*		
			(0.02)		
Dual-earner support				-0.004	
				(0.00)	
Minimum income protection					-0.021*
					(0.01)
Constant	0.206	0.222	0.247†	0.259†	0.240†
	(0.14)	(0.14)	(0.13)	(0.14)	(0.13)
Level 2 Intercept	-0.820***	-0.866***	-0.948***	-0.865***	-0.996***
Var (country)	0.194	0.177	0.150	0.177	0.136
ICC	0.056	0.051	0.044	0.051	0.040
Log-likelihood	-3928.476	-3927.546	-3926.634	-3927.685	-3796.865
LR test	260.401	242.263	136.342	213.625	107.430
N (households)	9585	9585	9585	9585	9323
N (countries)	19	19	19	19	18

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

A last observation is that the impact of younger and older household members on poverty changed. Although immigrant households with more children are still exposed to

higher poverty risks, the effect has decreased, indicating that welfare states address the need of families and help them out of poverty. By contrast, the coefficient referring to the number of elderly household members appears now to be negatively related to poverty, which might be ascribed to supplementary income from pensions (b=-0.515, p<0.001).

In Models 1 to 3, particular social programs are included one by one. The first model refers to unemployment generosity measured by net replacement rates (see Model 1). Although the coefficient is negative, indicating that more generous unemployment programs reduce immigrants' poverty, the coefficients are not significant.

The effect of family-related programs is tested in Model 2a and Model 2b, respectively. When the generosity of traditional family benefits is introduced in Model 2a, this factor has a significant and negative effect on immigrants' poverty (b=-0.037, p<0.05). Consequently, more generous family allowances improve the financial situation of immigrant households. Accordingly, Model 2b shows that dual-earner support, i.e. the involvement of welfare states supporting the employment of mothers, has an alleviating impact on poverty. However, the coefficient is not significant.

Finally, Model 3 estimates the effect of social assistance programs. The results indicate that immigrants living in countries with more generous minimum income protection experience lower poverty than their counterparts in countries with more rudimentary benefits. An increase of minimum income protection (in % of the average wage) by 10 percentage points, e.g. introducing Norwegian social assistance levels in Austria (48% versus 38%), decreases immigrants' poverty by 21% (1/exp(-0.021)=1.21, p<0.05).

That both traditional family benefits and minimum income support can explain cross-national variations in immigrants' poverty risks is also evident in the change of the respective intra-class coefficients. The unexplained cross-national variations decreases from 5.6% to 4.4% when adding traditional family benefits in Model 2a, and to 4% in the case of social assistance programs (Model 3). Whether these effects are more pronounced in countries with more inclusive access of immigrants' to particular social programs is estimated in the following section.

The moderating effect of immigrants' access to social programs

As for immigrants' poverty based on market income, the effect of different economic and migration-related macro-level variables has been tested (see Appendix 6.3). In sum, the results concerning economic factors such as GDP and employment growth, as well as immigrants' unemployment rate, are not significant. Moreover, a country's re-

distributive effort, measured as social expenditures in percentage of GDP, is not related to immigrants' poverty either. Only a country's prevailing unemployment rate has a significant effect. Here, the coefficient is positive, indicating that higher unemployment rates are related to higher poverty based on disposable income (b=0.100, p<0.10). Turning to the composition of the immigrant population, only the share of immigrants born in industrialised countries is significant and negative, suggesting that immigrants' poverty is higher in countries with higher shares of immigrants born in less developed countries. Both factors are included as control variables in order to test the hypothesis if the poverty alleviating effect of more generous social programs on immigrants' poverty is stronger in countries that grant more inclusive access to these particular programs than in countries where the access is more restricted.

Table 6.4. Determinants of immigrants' poverty (DPI) – the moderating effect of access to social programs (incl. control variables)

	Model 1	Model 2a	Model 2b	Model 3
Industrialised countries, % foreign born	-0.011†	-0.005	-0.007	-0.003
	(0.01)	(0.01)	(0.01)	(0.01)
Unemployment rate (%)	0.089†	0.136***	0.142***	0.085†
	(0.05)	(0.04)	(0.04)	(0.05)
Index access (unemployment)	-0.731			
	(0.63)			
Unemployment generosity	-1.167			
	(0.86)			
Unemployment generosity X access (progr.)	-0.367			
	(7.08)			
Index access (traditional family programs)		-0.962***		
		(0.28)		
Traditional family benefits		-0.021		
		(0.02)		
Family benefits X access (progr.)		0.090†		
		(0.05)		
Index access (dual-earner support)			-0.505	
			(0.37)	
Dual-earner support			-0.008**	
			(0.00)	
Dual-earner support X access (progr.)			0.025*	
			(0.01)	
Index access (social assistance)				-0.472
				(0.31)
Minimum income protection				-0.017
				(0.01)
Social assistance X access (progr.)				0.074**
				(0.02)
Level 2 Intercept	-1.089***	-1.519***	-1.542***	-1.291***
Var (country)	0.113	0.048	0.046	0.076
ICC	0.033	0.014	0.014	0.022
Log-likelihood	-3924.099	-3918.176	-3918.636	-3792.317
LR test	84.128	21.567	15.953	43.299
N (households)	9585	9585	9585	9323
N (countries)	19	19	19	18

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001. All models are estimated including household-level variables (not shown).

The results are summarised in Table 6.4. Concerning the control variables, the share foreign-born immigrants from industrialised countries only has an effect in the unemployment-generosity model. By contrast, the effect of a country's prevailing level of

unemployment is consistently significant and positively related to immigrants' poverty in all models. This finding not only suggests that a country's prevailing economic situation also hits immigrants, but also that it is more important than the economic situation of the immigrant population as the migrant-specific unemployment rate is not related to their poverty (not significant, results not shown).

In Model 1, the generosity of unemployment benefits is interacted with the inclusiveness of unemployment programs towards immigrants. Neither the interaction coefficient in Table 6.4, nor results from the differentiation are significant (not shown). In other words, this findings do not support the hypothesis that the effect of the generosity of unemployment programs on immigrants' poverty depends on whether they are more or less easily entitled to unemployment programs. It should be noted that these findings are in line with previous studies. For example, Scruggs and Allan's (2006, 899) results also indicate that unemployment insurance programs have no significant effect on relative poverty of the working-age population (see also Moller et al. 2003). This could be explained by the countervailing effect of unemployment levels on poverty (b=0.089, p<0.10), which may not be offset by the effect of generous unemployment benefits.
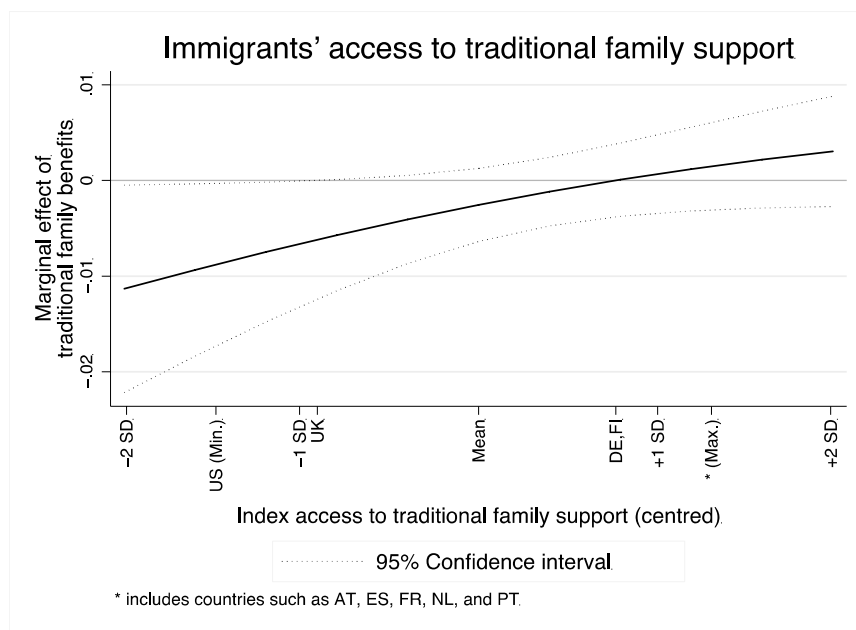
Figure 6.2. The marginal effect of traditional family programs on immigrants' poverty (immigrants' access to traditional family support)

When testing interaction models including family-related programs, the results partly support the hypothesis that the effect of family-related social programs on immigrants' poverty depends on the inclusiveness of access to these programs. Model 2a displays the results of interaction between integration policies and the generosity of traditional family benefits. The interaction term is significant at the 10% significance level, but

the direction is opposite of what was expected (b=0.090, p<0.10).[112] However, the lower-order terms, referring to the traditional family benefit and immigrant family benefit access, are both negative. In order to facilitate the interpretation, Figure 6.2 depicts the marginal effect of traditional family benefits. It shows that the reductive effect of generous traditional family benefits on immigrants' poverty is stronger when immigrants' access to traditional family benefits is rather exclusive. But the marginal effect of traditional family benefits is only significant at the 5% level where the integration index is below -0.8 standard deviations (e.g. the United States and the United Kingdom, see Appendix C). In other words, while the generosity of traditional family benefits is more decisive in countries with stricter access of immigrants to this type of benefits, the effect fades away in more immigrant-friendly welfare states.

The same pattern is also evident in Model 2b, which includes the interaction between dual-earner support and immigrants' access to these programs. The interaction term is positive and significant (b=0.025, p<0.05), while the direction of separately included interaction components, immigrants' access and the dual-earner support, are both negative (b=-0.505, n.s., and b=-0.008, p<0.01).
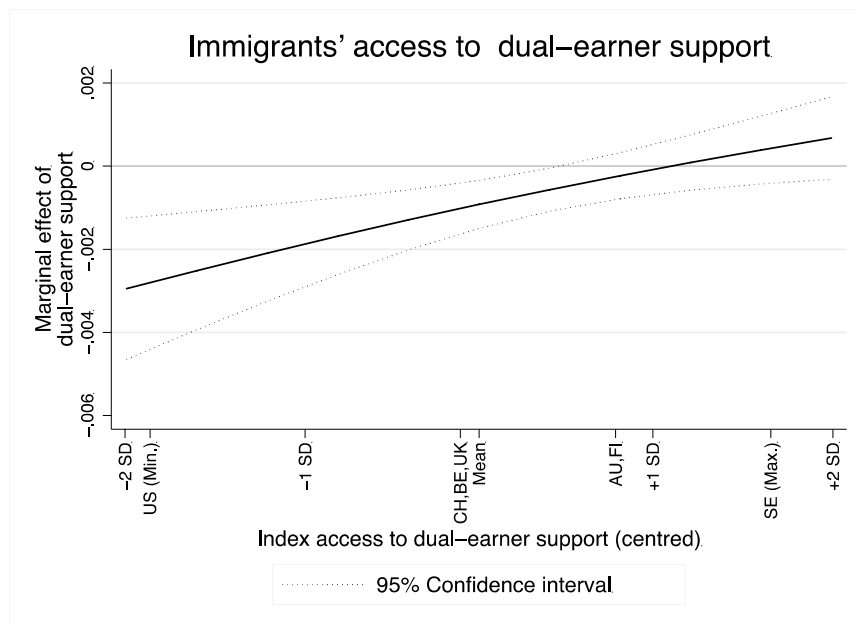
Figure 6.3. The marginal effect of dual-earner support on immigrants' poverty (immigrants' access to dual-earner support)

Figure 6.3 plotting the marginal effect of dual-earner support indicates that this finding can be interpreted according to the traditional family benefit model; the reductive pov-

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[112] The findings, however, should be interpreted with caution. The resulting test statistic from performing the likelihood ratio test between the simple model without the interaction term and the more complex model is barely significant at the 10% significance level (LR chi^2=2.82, p=0.093, see also Appendix 6.4).

erty effect of generous policies enhancing the employment of mothers is stronger in countries with less inclusive access of immigrants to dual-earner support. More precisely, the moderating effect is only significant where the values of the inclusiveness of integration policies are below the mean.

It should be mentioned that the same results are yielded when including the components of dual-earner support index, i.e. full-rate equivalent of paid parental leave and length of maternal leave in weeks. Interestingly, concerning the length of maternity leave, the interaction term is also significant for higher values, i.e. more inclusive access to dual earner support, indicating that longer paid parental leaves are associated with higher immigrants' poverty in countries where the access to this type of policy is more inclusive. In other words, policies that support longer maternal absences have a positive impact on poverty. This finding might be explained by the reduced labour force attachment of mothers, and has also been empirically supported by other studies (Pettit and Hook 2005, Misra et al. 2007). By contrast, the interaction term in the model containing the share of enrolment rates of preschool children in formal care or early educational services is not significant.
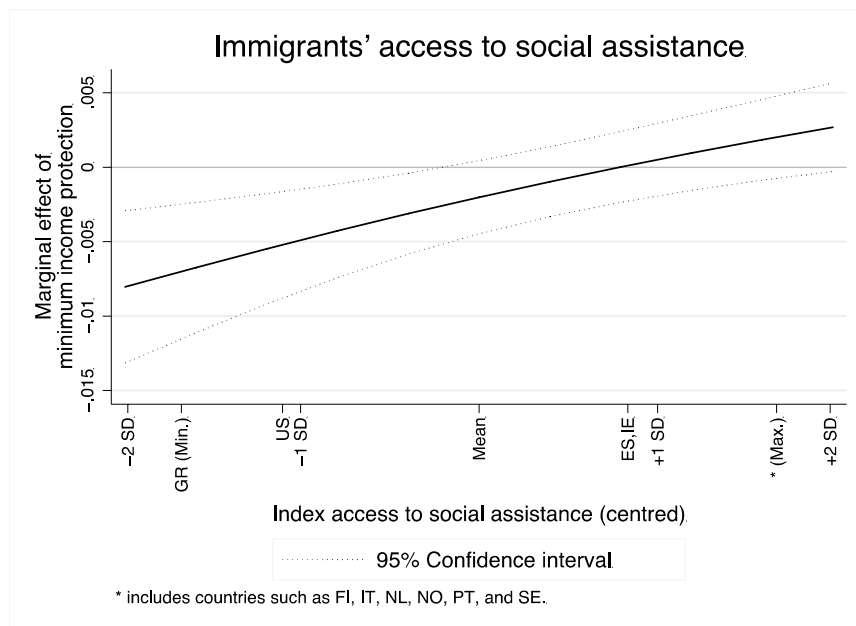
Figure 6.4. The marginal effect of minimum income protection on immigrants' poverty (immigrants' access to social assistance)

Finally, when adding the interaction between minimum income protection and immigrants' access to social assistance in Model 3, the hypothesis can be supported. Immigrants' poverty not only depends on whether they are living in a generous welfare state but also whether they are granted access to these benefits. The interaction term is positive and significant (b=0.074, p<0.01). When plotting the interaction term, it is evident that the generosity of minimum income protection has an impact on immigrants' pov-

erty, but only in countries where immigrants' access to social assistance is rather exclusive, i.e. below the sample mean (see Figure 6.4).

Common to all figures presented above, is that the marginal effect of generous social programs on immigrants' poverty disappears as immigrants' access to social programs becomes more inclusive. This means that, in countries with relatively generous social programs, stronger restrictions of access to these programs results in lower levels of immigrant poverty than in countries where such access is less restricted. Since these graphs display the marginal effect of social programs, it does not simply indicate that immigrants' poverty increases in countries with more inclusive access and generous social programs. Rather, it points to the poverty-reducing effect of social programs in countries with more inclusive access towards immigrants as being less pronounced than in countries with rather restricted access. In other words, the effect of generous social programs on immigrants' poverty is stronger in countries with rather exclusive access of immigrants to social programs. These results are at odds with the hypothesis formulated in the theoretical section that more generous social programs have a larger alleviating effect on immigrants' poverty in countries where immigrants are granted more inclusive access to social programs than where such access is more restrictive. One explanation, at least for the access of immigrants to social assistance programs, could be that the respective index has been coded as rather restrictive in countries where reliance on social assistance programs threatens the renewal of residence permit, e.g. as in Switzerland or Germany, while this may not have direct consequences on immigrants' poverty levels.

6.1.3 Robustness tests

The findings so far partly support the hypotheses, proposed in the theoretical chapter, that more inclusive integration policies moderate the effect of labour market policies and social programs on immigrants' poverty.[113] However, as the closer examination has indicated, the United States is an extreme case (see also Alesina and Glaeser 2004).[114] On the one hand, immigrants' poverty rate is considerably higher in the United States than in the other countries included in the analysis. On the other hand, immigrants' access to different social programs is among the most exclusive. Moreo-

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[113] The results are also comparable, when using the alternative equivalence scale proposed by LIS, which in contrast to the OECD scale assigns the same weight to each household member regardless whether referring to a child or an adult (see Chapter 3.3.1). The main difference is that the interaction concerning traditional family benefits is not significant (results not shown).

[114] Alesina and Glaeser (2004) argue that the American exceptionalism to redistribute income and fight poverty compared to Eurpe is in particular related to the racial and ethnic heterogeneity besides different history, culture and political institutions.

ver, the sample of immigrant observations is highly unbalanced across countries. The US-American cases make up almost 20% of all cases (N=1950), while the respective number for Denmark, Finland and Portugal are below 200.[115] Therefore, the models presented above have been re-estimated excluding the United States.

Immigrants' poverty based on market income

The results referring to immigrants' poverty based on market income are presented Table 6.5. At first glance, the exclusion of the United States from the data yields results comparable to those discussed above.

Table 6.5. Determinants of immigrants' poverty (MI) – the moderating effect of access to the labour market, excluding the United States

	Model 1a		Model 1b		Model 2a	
	incl. US	excl. US	incl. US	excl. US	incl. US	excl. US
Index labour market (LM)	-0.529	1.427	-0.173	*1.733*	-2.270**	*-3.817***
	(1.18)	(1.66)	(1.19)	*(1.23)*	(0.85)	*(0.98)*
Wage bargaining coordination	-0.065	-0.004				
	(0.10)	(0.10)				
Wage coordination X access (LM)	-0.397	-1.644				
	(0.90)	(1.20)				
Government intervention			0.000	*-0.020*		
			(0.12)	*(0.10)*		
Government intervention X access (LM)			-1.310	*-2.458***		
			(0.85)	*(0.84)*		
Minimum wage setting					0.053†	*0.088***
					(0.03)	*(0.03)*
Minimum wage setting X access (LM)					-0.868***	*-1.324***
					(0.25)	*(0.28)*

	Model 2b		Model 3a		Model 3b	
	incl. US	excl. US	incl. US	excl. US	incl. US	excl. US
Index labour market (LM)	-2.412**	*-2.300***	-0.977	*-0.230*	-0.924	*-0.576*
	(0.78)	*(0.89)*	(0.99)	*(1.12)*	(0.95)	*(1.08)*
Minimum wage (% of median)	0.007†	*0.007**				
	(0.00)	*(0.00)*				
Minimum wage X access (LM)	-0.124***	*-0.125***				
	(0.03)	*(0.03)*				
OECD EPL index (reg.)			0.006	*0.148*		
			(0.17)	*(0.20)*		
OECD EPL index (reg.) X access (LM)			0.797	*-0.561*		
			(1.75)	*(2.06)*		
OECD EPL index (temp.)					-0.058	*-0.025*
					(0.10)	*(0.10)*
OECD EPL index (temp.) X access (LM)					1.061	*0.790*
					(1.06)	*(1.15)*

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001. All models are estimated including household-level and macro-level control variables. Coefficients and random parameter estimates are not shown.

In Model 1a and 1b, the interaction concerning the wage setting indicators is estimated. The interaction coefficient related to Kenworthy's wage-setting coordination index remains negative but insignificant (see Model 1a). Focusing on European countries as well as Australia and Canada, the level of collective wage bargaining dependent on the inclusiveness of integration policies does not contribute to an explanation of cross-

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[115] However, the latter is less problematic because the global (or country-specific) coefficients and standard errors are estimated based on the observed deviations within each country, which vary depending on sample size and the variance within the country. Here, I thank Peter Selb for clarifications.

national variations in immigrants' poverty. However, the interaction coefficient in the model concerning government involvement in the wage setting in Model 1b remains negative but becomes significant upon exclusion of data from the United States (b=-2.458, p<0.01). Inspecting the marginal effects of the inclusiveness of the labour market integration index across the whole range of values of government involvement in wage setting, the results show that the inclusiveness of integration policies only matters in countries where governments either participate directly in the wage bargaining process or are not at all involved (±1 SD, figure not shown). This first case supports the hypothesis that the effect of government intervention in wage settlement has a stronger poverty-alleviating impact on immigrants' poverty in countries granting immigrants facilitated access to the labour market than in more restrictive countries. But, in countries where the government involvement is only minimal, the inclusiveness of integration policies actually has a positive effect on immigrants' poverty. This finding suggests that immigrants' access to the labour market only has an alleviating impact on poverty when combined with more strongly regulated labour market policies. The opposite is actually the case in countries where governments do not intervene.

In Model 2a and 2b, the results including interaction with minimum wage setting and level of minimum wages, respectively, remain unaltered. The interaction terms remain significant when excluding the United States. The alleviating effect of higher regulated minimum wage on immigrants' poverty is stronger in countries that grant immigrants easier access to the labour market than in countries with more restrictive access. In contrast to Model 2a, where the interaction coefficient referring to minimum wage setting changed from -0.868 (p<0.001) to -1.324 (p<0.001), the respective coefficient when including the interaction term with the level of minimum wage hardly changed at all. As in Figure 6.1, the marginal effect of inclusive integration policies is still only significant for values above the mean when looking at the minimum wage setting index and the minimum wage relative to the average wage above the mean (figures not shown). Nevertheless, these findings are interesting because they show that the poverty alleviating impact of minimum wage is, at least for immigrants, not a US-American peculiarity, as the few mainly country-specific studies indicate (Addison and Blackburn for the US, Leigh 2007 for Australia, Müller and Steiner 2008 for Germany).

Concerning the models testing interactions between immigrants' access to the labour market and the employment protection legislation of regular and temporary contracts (see Model 3a and 3b), the coefficients from the multilevel analysis in Table 6.5 and those related to the marginal effect show that even when excluding the United States

the results do not change. The impact of stricter regulated labour markets in terms of employment protection on immigrants' poverty is not related to their access to the labour market.

In sum, closer examination suggests that results are not mainly driven by the United States, but also apply to the other countries included in the analysis. To further test the robustness of the results, the jackknife estimation is used. This method estimates each regression model, i.e. their coefficients and standard errors, N-1 times by excluding one country at a time. The results show that the interaction terms, except in the model referring to the level of minimum wage as a percentage of the median wage, are not significant (see Appendix 6.5). This is mainly due to the higher standard errors. As a consequence, this thesis cannot definitively conclude that immigrants' access to the labour market moderates the impact of labour market institutions on their poverty.

Immigrants' poverty based on disposable income

Table 6.6 summarizes the respective results concerning immigrants' poverty after taxes and transfers. Anticipating the outcome, the United States is the main driver of the findings discussed above. The interaction terms in all models without the United States are not significant. However, it should be mentioned that, despite non-significant coefficients, the direction of the interaction coefficients and the lower-order terms remained unchanged, though their size decreased.

Table 6.6. Determinants of immigrants' poverty (DPI) – the moderating effect of access to social programs, excluding the United States

	Model 1		Model 2a		Model 2b		Model 3	
	incl. US	excl. US	incl. US	excl. US	incl. US	excl. US	incl. US	excl. US
Index access (unemployment)	-0.731	-0.697						
	(0.63)	(0.48)						
Unemployment generosity	-1.167	-0.760						
	(0.86)	(0.66)						
UE generosity X access (progr.)	-0.367	-1.242						
	(7.08)	(5.39)						
Index access (traditional family programs)			-0.962***	-0.687*				
			(0.28)	(0.33)				
Traditional family benefits			-0.021	-0.011				
			(0.02)	(0.02)				
Family benefits X access (progr.)			0.090†	0.015				
			(0.05)	(0.09)				
Index access (dual-earner support)					-0.505	-0.140		
					(0.37)	(0.77)		
Dual-earner support					-0.008**	-0.006†		
					(0.00)	(0.00)		
Dual-earner sup. X access (progr.)					0.025*	0.016		
					(0.01)	(0.02)		
Index access (social assistance)							-0.472	-0.128
							(0.31)	(0.37)
Minimum income protection							-0.017	-0.009
							(0.01)	(0.01)
Social assistance X access (progr.)							0.074**	0.036
							(0.02)	(0.04)

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level and macro-level control variables. Coefficients and random parameter estimates are not shown.

These findings are further supported when running the jackknife estimation (see Appendix 6.6). The implication for this thesis is as follows. The theoretical framework and the hypotheses related to social programs and immigrants' access to the welfare contribute to an explanation of cross-national variations in immigrants' poverty, but with notable differences mainly between the United States and rest of the countries included in the analysis, i.e. European countries, Australia, and Canada. However, the theoretical framework cannot account for cross-national variations between countries excluding the US. As a result, immigrants' poverty in those countries depends on other factors and mechanisms not considered in the theoretical framework. The following chapter presents alternative explanations that could explain cross-national variations in immigrants' poverty.

6.2   Discussion

The main finding of this chapter is that the theoretical framework developed in this thesis combining the institutional setting of the labour market and welfare system with integration policies, and including alternative economic and immigration-related explanations as well as structural factors does not suffice to explain cross-national variations in immigrants' poverty.

First, concerning the moderating effect of integration policies on the relation between the labour market, the welfare system, and poverty, the results only partly support the main hypotheses derived in the theoretical chapter. The first hypothesis, that more regulated labour market policies have a greater alleviating effect on immigrants' poverty in countries with inclusive integration policies concerning labour market access than in countries with more exclusive integration policies, is only upheld when discussing minimum wage policies. More inclusive integration policies have a stronger reductive effect on immigrants' poverty in countries where governments are more involved in minimum wage setting and where minimum wages in relation to the median wage are set at higher levels. The results testing the second main hypothesis, that integration policies moderate the impact of generous welfare benefits on poverty, indicate that more inclusive integration policies in terms of immigrants' access to social programs have a stronger poverty-alleviating effect, but only in countries where social programs are less generous. The reductive effect of inclusive integration policies declines as the generosity of social benefits, namely traditional family benefits, dual-earner support and social assistance, increases. However, as the robustness test shows, these findings have to be put into perspective due to the inclusion of the United States,

a country with relatively strict immigrant access to the labour market and the welfare state, basic social benefits, and high poverty levels of immigrants.

Second, alternative explanations concerning economic factors and a country's immigrant population composition at the country level also do not substantively contribute to explaining observed cross-national variations. Using poverty based on market income only, GDP growth and the share of permits issued for humanitarian reasons has a significant impact, while the models using poverty rates after taxes and transfers show that the level of unemployment positively influences immigrants' poverty (see Appendix 6.1 and 6.2). It should be mentioned that labour market and social policies per se do not explain cross-national variations. Wage setting institutions, minimum wage laws, and employment protection legislation have proven unrelated to immigrants' poverty. This is also the case for unemployment benefit generosity, family-related benefits and minimum income protection, at least when excluding the United States (results not shown).

Finally, only the effect of structural factors at the household level can be empirically supported. Socio-demographic characteristics have a consistent impact on immigrants' poverty. In general, immigrant households with lower educational attainments and skills, lower labour market attachments, those employed in atypical occupations, and those with higher shares of non-active household members (children and elderly) are exposed to higher poverty risks, regardless of whether poverty is measures before or after taxes and transfers.

There are different explanations as to why there is no support for the main hypotheses. These are related to the method, the data, and the theoretical framework, which are discussed in the remaining part of this chapter. First, the estimations carried out in this chapter were done with a relatively small sample of immigrant observations. In addition, the immigrant samples across countries are highly unbalanced. As mentioned above, the ratio of biggest country (the United States) to the smallest country (Portugal) is over 20:1. Despite this problem, this thesis used multilevel analysis because the preliminary multilevel simulations carried out by Maas and Hox (2005, 86) indicate that extreme imbalance between data elements does not have a strong influence on multi-level maximum likelihood estimates or their standard errors. The re-estimations of the models based on the jackknife estimations, however, indicate the opposite. Related to this problem is the fact that existing multilevel estimation techniques do not allow weighting the observations per country or including survey-specific weights. The latter is even more problematic due to the selection bias of immigrants participating in income surveys.

The second explanation concerning the data used for the analysis is also related to im-possibility of survey-specific weighting. Besides the small immigrant samples, income surveys do not provide enough information on the immigrant background of the re-spondents, such as years since arrival in the host country, language proficiency, and reasons for immigration (e.g. due to employment, family reunification, or humanitari-an considerations). These are all factors that affect immigrants' poverty risks, though sometimes indirectly. This thesis partly addressed this impact by controlling for the composition of the immigrant population at the macro-level, and finds scant empirical evidence that the share of immigrants born in industrialised countries as well as the share of permits issued for humanitarian issues matter. In addition, the analysis should also control for the type of residence permits immigrants have been granted. As chap-ter 5 shows, this influences whether immigrants are granted access to the labour mar-ket and social programs.[116] Another critical point is the aggregation of immigrants originating from EU member countries and non-EU countries, which has been done for the European countries, due to the low number of immigrant observations. As the descriptive analysis shows, the economic and social rights of third-country nationals differ from those of Union citizens and their family members, which are granted al-most equal access to the labour market and the welfare state as nationals. This pro-ceeding not only neglects that the impact of the labour market and welfare systems might differ between EU citizens and third-country nationals, but also that the immi-grant composition related to the country of origin varies across countries.[117]

Leaving methodological and data-related explanations aside, the mechanisms explain-ing cross-national variations in immigrants' poverty are more complex than those test-ed in this chapter.[118] This is especially evident concerning the findings related to im-migrants' poverty based on market income. While the theoretically closer link between minimum wage regulations and poverty has been consistently supported by the empir-ical results presented above, labour market institutions such as wage bargaining and employment protection legislation might not directly affect immigrants' poverty. As argued in theoretical chapter, they influence rather the employment opportunities and

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[116] At least for the data used here, when looking at the income distribution, it can be said that immi-grants are represented in all income deciles, but they tend to be concentrated in the lower bottom across countries, regardless whether measured by income before or after taxes and transfers (results are available from the author).

[117] For example, in Switzerland the share of immigrants from the EU-15 countries is above 50% com-pared to around 14% in Germany and Greece (see Chapter 4).

[118] Plotting immigrants' access to the labour market and social programs with the respective national labour market and social policies (see Appendix 6.7 and 6.8) further supports this point. No consistent pattern between the main independent variables, i.e. integration policies, labour market and social pol-icies, can be observed.

earnings of immigrants, which in turn affect their poverty risks. That it is necessary to disentangle this effect into separate components is also supported by the findings of this chapter. On the one hand, socio-demographic characteristics such as employment patterns of households, or the type of employment pursued by their members (e.g. atypical or self-employment), are among the strongest predictors of immigrants' poverty. On the other hand, this chapter finds robust support for the reductive effect of immigrants' access to the labour market on immigrants' poverty related to minimum wage (in % of the median wage). These results indicate that employment-related household characteristics as well as labour market policies that affect households' earnings more directly have an alleviating impact on poverty. Therefore, the impact of labour market institutions on immigrants' poverty via their employment opportunities and earnings needs to be examined more in detail.

Concerning wage setting institutions or employment protection legislation, one reason why immigrants' access to the labour market has no reductive effect on their poverty, dependent on a country's coordination and centralisation of wage bargaining or employment protection legislation, could be that they do not affect all workers to the same extent. As the dualisation literature indicates, certain groups such as women, low-skilled workers, and young workers tend to work in sectors or be employed by work contracts that are not covered by those regulations. Although countries might put immigrants on par with non-immigrants in terms of labour market access, if immigrants are overrepresented among those groups, they are excluded from the beneficial effect of wage setting or employment protection. While this explanation would imply that further scrutiny of the explanatory factors affecting employment opportunities of both immigrants and non-immigrants is necessary, a secondary reason could be that immigrants and non-immigrants do indeed have different economic rights, rights that are not captured by the integration policy index used in this thesis. This means that access to the labour market measured in terms of immigrants' right to freely choose their employment is just one aspect, and that other economic rights could be more important with regard to collective wage bargaining or employment protection. Examples are whether immigrants have the right to equal pay, to equal treatment concerning employment conditions and protection, or to appeal if employers violate the agreements made in the work contract (see also Ruhs 2011).

The results of this chapter concerning immigrants' poverty after taxes and transfers are more intriguing, i.e. that the interaction between the immigrants' access to the welfare state and the generosity of social programs has no effect on poverty. Moreover, the results indicate that if there is a moderating effect as the generosity of social programs

increases, the reductive effect of the inclusiveness of social programs on poverty will likely decline and not, as expected, increase. Although different empirical studies have shown that the generosity of social programs has a direct impact on poverty (e.g. Moller et al. 2003, Misra et al. 2007, Bäckman 2009), this chapter does not find empirical evidence that this is also the case for immigrant households. This could be for different reasons, related on the one hand to the development of the welfare state in general, and on the other hand to immigrants' access to social benefits. Since the 1990s, welfare states have been confronted with retrenchment. As the literature shows, this goes hand in hand with restricting eligibility and raising conditions for obtaining social benefits, which mainly affect those individuals with relatively low labour market attachment (Emmenegger and Careja 2012). At the same time, countries have moved from passive to active social programs linking entitlement more closely to employment, e.g. making receipt of benefits contingent on the effort that is made by beneficiaries towards finding employment (e.g. contributions in Morel et al. 2009). While those reforms in general might address all residents, immigrants could be more strongly affected because they tend to be overrepresented among those with weak labour market attachment (Causa and Jean 2007).[119] In addition, although immigrants have formal social rights, these might not match their substantive (or de facto) social rights. As mentioned in the previous chapters, the legal stay of immigrants in the host country often depends on the financial income they can procure for themselves and their families. Welfare dependency, at least of means-tested programs, could put their stay at risk.[120] Therefore, although immigrants have access to social programs by law, they may not use them. This could be a reason why there is no social-program generosity-dependent reductive effect of integration policies on immigrants' poverty.

Finally, three factors, which have been marginally addressed in this thesis, need further empirical and theoretical consideration: immigration policies, direct integration policies, and active labour market policies. First, immigration policies should play a more prominent role and be considered as a separate explanatory factor in the empirical analysis. In the theoretical chapters, it has been emphasised that immigration policies regulate the inflow of immigrants and the composition of a country's immigrant

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[119] An example is reform of the starthjælp (for immigrants and citizens that have not lived for the last 7 years in the country), where the social benefits of long-term recipients were cut by replacing one' partners benefit with a partner's supplement (see Brochman and Hagelund 2011, 18f.).

[120] Discretionary practices by bureaucracies and administrative bodies, or simply immigrants' lack of knowledge concerning their social rights could be other explanations. Borjas and Hilton (1996, 596f.) show for the United States that immigrant nationalities differ in relation to the social benefits they receive. They explain by ethnic networks communities, who pass the information about particular programs to newly arrived immigrants.

population, which indirectly affect their socio-economic outcomes. We can further extend the example, made in the previous chapters, that countries with a higher share of labour immigrants, as opposed to refugees and family reunification, should have lower immigrants' poverty because the former can be more easily integrated into the labour market. An example is whether countries allow mainly low-skilled immigrants to enter the country, as is the case with the United States, or try to attract highly qualified workers. However, even between countries that economically select highly-skilled immigrants, further differentiations can be made, e.g. whether immigration of highly-skilled persons with general human capital is pursued (e.g. in Canada) or whether the focus lies rather on the rapid employability of immigrants (e.g. in Australia, Hawthorne 2008).[121] As different studies show, the selection of immigrants affects their labour market integration, which in turn could explain cross-national variations in immigrants' poverty (see also Münz 2008). However, rather than taking a snapshot of the immigration policies, it would be promising to look at changes during the last few decades. As recent reforms of immigration policies show, advanced industrialised countries have shifted their focus more strongly towards skilled immigration (SOPEMI 2008).[122] Moreover, the account of previously implemented immigration policies could also help to explain the socio-economic integration of long-term settled immigrants. Emphasising a country's practices in selecting immigrants and the related conditions particular types of immigration categories have to fulfil could therefore shed some light on why immigrants in some countries are better incorporated than in others.

The second factor refers to direct integration policies, which reveal a country's effort to actively promote the integration of immigrants. They are different from the indirect integration policies analysed in this thesis, which refer to the extent to which existing public policies integrate immigrants (see also Hammar 1985). Along with the immigration policy reforms mentioned above, a number of countries have also introduced special measures addressing immigrants already living in the country, which mainly intend to improve their language skills and the knowledge of the society (SOPEMI 2006, Goodman 2010).[123] Although the primary aim of these integration policies is to facilitate the social integration of immigrants by enhancing their familiarity with the

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[121] Differences are whether point systems besides educational qualifications and language proficiency also award previous experience in a professional field with occupations in demand (Hawthorne 2008).

[122] For example, the Dutch government in a cabinet policy paper in 2006 aimed to shift immigration policies towards the attraction of highly qualified immigrants. Comparably, the German legislation has implemented regulations that facilitate the immigration of high-skilled persons (SOPEMI 2008).

[123] The introduction of language and civic requirements, especially those before arrival, also more or less explicitly aim to limit the family immigrants (see Groenendijk 2011, 14).

country, the language as well as the social values, these integration policies might also have a spillover effect on their economic integration and their labour market opportunities (e.g. through language proficiency). Moreover, different countries combine language courses with personal vocational guidance, vocational training and work experience (e.g. Belgium, Canada, Sweden, see SOPEMI 2006 for an overview). Therefore, cross-national variations in the direct integration policies focusing on the labour market integration of immigrants could also serve as an explanation for differences in immigrants' poverty.

The impact of active labour market policies, which address all residents regardless of the immigrant background, on poverty is related to this previous point. Although the focus has been on traditional job and income protection, this type of labour market policy, which aims to facilitate the labour market participation of the inactive population, might provide an alternative explanation for cross-national variations in immigrants' poverty. The efforts of countries to actively promote labour market entry of school leavers and those not participating in the labour market might not only have positive effects on non-immigrants' socio-economic outcomes but also on those of immigrants. As the findings of this chapter highlight, labour market participation is central to reducing poverty. Moreover, the literature indicates that a shift from welfare to work has taken place over the last decades, though the origin of this shift in practice and perspective dates back to 1950s Sweden. This development is not only related to work incentives, benefits conditionality, and sanctions for putting individuals back to work, known as workfare, but also to the investment in education and further training, and provision of services such as job search programs and job subsidies (see Bonoli 2009). Although these programs are not designed to integrate immigrants in particular, they could improve their employment chances and thus reduce their poverty risks. For example, job training might have a positive effect because employers often underestimate immigrants' educational credentials. Although the success of these policies is contested (e.g. Martin and Grubb 2001, contributions in Morel et al. 2009), the availability of these programs could explain cross-national variations in immigrants' poverty.

To conclude, despite difficulties related to the method and the data, it is too early to abandon the theoretical framework developed here. The findings suggest that more emphasis should be put on the relation between employment and poverty. This section has argued that the theoretical framework needs further refinement in relation to immigration and integration policies as explanatory factors, but also to consider the impact of active labour market policies on poverty levels of immigrants across countries.

Appendix 6.1. Determinants of immigrants' poverty (MI) – economic factors and immigrant population

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
GDP growth (5-year average)	4.475* (1.84)							
Employment growth (2006)		-0.022 (0.11)						
Unemployment rate (%)			0.001 (0.06)					
Unemployment rate (immigrants)				0.016 (0.03)				
Industrialised countries, % foreign born					-0.006 (0.01)			
Permit based statistics, work (%)						-0.016 (0.01)		
Permit based statistics, family (%)							0.011 (0.01)	
Permit based statistics, humanitarian (%)								0.045** (0.02)
Level 2 Intercept	-0.888***	-0.737***	-0.735***	-0.741***	-0.753***	-0.760***	-0.774***	-0.885***
Var (country)	0.169	0.229	0.230	0.227	0.222	0.219	0.213	0.170
ICC	0.049	0.065	0.065	0.065	0.063	0.062	0.061	0.049
Log-likelihood	-3853.511	-3856.065	-3856.084	-3855.970	-3855.830	-3741.411	-3741.415	-3739.492
LR test	152.364	288.455	292.748	286.164	213.408	265.627	173.619	168.842
N (households)	9585	9585	9585	9585	9585	9323	9323	9323
N (countries)	19	19	19	19	19	18	18	18

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level characteristics (not shown).

Appendix 6.2. Determinants of immigrants' poverty (MI) – labour market policies

	Model 1a	Model 1b	Model 2a	Model 2b	Model 3a	Model 3b
GDP growth (5-year average)	0.910	2.279	1.345	1.746	1.898	1.629
	(2.85)	(2.54)	(2.54)	(2.58)	(3.48)	(2.41)
Permit based statistics, humanitarian	0.045†	0.044†	0.045†	0.043†	0.041	0.040†
(%)	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.02)
Index labour market (LM)	-0.836	-1.092	-0.788	-0.881	-0.898	-0.795
	(0.96)	(1.09)	(0.97)	(0.97)	(0.98)	(0.97)
Wage bargaining coordination	-0.064					
	(0.10)					
Government intervention		0.047				
		(0.13)				
Minimum wage setting			0.023			
			(0.04)			
Minimum wage (% of median)				0.0009		
				(0.00)		
OECD EPL index (reg.)					-0.003	
					(0.17)	
OECD EPL index (temp.)						-0.062
						(0.10)
Level 2 Intercept	-0.963***	-0.954***	-0.967***	-0.952***	-0.949***	-0.961***
Var (country)	0.146	0.148	0.145	0.149	0.150	0.146
ICC	0.042	0.043	0.042	0.043	0.044	0.043
Log-likelihood	-3738.414	-3738.553	-3738.434	-3738.598	-3738.618	-3738.424
LR test	100.518	108.679	88.976	105.093	109.712	107.033
N (households)	9323	9323	9323	9323	9323	9323
N (countries)	18	18	18	18	18	18

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level characteristics (not shown).

Appendix 6.3. Determinants of immigrants' poverty (DPI) – economic factors and immigrant population

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
GDP growth (5-year average)	-1.108 (1.94)								
Employment growth (2006)		0.034 (0.10)							
Unemployment rate (%)			0.100† (0.05)						
Unemployment rate (immigrants)				-0.004 (0.03)					
Total social expenditure (% of GDP)					-0.023 (0.03)				
Industrialised countries, % foreign born						-0.013† (0.01)			
Permit based statistics, work (%)							0.009 (0.01)		
Permit based statistics, family (%)								0.008 (0.01)	
Permit based statistics, humanitarian (%)									-0.015 (0.02)
Permit based statistics, free movements (%)									
Level 2 Intercept	-0.825***	-0.825***	-0.898***	-0.821***	-0.847***	-0.937***	-0.841***	-0.857***	-0.832***
Var (country)	0.192	0.192	0.166	0.194	0.184	0.154	0.186	0.180	0.189
ICC	0.055	0.055	0.048	0.056	0.053	0.045	0.054	0.052	0.054
Log-likelihood	-3928.312	-3928.407	-3926.877	-3928.469	-3928.096	-3927.066	-3799.029	-3798.794	-3799.055
LR test	242.692	255.317	261.739	209.213	200.294	95.630	260.753	176.113	259.912
N (households)	9585	9585	9585	9585	9585	9585	9323	9323	9323
N (countries)	19	19	19	19	19	19	18	18	18

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level characteristics (not shown).

Appendix 6.4 Determinants of immigrants' poverty (DPI) – social programs

	Model 1a	Model 2a	Model 2b	Model 3
Industrialised countries, % foreign born	-0.0113†	-0.005	-0.011†	-0.007
	(0.01)	(0.01)	(0.01)	(0.01)
Unemployment rate (%)	0.0897†	0.118**	0.117**	0.068
	(0.05)	(0.04)	(0.04)	(0.06)
Index access (unemployment)	-0.741			
	(0.60)			
Unemployment generosity	-1.181			
	(0.82)			
Index access (traditional family programs)		-1.112***		
		(0.28)		
Traditional family benefits		-0.014		
		(0.02)		
Index access (dual-earner support)			-0.698	
			(0.43)	
Dual-earner support			-0.0046†	
			(0.00)	
Index access (social assistance)				-0.258
				(0.36)
Minimum income protection				-0.010
				(0.01)
Level 2 Intercept	-1.088***	-1.412***	-1.319***	-1.054***
Var (country)	0.114	0.059	0.072	0.122
ICC	0.034	0.018	0.021	0.036
Log-likelihood	-3924.100	-3919.584	-3921.418	-3796.013
LR test	86.265	29.776	30.857	71.589
N (households)	9585	9585	9585	9323
N (countries)	19	19	19	18

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001. All models are estimated including household-level characteristics (not shown).

Appendix 6.5. Determinants of immigrants' poverty (MI) – the moderating effect of access to the labour market (jackknife estimation)

	Model 1a	Model 1b	Model 2a	Model 2b	Model 3a	Model 3b
GDP growth (5-year average)	1.039	2.144	0.850	1.995	1.992	1.632
	(3.61)	(3.35)	(2.38)	(2.79)	(6.74)	(3.12)
Permit based statistics, humanitarian	0.046	0.035	0.061†	0.069*	0.034	0.037
(%)	(0.04)	(0.04)	(0.03)	(0.03)	(0.07)	(0.04)
Index labour market (LM)	-0.529	-0.173	-2.270	-2.412*	-0.977	-0.924
	(2.65)	(2.31)	(1.96)	(1.12)	(2.04)	(1.76)
Wage bargaining coordination	-0.065					
	(0.14)					
Wage coordination X access (LM)	-0.397					
	(1.86)					
Government intervention		0.0002				
		(0.15)				
Government intervention X access (LM)		-1.310				
		(1.49)				
Minimum wage setting			0.053			
			(0.05)			
Minimum wage setting X access (LM)			-0.868			
			(0.55)			
Minimum wage (% of median wage)				0.007		
				(0.01)		
Minimum wage X access (LM)				-0.124**		
				(0.04)		
OECD EPL index (reg.)					0.006	
					(0.30)	
OECD EPL index (reg.) X access (LM)					0.797	
					(3.81)	
OECD EPL index (temp.)						-0.058
						(0.10)
OECD EPL index (temp.) X access (LM)						1.061
						(1.27)
Level 2 Intercept	-0.967***	-1.028**	-1.277**	-1.355**	-0.956**	-0.988**
Var (country)	0.144	0.128	0.078	0.067	0.148	0.139
ICC	0.042	0.037	0.023	0.020	0.043	0.040
Log-likelihood	-3738.316	-3737.442	-3733.564	-3732.793	-3738.515	-3737.934
LR test	100.256	98.544	50.128	32.989	106.693	103.453
N (households)	9323	9323	9323	9323	9323	9323
N (countries)	18	18	18	18	18	18

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level characteristics (not shown).

Appendix 6.6. Determinants of immigrants' poverty (DPI) – the moderating effect of access to the social programs (jackknife estimation)

	Model 1	Model 2a	Model 2b	Model 3
Industrialised countries, % foreign born	-0.011	-0.005	-0.007	-0.003
	(0.01)	(0.01)	(0.01)	(0.01)
Unemployment rate (%)	0.0891	0.136*	0.142†	0.0851
	(0.08)	(0.06)	(0.08)	(0.08)
Index access (unemployment)	-0.731			
	(0.75)			
Unemployment generosity	-1.167			
	(1.29)			
Unemployment generosity X access (progr.)	-0.367			
	(8.13)			
Index access (traditional family programs)		-0.962†		
		(0.47)		
Traditional family benefits		-0.021		
		(0.03)		
Family benefits X access (progr.)		0.090		
		(0.10)		
Index access (dual-earner support)			-0.505	
			(0.71)	
Dual-earner support			-0.008	
			(0.01)	
Dual-earner support X access (progr.)			0.025	
			(0.02)	
Index access (social assistance)				-0.472
				(0.61)
Minimum income protection				-0.017
				(0.01)
Social assistance X access (progr.)				0.074
				(0.05)
Level 2 Intercept	-1.089*	-1.041*	-1.519	-1.542
Var (country)	0.113	0.125	0.048	0.046
ICC	0.033	0.037	0.014	0.012
Log-likelihood	-3924.099	-3924.972	-3918.176	-3918.636
LR test	84.128	82.928	21.567	15.953
N (households)	9585	9585	9585	9585
N (countries)	19	19	19	19

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level characteristics (not shown).

Appendix 6.7. Correlation between labour market policies and immigrants' access to the labour market
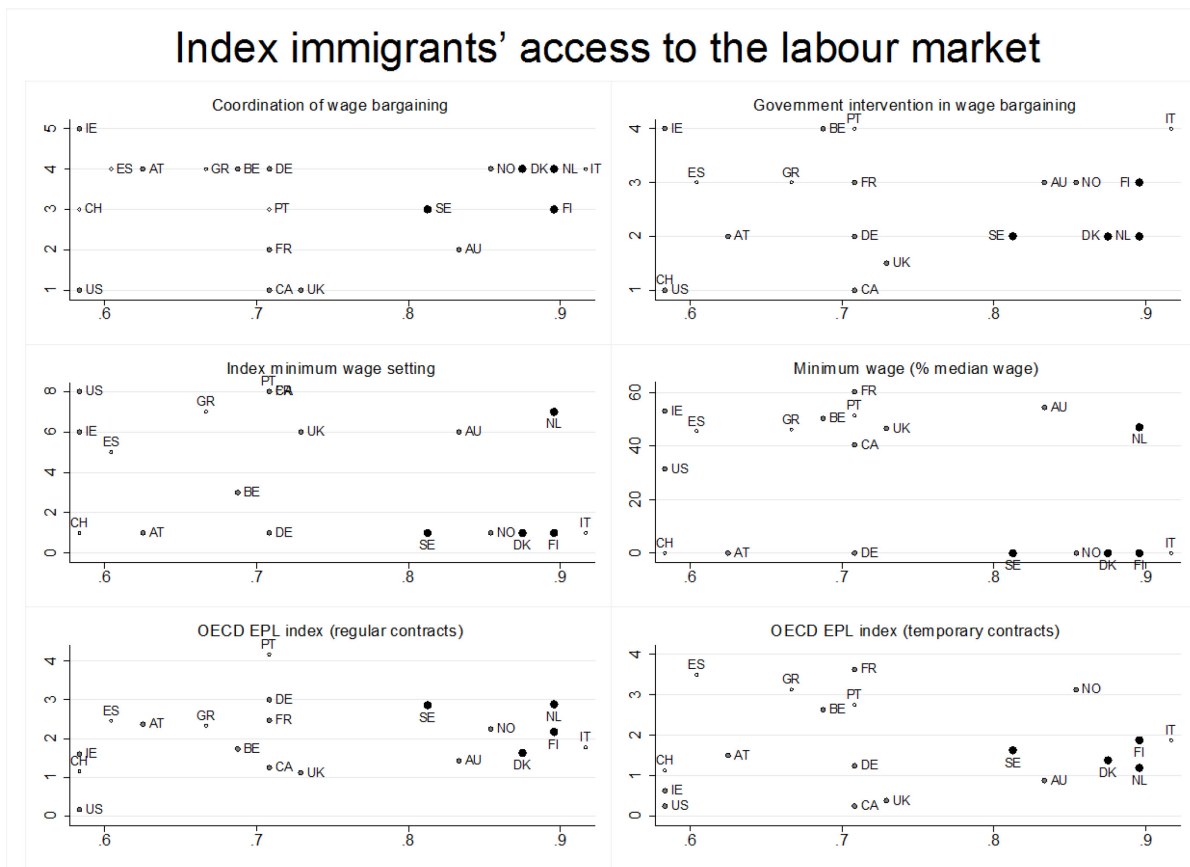
Notes: The three different sizes and fills of the dots refer to immigrants' poverty based on market income (-1SD or below, between ±1SD, +1SD or above).

Appendix 6.8. Correlation between social programs and immigrants' access to social programs
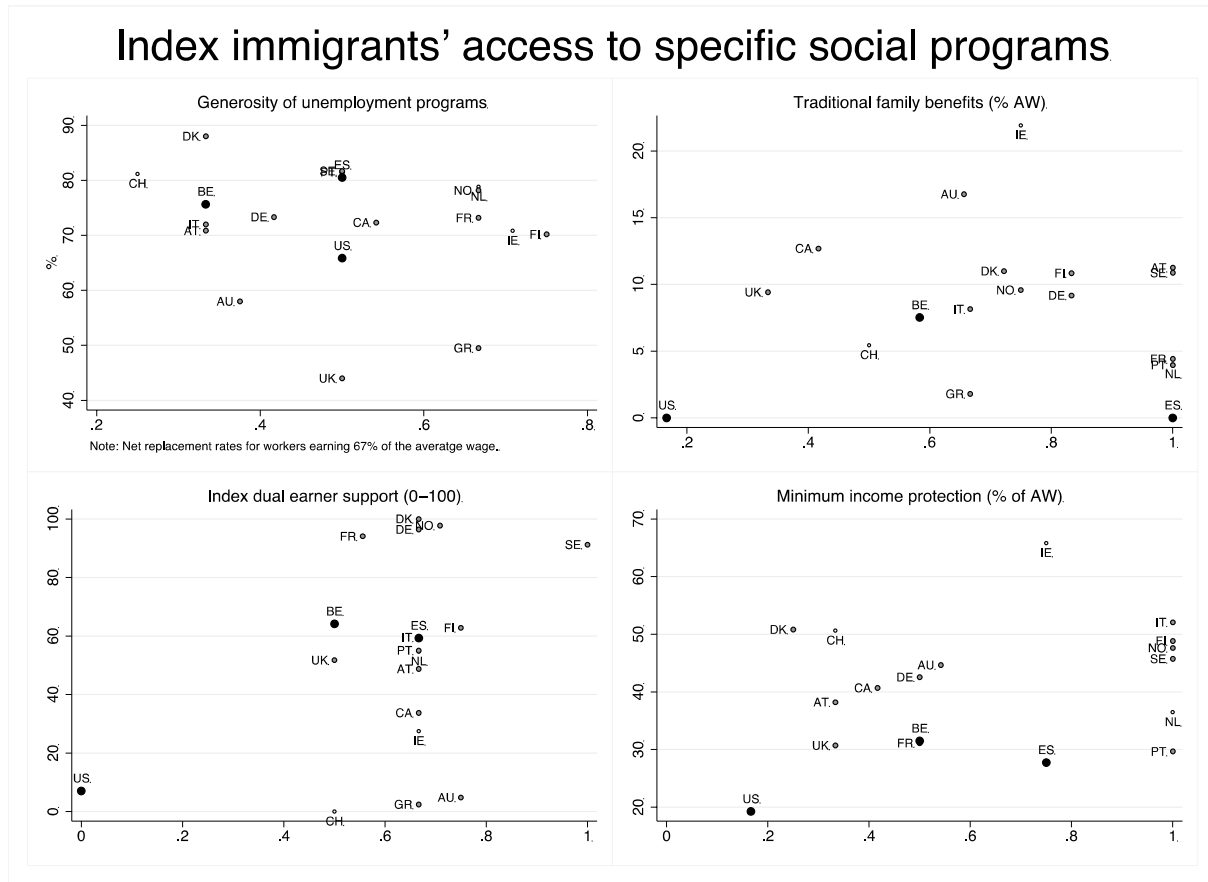
Index immigrants' access to specific social programs

Notes: The three different sizes and fills of the dots refer to immigrants' poverty based on disposable income (-1SD or below, between ±1SD, +1SD or above).

7 Multivariate analysis – explaining poverty gaps

The objective of this chapter is to discuss whether integration policies addressing immigrants' access to a country's labour market and social programs affect poverty gaps between immigrants and non-immigrants. It should be mentioned beforehand that poverty gaps are assessed indirectly using cross-level interactions. In contrast to the previous chapter, the estimations presented below are done for the full sample, including non-immigrant and mixed households. In line with the last chapter, the findings are presented separately for poverty based on market income and poverty based on disposable income. Each subchapter first discusses the baseline model, including structural socio-demographic factors. Then it includes cross-level interaction between the immigrant background of a household and institutional variables with and without the country-level control variables. The empirical evidence suggests that immigrants' access to the labour market is not related to poverty gaps. In contrast, the findings support the hypothesis that the inclusiveness of integration policies concerning access to social programs, with the exception of traditional family programs, reduces poverty gaps. However, robustness tests show that these results are mainly driven by the United States. While integration policies concerning access to social programs can explain variations between the United States and the rest of the countries included in the analysis, they fall short of explaining variation between non-US countries. Only the inclusiveness of unemployment programs towards immigrants is significantly related to poverty gaps.

7.1 Results

7.1.1 Poverty gaps and the impact of immigrants' access to the labour market

Table 7.1 presents the results using poverty based on market income as a dependent variable.[124] The first column contains the household-level characteristics.

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[124] The models presented in this chapter have also been estimated using random slopes. The likelihood-ratio tests, however, suggest that the random-coefficient model does not fit the data better than

Table 7.1. Determinants of poverty based on market income (MI)

	Model 0	Model 1
Ref. non-immigrant household		
Immigrant	0.408***	0.397***
	(0.03)	(0.04)
Mixed	0.171***	0.172***
	(0.04)	(0.04)
Ref. low education		
Medium	-0.608***	-0.607***
	(0.03)	(0.03)
High	-1.217***	-1.216***
	(0.04)	(0.04)
Mixed, low	-0.288***	-0.288***
	(0.03)	(0.03)
Mixed	-0.514***	-0.513***
	(0.05)	(0.05)
Mixed, high	-1.020***	-1.019***
	(0.04)	(0.04)
Ref. low service functionaries		
Blue collar workers	-0.337***	-0.337***
	(0.03)	(0.03)
Mixed service functionaries	-0.563***	-0.563***
	(0.04)	(0.04)
Socio-cultural professionals	-0.772***	-0.772***
	(0.04)	(0.04)
Capital accumulators	-1.016***	-1.016***
	(0.05)	(0.05)
Mixed skills, low	-0.478***	-0.479***
	(0.04)	(0.04)
Mixed skills	-0.816***	-0.816***
	(0.04)	(0.04)
Mixed skills, high	-1.479***	-1.479***
	(0.08)	(0.08)
Other	-0.277***	-0.276***
	(0.05)	(0.05)
Ref. no one employed		
One person	-3.742***	-3.741***
	(0.03)	(0.03)
Multiple earners	-5.193***	-5.193***
	(0.04)	(0.04)
Ref. no one employed atypically		
At least one person	0.579***	0.579***
	(0.04)	(0.04)
All	1.832***	1.832***
	(0.03)	(0.03)
Ref. no one self-employed		
At least one person	0.679***	0.679***
	(0.04)	(0.04)
All	1.037***	1.037***
	(0.03)	(0.03)
Number of children $\leq$ 13	0.355***	0.355***
	(0.01)	(0.01)
Number of persons $\geq$ 65	0.466***	0.466***
	(0.03)	(0.03)
Index labour market (LM)		-0.412
		(0.80)
Immigrant X access (LM)		-0.256
		(0.29)
Constant	2.442***	2.439***
	(0.10)	(0.10)
Level 2 Intercept	-0.931***	-0.939***
Var (country)	0.155	0.153
ICC	0.045	0.044
Log-likelihood	-36202.852	-36202.308
LR test	1743.164	1464.137
N (households)	129210	129210
N (countries)	19	19

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$.

It shows that immigrant households have a significantly higher probability of being poor than non-immigrant households (b=0.408, p<0.001, see Model 0). Ceteris pari-bus, comparing households with and without a 'pure' immigrant background, the odds

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the random-intercept model. This means that the effect of the immigrant background does not signifi-cantly differ across countries. Therefore, only the results using random intercepts are shown.

of being poor are 1.5 times higher for immigrant households. The coefficient for mixed households is also positive, but lower (b=0.171, p<0.001). Turning to the socio-demographic characteristics, these are comparable to the results in the previous chapter in terms of size and direction. Households with lower education and skill-levels are exposed to higher poverty risks. The most important determinant remains the employment pattern of the household. Single-earner and multi-earner households are exposed to considerably lower poverty risks than households without earners (b=-3.742, p<0.001 and b=-5.193, p<0.001). This is also the case with regard to the number of atypically or self-employed household members, though to a lesser extent. It should be mentioned that socio-demographic factors are better predictors of poverty when compared to data on the immigrant backgrounds. Finally, the intra-class coefficient in the baseline model indicates that national differences account for 4.5% of the variation in poverty.

Model 1 allows access to the effect of the interaction between the inclusiveness of immigrants' labour market access and immigrant background. In line with the hypothesis that poverty gaps are lower in countries with more inclusive integration policies, the interaction term is negative. However, the coefficient is not significant (b=-0.256, n.s.). Also the lower-order term 'labour market inclusiveness' is not related to poverty (n.s.), at least in a country with an average share of immigrants (7.5%, see Appendix B). But the coefficient points in the expected direction, indicating that countries with more inclusive labour market access towards immigrants have lower poverty levels (b=-0.412, p=n.s.). Concerning the impact of the immigrant background, it remains positive and significant (b=0.397, p<0.001). Because it is included in the interaction, it cannot be compared directly with the coefficient in Model 0. In countries with a sample mean of labour market access, immigrants are more likely to be poor. In sum, the results do not support the hypothesis that the inclusiveness of integration policies affects poverty gaps. This is also evident when comparing the log likelihood parameters in Model 0 and Model 1. Results hardly change when introducing the interaction term, which indicates that the interaction does not contribute to improve the model.[125] The size and direction of the socio-demographic characteristics do not change.[126]

When including different control variables related to a country's economic situation and the composition of the immigrant population separately into the models, results indicate that these cannot explain cross-national variations in poverty based on market

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[125] The LR test comparing the models with and without the interaction is not significant and further indicates that the inclusion of the interaction term does not improve the model (results not shown).
[126] Also, the inclusion of the subcomponents of the index referring to immigrants' access to employment and self-employment does not yield different results either.

income (see Appendix 7.1). None of economic variables referring to GDP growth, employment growth and unemployment rates for both native residents and immigrants is significant. The evidence based on the data for the year 2007 suggests that a country's economic situation is not related to the prevailing level of poverty. In contrast to the hypothesis, the sign of the coefficient GDP and employment growth is positive. These results imply that individuals living at the bottom of the income distribution might not benefit from the economic situation in equal terms as non-poor residents.

The same findings also apply when controlling for immigrant population composition, such as the share of foreign-born residents from industrialised countries or the share of permits issued for work or humanitarian reasons. Only the proportion of the permits issued for family reasons has a positive impact on poverty (b=0.010, p<0.10). This finding suggests that countries with higher shares of immigrants moving for personal reasons tend to have higher poverty levels. Different models have been tested, including one focusing on family-oriented immigration, together with other indicators. Because the findings hardly differ when controlling for the share of permits issued for family reunification, and due to the low degrees of freedom, only 19 countries are included in the analysis, this indicator has not been included in the models presented below. Following the political economy literature, the different indicators concerning the national labour market policies have been instead added as control variables. As argued in the theoretical chapter, they are not expected have a direct effect on the poverty gap. The reason is that once immigrants are granted full access to the labour market, they are affected to same extent as non-immigrants by the prevailing labour market institutions, which address all residents equally. However, labour market institutions on their own could explain cross-national variations in poverty, which is used in this chapter as a dependent variable.

The results in Table 7.2 indicate that controlling for the labour market institutions does not alter the interaction term referring to poverty gaps between immigrants and non-immigrants. In all estimated models it remains insignificant, though pointing in the expected direction. Moreover, different control variables referring to wage setting structures (Model 1a and 1b), the minimum wage laws (Model 2a and 2b), and employment protection legislation of temporary and regular contracts (Model 3a and 3b) are not significant at the conventional level.[127] With the exception of models including indicators referring to minimum wage policies, the sign of the coefficients is, as ex-

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[127] The findings are the same when introducing the labour market policy indicators separately, without the interaction term and inclusiveness of the labour market towards immigrants (results not shown).

pected, negative, and indicates that more regulated labour market policies have a poverty alleviating effect.

Table 7.2. Determinants of poverty based on market income (MI), incl. control variables

	Model 1a	Model 1b	Model 2a	Model 2b	Model 3a	Model 3b
Ref. non-immigrant household						
Immigrant	0.397***	0.397***	0.397***	0.397***	0.397***	0.397***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Mixed	0.171***	0.171***	0.172***	0.172***	0.171***	0.171***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Wage bargaining coordination	-0.103					
	(0.07)					
Government intervention		-0.085				
		(0.09)				
Minimum wage setting			0.0295			
			(0.03)			
Minimum wage (% of median)				0.0008		
				(0.00)		
OECD EPL index (reg.)					-0.082	
					(0.11)	
OECD EPL index (temp.)						-0.126
						(0.08)
Index labour market (LM)	-0.323	-0.275	-0.165	-0.360	-0.278	-0.356
	(0.76)	(0.79)	(0.83)	(0.84)	(0.81)	(0.75)
Immigrant X access (LM)	-0.256	-0.253	-0.257	-0.256	-0.254	-0.253
	(0.29)	(0.29)	(0.29)	(0.29)	(0.29)	(0.29)
Level 2 Intercept	-0.990***	2.447***	2.439***	2.438***	2.451***	2.450***
	(0.17)	(0.10)	(0.10)	(0.10)	(0.10)	(0.09)
Var (country)	0.138	0.146	0.146	0.153	0.148	0.135
ICC	0.040	0.042	0.043	0.044	0.043	0.039
Log-likelihood	-36201.368	-36201.864	-36201.877	-36202.289	-36202.015	-36201.118
LR test	1197.509	1242.382	1361.915	1463.950	1389.789	1168.424
N (households)	129210	129210	129210	129210	129210	129210
N (countries)	19	19	19	19	19	19

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001. All models are estimated including household-level characteristics (not shown).

7.1.2 Poverty gaps and the impact of immigrants' access to social programs

The results concerning poverty based on disposable income are summarised in Table 7.3. The following observations can be made when looking at the baseline model (see Model 0). The coefficients referring to the household-level variables hardly change compared to the benchmark model based on poverty before taxes and transfers (Table 7.1). The direction of the coefficients is still the same, although the size is slightly smaller. This is not the case for the immigrant variable. The odds of being poor for an immigrant household increase from 1.5 times (see Table 7.1) to 1.9 times (b=0.617, p<0.001). Consequently, the immigrant variable in relation to other socio-demographic variables becomes a more important determinant of poverty. In addition, the share of unobserved differences at the country level increases to 6% (ICC=0.06).

Table 7.3. Determinants of poverty based on disposable income (DPI)

	Model 0	Model 1	Model 2a	Model 2b	Model 3
Ref. non-immigrant household					
Immigrant	0.617***	0.603***	0.601***	0.596***	0.595***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Mixed	0.181***	0.182***	0.181***	0.181***	0.182***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Ref. low education					
Medium	-0.404***	-0.404***	-0.403***	-0.399***	-0.401***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
High	-0.856***	-0.858***	-0.854***	-0.851***	-0.853***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Mixed, low	-0.344***	-0.345***	-0.344***	-0.343***	-0.344***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Mixed	-0.572***	-0.573***	-0.572***	-0.569***	-0.571***
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Mixed, high	-0.957***	-0.958***	-0.955***	-0.951***	-0.954***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Ref. low service functionaries					
Blue collar workers	-0.215***	-0.215***	-0.216***	-0.216***	-0.217***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Mixed service functionaries	-0.573***	-0.572***	-0.573***	-0.573***	-0.573***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Socio-cultural professionals	-0.728***	-0.726***	-0.728***	-0.729***	-0.729***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Capital accumulators	-0.861***	-0.860***	-0.861***	-0.862***	-0.862***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Mixed skills, low	-0.639***	-0.638***	-0.639***	-0.640***	-0.641***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Mixed skills	-0.881***	-0.880***	-0.881***	-0.881***	-0.883***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Mixed skills, high	-1.403***	-1.402***	-1.404***	-1.405***	-1.406***
	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
Other	0.427***	0.427***	0.429***	0.432***	0.429***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Ref. no one employed					
One person	-1.706***	-1.707***	-1.708***	-1.709***	-1.707***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Multiple earners	-2.730***	-2.730***	-2.732***	-2.734***	-2.732***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Ref. no one employed atypically					
At least one person	0.522***	0.522***	0.523***	0.524***	0.524***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
All	1.132***	1.133***	1.134***	1.135***	1.134***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Ref. no one self-employed					
At least one person	0.913***	0.912***	0.913***	0.914***	0.914***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
All	1.311***	1.311***	1.311***	1.312***	1.311***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Number of children ≤ 13	0.204***	0.204***	0.204***	0.204***	0.204***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Number of persons ≥ 65	-0.625***	-0.625***	-0.626***	-0.625***	-0.626***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Index access (unemployment)		0.190			
		(0.72)			
Immigrant X access (progr.)		-0.636*			
		(0.26)			
Index access (traditional family programs)			-0.829*		
			(0.39)		
Immigrant X access (progr.)			-0.157		
			(0.11)		
Index access (dual-earner support)				-0.904†	
				(0.53)	
Immigrant X access (progr.)				-0.272*	
				(0.11)	
Index access (social assistance)					-0.199
					(0.33)
Immigrant X access (progr.)					-0.204†
					(0.10)
Constant	-0.406***	-0.407***	-0.378***	-0.365***	-0.408***
	(0.11)	(0.11)	(0.10)	(0.11)	(0.11)
Level 2 Intercept	-0.781***	-0.776***	-0.898***	-0.861***	-0.794***
Var (country)	0.210	0.212	0.166	0.179	0.204
ICC	0.060	0.060	0.048	0.052	0.058
Log-likelihood	-32197.964	-32194.958	-32194.714	-32193.343	-32195.830
LR test	2075.696	2067.498	1340.617	1205.095	1786.521
N (households)	129210	129210	129210	129210	129210
N (countries)	19	19	19	19	19

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

When turning to the models including the cross-level interaction, the results suggest that cross-national variations in poverty gaps can be explained by integration policies concerning immigrants' entitlement to social programs. In Model 1 the cross-level interaction term referring to immigrants' access to unemployment programs is negative and significant (b=-0.636, p<0.05). This finding indicates that poverty gaps between immigrants and non-immigrants tend to be lower in countries characterised by rather inclusive integration policies in terms of low contribution periods or facilitated access to unemployment assistance. The inclusion of this interaction reduces the coefficient referring to the immigrant variable (b=0.603, p<0.001), which can only be interpreted for the subset of cases where the integration index is set at zero, here the sample mean.

Models 2a and 2b assess the interaction effect between access to family-related policies and the immigrant background of households. The interaction term in the traditional family program model (see Model 2a) points in the expected direction, but is not significant (b=-0.157). Therefore, more inclusive family programs towards immigrants do not substantially shape the poverty gaps between immigrants and non-immigrants. By contrast, when looking at the inclusiveness of dual-earner support, the hypothesis that more inclusive programs go along with lower poverty gaps can be supported. The coefficient is significant and negative (b=-0.272, p<0.05). This means that poverty difference between immigrants and non-immigrants is less accentuated in countries that extend support for mothers' employment to immigrants.

So far, the results suggest that employment-related social programs, i.e. unemployment compensation and dual-earner support, have a stronger impact on the prevailing socio-economic inequality between immigrants and non-immigrants. However, Model 3 shows that the inclusiveness of social assistance programs also affects poverty gaps. The interaction term referring to minimum income protection is negative and significant at the 10% level (b=-0.204). This finding implies that, in countries where immigrants are granted facilitated access to minimum income protection, poverty gaps compared to non-immigrants tend to be lower.[128]

In the next step, the explanatory potential of the different control variables is tested. As in the previous subchapter, neither the indicator referring to a country's economic situation nor the composition of the immigrant population can account for cross-national variations in poverty (see Appendix 7.2).

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[128] The LR tests examining whether the interaction improves the model fit are significant for all models, and only marginally exceed the 5% level in the case of Model 3 (model with unemployment: LR chi^2=5.99 p=0.014; dual-earner support: LR chi^2=6.28, p=0.012; social assistance: LR chi^2=3.82, p=0.051; regression results not shown).

However, in line with previous studies, countries with larger welfare states exhibit lower poverty than countries with leaner welfare states (e.g. Moller et al. 2003, Brady 2005). The coefficient related to social expenditures (in % of GDP) is negative and significant (b=-0.045, p<0.10). The models presented above are therefore re-estimated, controlling for the overall welfare state effort. In addition, these models are also estimated with the inclusion of the generosity of the particular social programs.

Table 7.4. Determinants of poverty based on disposable income (DPI), incl. control variables

	Model 1(i)	Model 1(ii)	Model 2a(i)	Model 2a(ii)	Model 2b(i)	Model 2b(ii)	Model 3(i)	Model 3(ii)
Ref. non-immigrant household								
Immigrant	0.603***	0.603***	0.601***	0.601***	0.596***	0.596***	0.595***	0.592***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Mixed	0.182***	0.182***	0.181***	0.182***	0.181***	0.181***	0.182***	0.184***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)
Total social expenditure (% of GDP)	-0.045†		-0.023		-0.034		-0.043†	
	(0.03)		(0.03)		(0.03)		(0.02)	
Unemployment generosity		-1.058						
		(0.97)						
Traditional family benefits				-0.018				
				(0.02)				
Dual-earner support						-0.001		
						(0.00)		
Minimum income protection								-0.015
								(0.01)
Index access (unemployment)	0.0256	0.043						
	(0.67)	(0.71)						
Immigrant X access (progr.)	-0.632*	-0.636*						
	(0.26)	(0.26)						
Index access (traditional family progr.)			-0.621	-0.830*				
			(0.46)	(0.38)				
Immigrant X access (progr.)			-0.156	-0.156				
			(0.11)	(0.11)				
Index access (dual-earner support)					-0.649	-0.815		
					(0.54)	(0.58)		
Immigrant X access (progr.)					-0.272*	-0.272*		
					(0.11)	(0.11)		
Index access (social assistance)							-0.109	-0.025
							(0.31)	(0.37)
Immigrant X access (progr.)							-0.203†	-0.172
							(0.10)	(0.11)
Level 2 Intercept	-0.405***	-0.403***	-0.384***	-0.359***	-0.375***	-0.368***	-0.406***	-0.382***
Var (country)	0.180	0.199	0.160	0.156	0.163	0.177	0.176	0.191
ICC	0.052	0.057	0.046	0.045	0.047	0.051	0.051	0.055
Log-likelihood	-32193.46	-32194.38	-32194.39	-32194.15	-32192.47	-32193.27	-32194.43	-30826.89
LR test	1536.308	1993.241	1282.677	1073.817	1124.874	1205.220	1472.182	1399.075
N (households)	129210	129210	129210	129210	129210	129210	129210	125269
N (countries)	19	19	19	19	19	19	19	18

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001. All models are estimated including household-level characteristics (not shown).

In Table 7.4 the suffix (i) refers to models introducing social expenditure (in % of GDP) and (ii) to models adding the generosity of the particular programs as a control variable. In all models, the sign of the coefficients are negative, as expected, but in the majority of the models these coefficients are not significant. This is evident in the first two models, whether controlling for the welfare state effort or the unemployment generosity in terms of net replacement rates, or neither, the interaction term remains sig-

nificant and negative (see Model 1(i) and 1(ii)). However, the results do not reveal whether the interaction is significant for the whole range of values in the integration index concerning immigrants' access to unemployment programs.

Figure 7.1 [129] depicts the marginal effect of the immigrant background related to changes in the unemployment access index, on a range between ± 2 standard deviations. [130] In line with the findings in Table 7.4, immigrants' access to unemployment programs has a consistent reductive effect on poverty gaps between immigrants and non-immigrants for the whole range of values. Therefore, one can imply that poverty gaps tend be lower in countries characterised by unemployment programs that are more inclusive towards immigrants than in countries where immigrants face higher barriers in their access to unemployment programs.
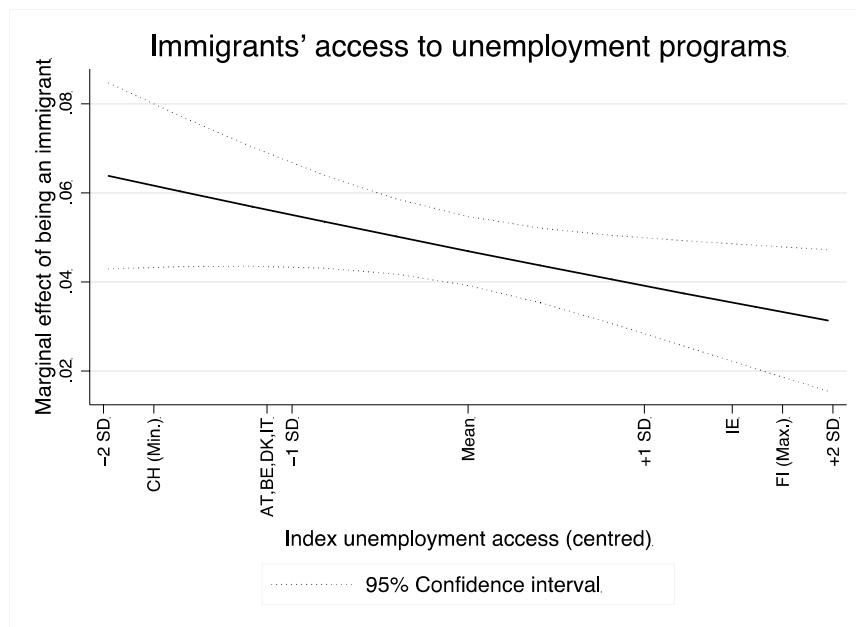
Figure 7.1. The marginal effect of being an immigrant on poverty gaps (immigrants' access to unemployment programs)

Model 2a(i) and 2a(ii) contain the findings for the interaction with the index concerning access to traditional family programs. Even after controlling for the size of the welfare state and the generosity of traditional family benefits, the inclusiveness of traditional family programs towards immigrants is not related to poverty gaps.

The interaction terms concerning immigrants' inclusiveness of dual-earner support estimated in Model 2b(i) and 2b(ii) remain significant and hardly change when control-

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[129] The graphs are the almost identical when using social expenditures in % of GDP or unemployment generosity as control variables. If not indicated otherwise, the figure presented in this chapter controls for the latter.

[130] The non-centred descriptive statistics for the unemployment index are: mean=0.5, SD=0.15, minimum=0.25, maximum=0.75.

ling for the overall welfare state effort and the generosity of work-family policies. As the marginal effect of integration policies in Figure 7.2 shows, when entitlement to parental leave and the provision of childcare is more inclusive towards immigrants, countries tend to have lower poverty gaps than countries with rather restrictive access towards immigrants. The results further support the hypothesis that more inclusive integration policies concerning social programs tend to reduce poverty gaps between immigrants and native residents.
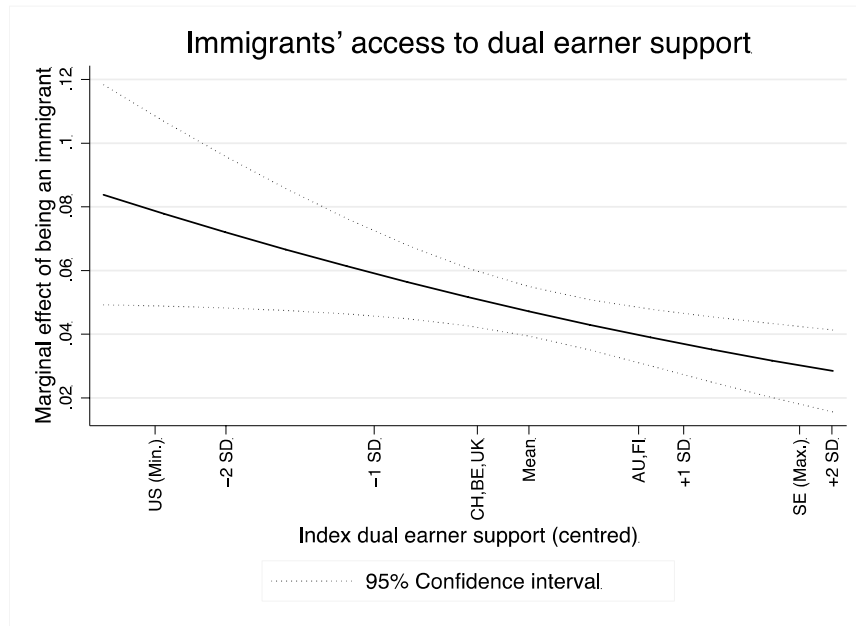
Figure 7.2. The marginal effect of being an immigrant on poverty gaps (immigrants' access to dual-earner support)

When turning to the last welfare program, social assistance, results differ depending which control variable is added to in the model. In Model 3(i) controlling for the size of social expenditures (in % of GDP) hardly changes the interaction coefficient. It is still negative and significant at the 10% level (b=-0.203). However, after controlling for the generosity of minimum income protection programs in Model 3(ii), the interaction term is no longer significant. These findings would suggest that cross-national variations in poverty gaps are related to immigrants' access to social assistance programs, but rather than the generosity of the social assistance programs, it is the overall redistributive capacities of states matters. It would support the argument made by different scholars that redistribution across the whole population could be more efficient in reducing poverty than providing social benefits that target mainly poor individuals and households (Korpi and Palme 1998). However, this conclusion cannot be made from the results presented above because the models are not directly comparable. The data on the generosity of social assistance programs is missing for Greece, which has no national minimum income protection scheme. In addition, the likelihood ratio test

shows that the inclusion of the interaction term in Model 3(ii) does not improve the model fit.[131]
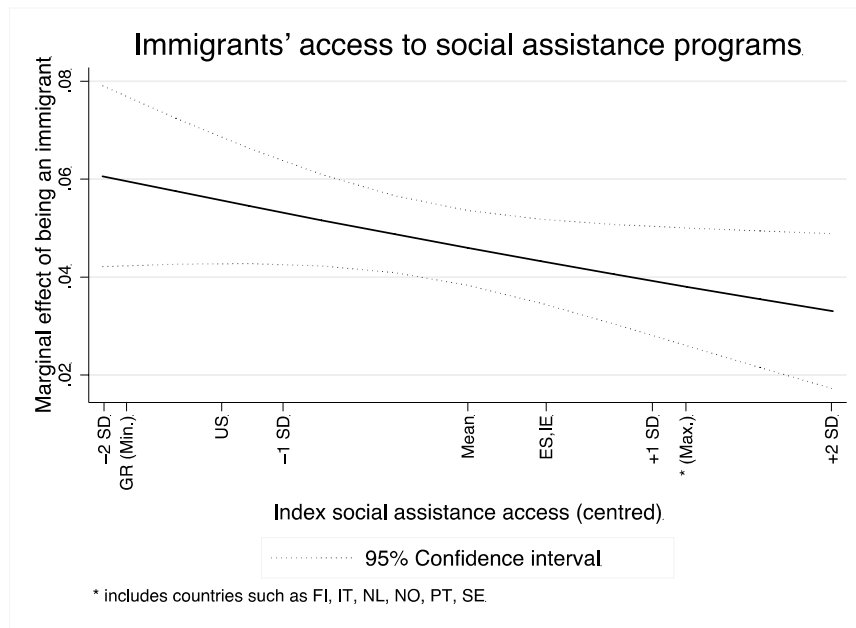
Figure 7.3. The marginal effect of being an immigrant on poverty gaps (immigrants' access to social assistance)

The marginal effect of the immigrant background controlling for the overall welfare effort in % of GDP is presented in Figure 7.3. It reveals that the interaction effect is significant for the whole range of possible values on the integration policy index concerning social assistance programs. The poverty gap tends to be higher in countries with rather exclusive access to social assistance, and to decline as countries become more inclusive towards immigrants. However, compared to the interaction between immigrants and their access to unemployment compensation or dual-earner support programs, the slope is less steep, indicating that the reductive effect of integration policies is not as strong. This finding concerning the relatively weak effect is further supported when comparing the probabilities that immigrant and non-immigrant households will live below the poverty line, associated with one or two standard deviations' change in the social assistance access index (see Figure 7.4). The poverty risks of non-immigrant households hardly change the more inclusive social programs become, in contrast to the poverty risks of immigrant households (see solid line).

In sum, the findings so far indicate that immigrants' access to the labour market does not contribute to explain poverty gaps based on market income. As opposed to this, immigrants' access to social programs is related to cross-national variations in poverty gaps between immigrant and non-immigrant households. But the inclusiveness of em-

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[131] Model 3(i): LR chi^2=2.46, p=0.117, Model 3(ii): LR chi^2=3.78, p=0.05.

ployment-related social programs towards immigrants such as unemployment compensation and dual-earners support rather than the inclusiveness of universal or means-tested social programs tend to explain poverty gaps.
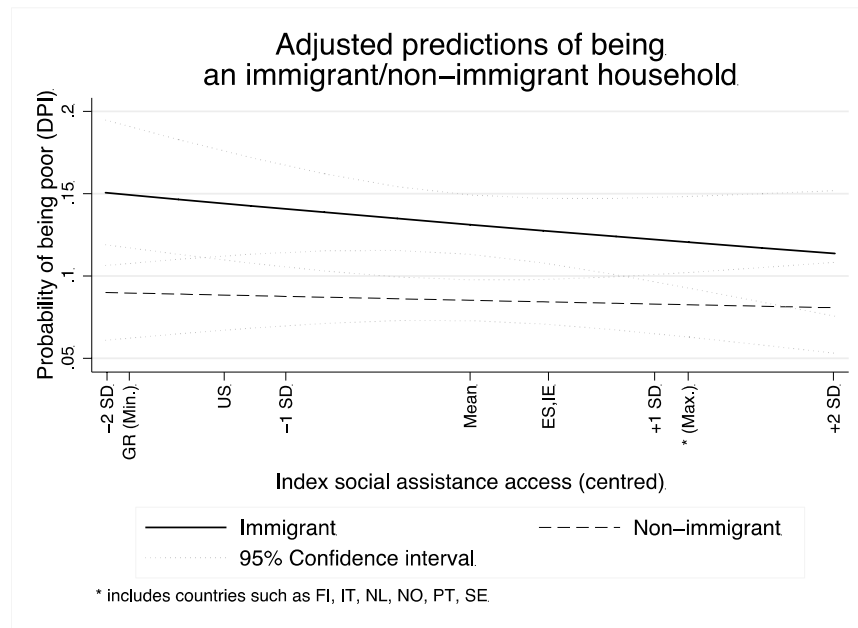
Figure 7.4. Adjusted predictions of being an immigrant (immigrants' access to social assistance)

7.1.3 Robustness tests

In order to check whether the results discussed above are robust, the models are re-estimated excluding the United States. In contrast to the previous chapter, this proceeding is less motivated, due to the variations in the country sample size[132], but especially due to the presence of the United States as an extreme case in terms of a high prevailing level of poverty, amongst immigrants and non-immigrants, and the relatively restricted access of immigrants to social programs as compared to the other countries included in the analysis.[133]

Concerning the re-estimations of *poverty based on market income*, the exclusion of the United States does not yield other results. Results remain non-significant (see Appendix 7.3). In other words, poverty gaps between immigrants and non-immigrants cannot be explained by the inclusiveness of immigrants' access to the labour market. These results are also supported when using the jackknife estimation (see Appendix 7.4).

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[132] The number of observation per country ranges from 2,980 in Portugal to 15,434 in the United States (mean=6,832.2, SD=3,501.6).

[133] When using the equivalence scale proposed by LIS, the results are significant for all interaction models, including traditional family programs. The impact of immigrants' access to the labour market on poverty gaps remains not significant (results not shown).

When looking at *poverty gaps based on disposable income*, findings suggest that the United States mainly contributes to the findings discussed above. The interaction terms between the immigrant background and the inclusiveness of immigrants' access to dual-earner support and social assistance, respectively, are not significant when estimating the models with Australia, Canada and the European countries (see Appendix 7.5). Only in the model concerning immigrants' access to unemployment programs is the interaction term significant and negative (b=-0.675, p>0.05). Interpreting the effects through differentiation further shows that the marginal effect is significant across the whole range of values on the integration policy index concerning immigrants' access to unemployment programs (figure not shown). Comparable to the previous chapter concerning immigrants' poverty levels, these findings implicate that integration policies mainly contribute to explaining why poverty gaps in the United States compared to other countries differ, but they do not account for variations between European countries, including Australia and Canada.[134]

7.2 Discussion

This chapter tested the hypothesis that integration policies granting immigrants access to the labour market and welfare state can explain cross-national variations in poverty gaps between immigrants and non-immigrants.

Concerning the impact of integration policies, the only element that tends to provide empirical support for the hypothesis is the access of immigrants to social program. In general, countries with more inclusive integration policies concerning unemployment programs, dual-earner support, and social assistance exhibit lower poverty gaps than countries with more exclusive access. The effect related to unemployment programs also remains significant when excluding the United States, in contrast to the explanatory potential of immigrants' access to dual-earner support and social assistance. The results further show that the inclusiveness of integration policies concerning labour market access does not contribute to explain poverty gaps based on market income. The findings do not change when controlling for the prevailing labour market policies such as collective wage bargaining structures, minimum wage policies, and employment protection legislation. This is also the case for the generosity of the different social programs, when introduced separately into the models.

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[134] Nevertheless, this result cannot be confirmed by the results from the jackknife estimations, which further indicates that the inclusiveness of integration policies related to social programs cannot explain poverty gaps between immigrants and non-immigrants (see Appendix 7.6).

Because poverty gaps are assessed indirectly through cross-level interactions, the impact of the alternative explanations, concerning, at the household level, structural factors and, at the country level, economic factors and the immigrant population, cannot be interpreted in relation to poverty gaps, but instead in relation to cross-national variations in poverty in general. Only structural factors related to the socio-demographic characteristics at the household level consistently influence poverty before and after taxes and transfers. Households with lower educational attainments and skills, and weaker labour market participation have higher risks of ending up in poverty. Atypical employment or self-employment, as well as the share of inactive household members, further exacerbate these risks. The findings further show that immigrants experience significantly higher poverty risks than non-immigrant households. This is also the case for mixed immigrant/non-immigrant households, though to a lesser extent. However, a country's economic situation and the composition of the immigrant population do not explain cross-national variations. None of those factors, except the share of total social expenditures in percentage of the GDP, has a significant effect on poverty before or after taxes and transfers.

In relation to macro-level factors, an interesting finding in this chapter is that the prevailing labour market and welfare state institutions do not contribute to sufficiently explain cross-national variations in poverty of immigrants and non-immigrants. With the exception of the overall welfare state effort, none of the indicators included in the analysis has a significant impact. While the structure of the labour market and welfare system was able to explain cross-national variations in poverty for the period between the Second World War and the millennium turn, the findings of this chapter call for alternative explanations in order to account for the cross-national difference in poverty observed at the present time.

Possible explanations for these findings are closely related to explanations given in the last chapter. [135] On the one hand, the data concerning the immigration history of household members is missing, which could explain why poverty gaps are smaller in some countries than others, e.g. due to a higher share of permanent residents in relation to other immigration categories or because a higher share of respondents originate from a country with preferential treatment (EU, bilateral agreements). On the other, the relation between poverty gaps based on market income and integration policies concerning immigrants' access to the labour market might not be direct, as proposed by the theoretical framework, but rather work through the employment opportunities,

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[135] Concerning the use of multilevel analysis in this chapter should not be problematic because the sample size is above 2,500 in all countries.

the type of employment, and earnings of immigrant workers. As a result, more emphasis should be put into how the inclusiveness of labour markets towards immigrants affects their labour market participation.

The importance of focusing on labour market participation of immigrants in order to explain poverty gaps between immigrants and non-immigrants is also evident when looking at the impact of integration policies concerning immigrants' access to social programs on poverty gaps. Although, in terms of significance levels, the results do not support the hypotheses, at least when excluding the United States, it is noteworthy to mention that more inclusive access to employment-related programs, rather than universal or means-tested programs such as traditional family and social assistance, tend to more strongly reduce poverty gaps between immigrants and non-immigrants. This could be explained by different purposes of these social programs. While employment-related programs aim to replace the income loss of previous earnings, the universal or means-tested programs either supplement a family's household income or provide a basic minimum income, which is also evident in the relative size of these benefits as compared to the average wage (see also Appendix C). However, it also emphasises the importance of immigrants' labour market participation, and the concomitant access to employment-related social programs, in reducing not only immigrants' poverty but also poverty gaps vis-à-vis non-immigrants.

Appendix 7.1. Determinants of poverty (MI) – economic factors and immigrant population

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
GDP growth (5-year average)	2.150 (1.51)							
Employment growth (2006)		0.030 (0.09)						
Unemployment rate (%)			0.004 (0.05)					
Unemployment rate (immigrants)				-0.008 (0.03)				
Industrialised countries, % foreign born					-0.004 (0.01)			
Permit based statistics, work (%)						-0.005 (0.01)		
Permit based statistics, family (%)							0.010† (0.01)	
Permit based statistics, humanit. (%)								0.020 (0.01)
Level 2 Intercept	-0.983***	-0.934***	-0.931***	-0.934***	-0.940***	-0.919***	-0.990***	-0.961***
Var (country)	0.140	0.154	0.155	0.154	0.153	0.159	0.138	0.146
ICC	0.041	0.045	0.045	0.045	0.044	0.046	0.040	0.043
Log-likelihood	-36201.89	-36202.79	-36202.85	-36202.80	-36202.68	-34931.12	-34929.87	-34930.38
LR test	1413.647	1743.137	1743.166	1706.081	1634.257	1594.620	1364.675	1497.958
N (households)	129210	129210	129210	129210	129210	125269	125269	125269
N (countries)	19	19	19	19	19	18	18	18

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level characteristics (not shown).

Appendix 7.2. Determinants of poverty (DPI) – economic factors and immigrant population

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
GDP growth (5-year average)	-1.244 (1.82)								
Employment growth (2006)		0.076 (0.10)							
Unemployment rate (%)			0.079 (0.05)						
Unemployment rate (immigrants)				-0.022 (0.03)					
Total social expenditure (% of GDP)					-0.045† (0.02)				
Industrialised countries, % foreign born						-0.009 (0.01)			
Permit based statistics, work (%)							0.014 (0.01)		
Permit based statistics, family (%)								0.008 (0.01)	
Permit based statistics, humanit. (%)									-0.020 (0.02)
Level 2 Intercept	- 0.794***	- 0.796***	- 0.835***	- 0.796***	- 0.864***	- 0.817***	- 0.807***	- 0.787***	- 0.788***
Var (country)	0.205	0.203	0.188	0.203	0.178	0.195	0.199	0.207	0.207
ICC	0.059	0.058	0.054	0.058	0.051	0.056	0.057	0.059	0.059
Log-likelihood	-32197.7	-32197.7	-32196.9	-32197.7	-32196.4	-32197.3	-30828.5	-30828.8	-30828.8
LR test	2072.966	1985.107	2012.118	1836.544	1562.791	1557.067	2020.301	1810.490	2010.653
N (households)	129210	129210	129210	129210	129210	129210	125269	125269	125269
N (countries)	19	19	19	19	19	19	18	18	18

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level characteristics (not shown).

Appendix 7.3. Determinants of poverty (MI), excluding the United States

	Model 1a		Model 1b		Model 2a	
	incl. US	excl. US	incl. US	excl. US	incl. US	excl. US
Ref. non-immigrant household						
Immigrant	0.397***	0.368***	0.397***	0.368***	0.397***	0.368***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Mixed	0.171***	0.195***	0.171***	0.196***	0.172***	0.196***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Wage bargaining coordination	-0.103	-0.044				
	(0.07)	(0.08)				
Government intervention			-0.085	-0.024		
			(0.09)	(0.09)		
Minimum wage setting					0.0295	0.017
					(0.03)	(0.03)
Index labour market (LM)	-0.323	0.017	-0.275	0.061	-0.165	0.153
	(0.76)	(0.76)	(0.79)	(0.76)	(0.83)	(0.78)
Immigrant X access (LM)	-0.256	0.335	-0.253	0.336	-0.257	0.334
	(0.29)	(0.35)	(0.29)	(0.35)	(0.29)	(0.35)
Level 2 Intercept	-0.990***	-1.052***	-0.963***	-1.045***	-0.962***	-1.051***
Var (country)	0.138	0.122	0.146	0.124	0.146	0.122
ICC	0.040	0.036	0.042	0.036	0.043	0.036
Log-likelihood	-36201.368	-30996.219	-36201.864	-30996.344	-36201.877	-30996.225
LR test	1197.509	930.930	1242.382	911.940	1361.915	949.107
N (households)	129210	113783	129210	113783	129210	113783
N (countries)	19	18	19	18	19	18

	Model 2b		Model 3a		Model 3b	
	incl. US	excl. US	incl. US	excl. US	incl. US	excl. US
Ref. non-immigrant household						
Immigrant	0.397***	0.368***	0.397***	0.368***	0.397***	0.368***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Mixed	0.172***	0.196***	0.171***	0.196***	0.171***	0.195***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Minimum wage (% of median)	0.0008	0.001				
	(0.00)	(0.00)				
OECD EPL index (reg.)			-0.082	0.033		
			(0.11)	(0.11)		
OECD EPL index (temp.)					-0.126	-0.075
					(0.08)	(0.08)
Index labour market (LM)	-0.360	0.141	-0.278	0.0305	-0.356	-0.0005
	(0.84)	(0.80)	(0.81)	(0.76)	(0.75)	(0.75)
Immigrant X access (LM)	-0.256	0.334	-0.254	0.335	-0.253	0.337
	(0.29)	(0.35)	(0.29)	(0.35)	(0.29)	(0.35)
Level 2 Intercept	-0.940***	-1.047***	-0.955***	-1.045***	-1.003***	-1.068***
Var (country)	0.153	0.123	0.148	0.124	0.135	0.118
ICC	0.044	0.036	0.043	0.036	0.039	0.035
Log-likelihood	-36202.289	-30996.309	-36202.015	-30996.336	-36201.118	-30995.946
LR test	1463.950	956.036	1389.789	913.238	1168.424	902.193
N (households)	129210	113783	129210	113783	129210	113783
N (countries)	19	18	19	18	19	18

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001. All models are estimated including household-level characteristics (not shown).

Appendix 7.4. Determinants of poverty (MI), jackknife estimation

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Ref. non-immigrant household						
Immigrant	0.397**	0.397**	0.397**	0.397**	0.397**	0.397**
	(0.11)	(0.11)	(0.12)	(0.11)	(0.11)	(0.11)
Mixed	0.171*	0.171*	0.172*	0.172*	0.171*	0.171*
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Wage bargaining coordination	-0.103					
	(0.10)					
Government intervention		-0.085				
		(0.14)				
Minimum wage setting			0.0295			
			(0.04)			
Minimum wage (% of median)				0.0008		
				(0.01)		
OECD EPL index (reg.)					-0.082	
					(0.14)	
OECD EPL index (temp.)						-0.126
						(0.08)
Index labour market (LM)	-0.323	-0.275	-0.165	-0.360	-0.278	-0.356
	(1.06)	(1.07)	(1.22)	(1.36)	(1.04)	(1.06)
Immigrant X access (LM)	-0.256	-0.253	-0.257	-0.256	-0.254	-0.253
	(1.05)	(1.04)	(1.05)	(1.05)	(1.05)	(1.05)
Level 2 Intercept	-0.990**	-0.963*	-0.962***	-0.940**	-0.955**	-1.003**
Var (country)	0.138	0.146	0.146	0.153	0.148	0.135
ICC	0.040	0.042	0.043	0.044	0.043	0.039
Log-likelihood	-36201.368	-36201.864	-36201.877	-36202.289	-36202.015	-36201.118
LR test	1197.509	1242.382	1361.915	1463.950	1389.789	1168.424
N (households)	129210	129210	129210	129210	129210	129210
N (countries)	19	19	19	19	19	19

Notes: Standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001. All models are estimated including household-level characteristics (not shown).

Appendix 7.5. Determinants of poverty (DPI), excluding the United States

	Model 1		Model 2a		Model 2b		Model 3	
	incl. US	excl. US	incl. US	excl. US	incl. US	excl. US	incl. US	excl. US
Ref. non-immigrant household								
Immigrant	0.603***	0.566***	0.601***	0.588***	0.596***	0.584***	0.595***	0.578***
	(0.03)	(0.04)	(0.03)	(0.04)	(0.03)	(0.04)	(0.03)	(0.04)
Mixed	0.182***	0.211***	0.181***	0.210***	0.181***	0.211***	0.182***	0.211***
	(0.04)	(0.05)	(0.04)	(0.05)	(0.04)	(0.05)	(0.04)	(0.05)
Total social expenditure (% of GDP)	-0.045†	-0.025	-0.023	-0.020	-0.034	-0.027	-0.043†	-0.025
	(0.03)	(0.02)	(0.03)	(0.03)	(0.03)	(0.02)	(0.02)	(0.02)
Index access (unemployment)	0.0256	0.069						
	(0.67)	(0.61)						
Immigrant X access (progr.)	-0.632*	-0.675*						
	(0.26)	(0.26)						
Index access (trad. family programs)			-0.621	-0.198				
			(0.46)	(0.49)				
Immigrant X access (progr.)			-0.156	0.054				
			(0.11)	(0.17)				
Index access (dual-earner support)					-0.649	0.520		
					(0.54)	(0.82)		
Immigrant X access (progr.)					-0.272*	-0.481		
					(0.11)	(0.32)		
Index access (social assistance)							-0.109	0.0721
							(0.31)	(0.29)
Immigrant X access (progr.)							-0.203†	-0.115
							(0.10)	(0.13)
Level 2 Intercept	-0.857***	-0.957***	-0.915***	-0.970***	-0.908***	-0.972***	-0.869***	-0.966***
Var (country)	0.180	0.147	0.160	0.144	0.163	0.143	0.176	0.145
ICC	0.052	0.043	0.046	0.042	0.047	0.042	0.051	0.042
Log-likelihood	-32193.45	-27200.54	-32194.39	-27203.70	-32192.47	-27202.55	-32194.43	-27203.42
LR test	1536.308	920.769	1282.677	936.047	1124.874	929.589	1472.182	939.029
N (households)	129210	113783	129210	113783	129210	113783	129210	113783
N (countries)	19	18	19	18	19	18	19	18

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including household-level characteristics (not shown).

Appendix 7.6. Determinants of poverty (DPI), jackknife estimation

	Model 1(i)	Model 1(ii)	Model 2a(i)	Model 2a(ii)	Model 2b(i)	Model 2b(ii)	Model 3(i)	Model 3(ii)
Ref. non-immigrant household								
Immigrant	0.603***	0.603***	0.601***	0.601***	0.596***	0.596***	0.595***	0.592***
	(0.06)	(0.06)	(0.06)	(0.06)	(0.07)	(0.07)	(0.07)	(0.07)
Mixed	0.182*	0.182*	0.181*	0.182*	0.181*	0.181*	0.182*	0.184*
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Total social expenditure (% of GDP)	-0.045		-0.023		-0.034		-0.043	
	(0.03)		(0.03)		(0.03)		(0.03)	
Unemployment generosity		-1.058						
		(0.92)						
Traditional family benefits				-0.018				
				(0.02)				
Dual-earner support						-0.0013		
						(0.00)		
Minimum income protection								-0.015
								(0.01)
Index access (unemployment)	0.026	0.043						
	(0.78)	(0.68)						
Immigrant X access (progr.)	-0.632	-0.636						
	(0.43)	(0.43)						
Index access (trad. family programs)			-0.621	-0.830				
			(0.74)	(0.57)				
Immigrant X access (progr.)			-0.156	-0.156				
			(0.23)	(0.23)				
Index access (dual-earner support)					-0.649	-0.815		
					(1.18)	(1.29)		
Immigrant X access (progr.)					-0.272	-0.272		
					(0.24)	(0.24)		
Index access (social assistance)							-0.109	-0.0248
							(0.37)	(0.48)
Immigrant X access (progr.)							-0.203	-0.172
							(0.18)	(0.25)
Level 2 Intercept	-0.857***	-0.806***	-0.865***	-0.929***	-0.908***	-0.865***	-0.792***	-0.827***
Var (country)	0.180	0.199	0.177	0.156	0.163	0.177	0.205	0.191
ICC	0.052	0.057	0.051	0.045	0.047	0.051	0.059	0.055
Log-likelihood	-32193.45	-32194.38	-32193.27	-32194.15	-32192.47	-32193.27	-32194.66	-30826.89
LR test	1536.308	1993.241	1205.220	1073.817	1124.874	1205.220	1972.850	1399.075
N (households)	129210	129210	129210	129210	129210	129210	129210	125269
N (countries)	19	19	19	19	19	19	19	18

Notes: Standard errors in parentheses. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$. All models are estimated including the household-level characteristics (not shown)

Conclusion

Citizenship, once introduced in the wake of the modern nation-state as membership of a specific territory, i.e. nationality understood as 'Staatsbürgerschaft', has steadily been expanded from civil to political and eventually to social rights, including "the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilised being according to the standards prevailing the society" (Marshall 1950, 11). The implicit idea behind citizenship was that only nationals were entitled to this variety of privileges, and that foreigners could only access citizenship and the related rights through naturalisation. This original conception of citizenship prevailed until the 1970s, when the nation-states started to acknowledge that immigrants' temporary sojourn had become permanent. Since then, nation-states not only introduced programs to support the integration of immigrants, but also extended citizenship, including social rights, to non-nationals, though to a different extent, in order to improve immigrants' social position (Layton-Henry 1990, Hammar 2003).

Social rights as part of citizenship have figured prominently into the welfare state and political economy literature, which emphasise two aspects. First, social rights allow workers to maintain an acceptable standard of living when opting out of work and, more generally, permit individuals and families to keep from being dependent from labour market participation (Esping-Andersen 1990). The second aspect refers to social rights as access to paid work (Orloff 1993), which acknowledges that certain groups, such as women or immigrants, are excluded from the labour market. Both aspects of social rights as 'modicum of economic welfare and security' and as a 'right to work' are essential to this thesis, which is concerned with the socio-economic incorporation of immigrants.

The central role of social rights in the welfare state literature is evident in the numerous contributions dealing with sophisticated efforts to measure and explain the emergence of social rights. However, less attention has been paid to how social rights affect poverty, redistribution and inequality, despite the rise of inequality and poverty in recent decades (OECD 2011). Moreover, the welfare state literature has hardly ad-

dressed the social rights of immigrants at all, most notably the 'right to work' aspect referred to in this thesis as economic right (but see Sainsbury 2012). Differences in the success of countries at incorporating immigrants are observable when comparing immigrants' socio-economic outcomes (e.g. OECD 2012a). Generally speaking, immigrants' poverty rates are higher compared to those of non-immigrants. However, poverty levels as well as poverty gaps between immigrants and non-immigrants vary considerably across countries, which cannot be explained by conventional approaches of the political economy and welfare state literature.

From the beginning, the aim of this thesis has been to explore *why some countries are better at incorporating immigrants than others*. More specifically, it has addressed the question of how cross-national variations in immigrants' poverty and poverty gaps in advanced industrialised countries could be explained.

The main finding of this thesis is that there is not one single general explanation that can account for cross-national variations in immigrants' poverty and poverty gaps between immigrants and non-immigrants. Based on the theoretical framework and empirical results, the following sections discuss theoretical and practical implications, as well as areas for further research. The last section builds on the empirical findings, and identifies three different ways in which nation-states can address immigrants' poverty and the poverty gaps between immigrants and non-immigrants.

Embedding immigrants' rights in the prevailing labour market and the welfare system

Several authors have suggested that in order to explain socio-economic outcomes of immigrants, approaches from the political economy and welfare state literature should be combined with those of the migration and citizenship literature (Freeman 2004, Geddes and Wunderlich 2009). This thesis has followed this request and proposed a theoretical framework that considers not only the explanatory potential of a country's prevailing institutional structure of the labour market and the welfare state, but also includes immigrants' social and economic rights.

First, the institutional setting of both the labour market and the welfare state builds the core of the theoretical framework (Esping-Andersen and Kolberg 1992). As argued in the theoretical chapter, states can address poverty directly by providing social programs. Besides this, they can affect poverty indirectly through labour market policies such as wage-setting institutions, minimum wage policies, and employment protection legislation via workers' employment opportunities and earnings. The literature review underlined the manner in which these approaches can be linked to and have an effect on poverty. Second, the theoretical framework focuses on economic and social rights

of immigrants, referred to as integration policies regulating immigrants' access to the labour market and social programs in this thesis. Drawing on the migration and citizenship literature, several immigration categories are distinguished, each entitled to different economic and social rights. As argued in the theoretical section, these immigration categories are connected to immigration policies that regulate the entry of immigrants into the country. Besides assigning the particular immigration categories, immigration policies also have a composition effect on the immigrant population. Both aspects are considered in the theoretical framework. In addition, the theoretical framework allows for the importance of structural factors at the micro-level. This proceeding considers that socio-demographic characteristics of households have a decisive impact on immigrants' poverty risks. The major claim of this thesis has been that the labour market and welfare system alone cannot explain cross-national variations in immigrants' poverty and poverty gaps, but that their impact depends on the inclusiveness of integration policies concerning immigrants' access to the labour market and social programs.

Immigrants' economic and social rights – where do political economies stand?

This thesis has provided a detailed analysis of immigrants' economic and social rights in 19 advanced industrialised countries. The data collected for this purpose not only distinguished between several immigration categories, but also between different types of employment and social programs intended for the working-age population. The social programs included unemployment compensation, traditional family and dual-earner support, and social assistance.

The first major finding is that social and economic rights differ between immigrants and non-immigrants. A closer inspection revealed that the extent of such rights depends on the particular immigration category, such as immigrants with permanent or limited residence permits, family migrants, recognised refugees, and EU citizens. Generally speaking, and in line with previous findings (Brubaker 1989, Soysal 1994), permanent residents across countries enjoy almost the same rights as nationals, i.e. full access to employment and self-employment as well as social programs, without further restriction. Preferential treatment in terms of inclusive economic and social rights is also granted to recognised refugees and EU citizens. By contrast, major differences arise when comparing the rights of immigrants holding permanent and limited residence permits.

The second major finding is that certain congruence between the inclusiveness of integration policies and the type of welfare state and political economy can be observed.

Nordic countries, with the exception of Denmark, tend to grant immigrants easier access to social programs and the labour market, while immigrants' access is rather restricted in countries such as the United States, the United Kingdom and Switzerland. This partly suggests that welfare states with a rather universal characteristic tend to incorporate immigrants more easily than welfare states where entitlement to social programs is mainly means-tested. Between these two poles lie countries classified as conservative corporatist welfare regimes (e.g. Austria, France and Germany), which indirectly restrict immigrants' access to social programs by linking access to employment and former contributions. The institutional legacy of the welfare state and the political economy regime is also evident when comparing the right to work across immigration categories. Countries with rather 'conservative' traditions, which in the past discouraged women from working (see Esping-Andersen 1990, 28), also tend to restrict the labour market access of family members (e.g. Switzerland, Germany, and Austria). By contrast, Nordic countries grant them full access from the beginning of their stay. This approach is in line with the social democratic commitment to consolidating work and welfare as well as gender equality by actively seeking full employment and promoting women's labour market participation (Sainsbury 1999).

However, the basis of entitlement to social programs (universal, employment-related and means-tested) is decisive, whether or not different types of immigration categories are granted access. In general, universal programs tend to be more inclusive towards immigrants, irrespective of the type of immigration category. By contrast, access to means-tested benefits in the majority of the countries depends on a permanent residence permit or having resided a number of years in the host country. Employment-related social programs take a middle position, as they require previous labour market participation. This approach to make immigrants' access to social programs contingent on the basis of entitlement can be observed across advanced industrialised countries, regardless of the type of welfare regime. For instance, a number of countries have extended the access to traditional family programs in order to incorporate all immigrant families, regardless of immigration category (e.g. Portugal, Austria and France). By contrast, entitlement to social programs granted to lone-parents requires a waiting period (e.g. Australia, Norway). The restriction of immigrants' access to means-tested programs is more clearly observable in the case of social assistance programs.

These findings have different theoretical and practical implications. From a theoretical perspective, the implicit assumption of the welfare state literature that immigrants and citizens are entitled to the same social and economic rights falls short. This thesis yielded empirical evidence that residence per se does not grant immigrants the same

social and economic rights, reserved for citizens. Moreover, access to the labour market and social programs depends on the specific immigration category. Depending on the research interest and question, a stronger theoretical focus should be put on the social and economic rights of different immigration categories. For instance, if scholars are interested in explaining the socio-economic outcomes of more recently arrived immigrants, or immigrants living in the margins of the society, they should consider that these immigrants have restricted economic and social rights, in particular with regard to means-tested social benefits. Also, research concerned with the entire population, not specifically immigrants, should be conscious that the starting positions of citizens and immigrants differ in terms of access to the labour market and social programs and that the position of immigrants is contingent on immigration category.

The implications for welfare state research in general are mixed. A country's type of welfare regime provides a good overall indication as to how immigrants are incorporated into the labour market and welfare system. But, as the empirical analysis suggests, the basis of entitlement is the most important factor as to whether immigrants are granted access to social programs. Considering that welfare states combine universal, employment-related, and means-tested social programs, as this thesis has shown, relying solely on the type of welfare regime is too short-sighted. Therefore, more attention should be paid to the relation between the basis of entitlement of social programs and immigrants' access to social programs. In addition, the descriptive analysis of immigrants' social and economic rights has shown that immigration policies have a more direct impact on immigrants' access to the labour market and social programs than has been argued in the theoretical chapters. This has been evident mainly for Continental European countries that do not explicitly restrict the access of immigrants to means-tested benefits in their social security law (e.g. Germany or Switzerland). Moreover, those countries limit the access to minimum income protection in other ways, namely by linking welfare reliance not only to the renewal of a residence permit, but also to the prospects of obtaining a permanent residence permit or citizenship. Another example is the condition for family reunification that requires a sponsor to be able to financially support his or her family members, which implicitly restricts reliance on welfare benefits. Nevertheless, in a number of countries, traditional family benefits are also counted as part of the family income (e.g. Austria and Sweden). At this point, the residence condition of unemployment benefits could also be mentioned. If immigrant workers with limited residence permit become unemployed, this circumstance not only affects the renewal of their residence permits, but also their rights to unemployment benefits, benefits that ends with the expiration of the residence permit.

This requires further research to focus more strongly on the relationship between immigration policies and social programs in general and the basis of entitlement of social programs in particular. In sum, scholars should devote more attention to how immigration policies affect the access of different immigration categories to the labour market and social programs.

From a practical perspective, considering that the third 'common basic principle' on immigrant integration policy agreed by European Council in 2004 states that "employment is a key part of the integration process" (Joppke 2007, 4), the empirical findings of this thesis show that there is room for improvement. Namely, countries could facilitate the labour market access of particular immigration categories. This includes not only the unrestricted access of family members to the labour market from the beginning of the stay, but also of immigrants with temporary residence permits once they renew their residence permits, at least to allow them to change employment within specific sectors.

Another aspect refers to immigrants' access to means-tested benefits, which across all countries is relatively restricted. The empirical findings deflate arguments from proponents of welfare chauvinism. Immigrants in the majority of the countries cannot directly 'migrate' into the welfare state because they are not entitled to means-tested benefits from the beginning of their stay. Only Sweden, Norway, the Netherlands, Italy, and Portugal stand as exceptions to this rule. However, as mentioned above, welfare dependency is linked to the legality of their stay, which thus indirectly limits access. In addition, the financial crisis has led different countries to restrict immigrants' access to social assistance benefits. An example is Portugal, where since 2012 national and EU citizens have to prove at least one year of residence, and third-country nationals must prove at least three years (Decree Law 133/2012, Art. 6). This instance underlines that both immigration policies and immigrants' social and economic rights are moving targets, a fact that calls for further analysis from a longitudinal perspective.

Do immigrants' economic and social rights matter for poverty alleviation?

The results of multivariate analysis do not provide a conclusive answer to the question of whether more inclusive access of immigrants to the labour market and social rights are related to lower poverty and poverty gaps. The three main findings can be summarised as follows.

First, labour market and social policies that address the needs of those individuals at the margins of society, in combination with inclusive integration policies, tend to be more closely related to immigrants' poverty. The results indicate that more regulated

minimum wage policies have a stronger reductive impact on immigrants' poverty in countries that grant immigrants facilitated access to the labour market than in countries with more restrictive labour market access. In addition, the findings also provide empirical support for the alleviating effect of social benefits on immigrants' poverty, such as traditional family benefits, social assistance, and dual-earner support. Yet, the reductive poverty effect of inclusive integration policies concerning immigrants' access to these social programs declines as the generosity of those social benefits increases. In other words, in countries with less generous social benefits, immigrants' poverty depends more strongly on the inclusiveness of immigrants' access to social programs.

Second, countries that grant immigrants more inclusive access to social programs tend to have smaller poverty gaps. Putting immigrants on par with non-immigrants in terms of social rights positively affects immigrants' socio-economic integration, and thus reduces differences in poverty between the immigrant and the native population. However, employment-related social programs (i.e. unemployment compensation and dual-earner support) have a stronger reductive effect on poverty gaps than social assistance. By contrast, the inclusiveness of immigrants' access to the labour market is not related to poverty gaps between immigrants and non-immigrants.

Finally, structural factors at the household level have a consistent effect on immigrants' poverty or poverty gaps. Overall, households with lower educational attainments and skills, lower labour market attachments, and with more self-employed members, or members employed in atypical occupations (e.g. part-time or on temporary contracts), and with higher shares of non-active household members (children and the elderly) are exposed to higher poverty risks, irrespective of whether poverty is measured before or after taxes and transfers. The control variables at the country level, i.e. the immigrant population composition or economic factors, do not contribute to explaining observed cross-national variations in immigrants' poverty.

These results bear different implications. First, the mere focus only on the institutional setting of the labour market and welfare system does not suffice to explain cross-national variations in immigrants' poverty and poverty gaps. In addition, immigrants' social and economic rights concerning their access to the labour market and social programs also have to be considered. The results support the theoretical argument of this thesis that immigrants' socio-economic outcomes depend on the interplay of both a country's labour market and welfare system and the inclusiveness of integration policies in terms of immigrants' access to the labour market and social programs. This implies, for future research, that the effort of nation-states to facilitate immigrants' socio-economic incorporation by granting them economic and social rights has to be

embedded within a country's prevailing political economy regime in order to explain cross-national variations in immigrants' socio-economic outcomes and gaps.

Second, the findings emphasise the importance of labour market participation, both at the micro-level and the macro-level. The number of earners per household is the most important determinant of poverty, before and after taxes and transfers. But the prominence of work is also supported at the institutional level. At least concerning poverty gaps, employment-related programs, combined with inclusive access of immigrants to said programs, have a considerable impact on reducing differences between immigrants and non-immigrants. Therefore, if the aim of countries is to reduce poverty and poverty gaps, they should grant immigrants more facilitated access to the labour market. This not only ensures that they can maintain financial support for themselves, but also, in the case of job or income loss, that they will be protected by their country's social programs.

A first re-examination of the multivariate analysis, namely the exclusion of the most extreme and by far largest case, the United States, revealed that it is the main driver of the results discussed above. The United States is an extreme case compared to the other countries in terms of immigrants' social and economic rights, i.e. the country with the most restrictive access to the labour market and social programs, but also with regard to the relatively low levels of social benefits. If the United States is excluded from the analysis, only the impact of minimum wage policies on immigrants' poverty and the effect of access to unemployment compensation on poverty gaps are robust. This implies that the theoretical framework proposed in this analysis can mainly explain variations in immigrants' poverty and poverty gaps between the United States and other advanced industrialised countries, but falls short of explaining cross-national variations between Australia, Canada and European countries.

Consequently, further research could include at least the following three aspects. First, more attention could be paid to the role of direct integration policies, i.e. the active efforts of countries at incorporating immigrants into the labour market. This comprises an analysis of measures such as additional labour market training, work-focused language training, or the provisions of services that ensure that education qualifications obtained abroad be adequately recognised. But more general integration policies, whose primary aim is to integrate immigrants into the society, could be considered as well. For instance, civic and language courses could have a spillover effect on immigrants' socio-economic integration. A move from the national to the local level would also be related to this proposal of direct integration policies. This move would allow the assessment of the importance of municipalities, cities, or even neighbourhoods in

providing and implementing respective policies (see Rogers and Tillie 2001, Mahnig and Wimmer 2000, Penninx 2005, SOPEMI 2010). Integration policies at the local level could have a more direct impact on immigrants' socio-economic outcomes, because the responsible administrations have more experiences with the daily problems immigrants are confronted with. Therefore, they are more qualified to propose and develop respective policies that address the needs of their immigrant residents.

The second aspect refers to active labour market policies. This type of policy addresses the needs of marginalised workers by improving their employability, e.g. through job search aids, job-specific training or job subsidies. These policies are not designed to target immigrant needs in particular, but instead address all residents. Future research, however, not only has to pay attention to the characteristics of particular programs and the conditions to be granted access, such as previous employment, but also to consider how inclusive they are towards immigrants, i.e. which immigration categories are granted access. The results from the multivariate analysis, which emphasised the importance of labour market participation and employment-related social programs, further urges inclusion of this aspect. In addition, the transformation of welfare states from welfare to work that takes place across countries also suggests considering active labour market policies, besides traditional income and job protection, as a fundamental component of the post-industrial welfare state. A country's effort in (re-)integrating the unemployed and inactive population could thence explain cross-national variations in immigrants' poverty and poverty gaps.[136]

Finally, the impact of labour market policies on immigrants' poverty has to be disentangled. This entails the decomposition of household incomes into the incomes of economically active household members as well as a more detailed analysis of the association between earnings and employment opportunities, including employment conditions. Besides, more attention should be devoted to how particular labour market policies affect the employment opportunities and employment conditions of workers. For instance, how employment protection legislation concerning regular and temporary contracts as well as wage setting institutions influence the prospects of finding a well-paid standard job. While these considerations are related to both migrant and native workers, future research should stronger focus on the economic rights of native and immigrant workers, which could explain differences in the employment opportunities and earnings between immigrants and non-immigrants. One suggestion is to extend the

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[136] Related to this point to improve human capital of potential workers is also a country's general educational system. Investment in education as an alternative pursued by countries to reduce poverty ex ante could be added in the theoretical framework as a third pillar besides labour intervention and redistribution (see also Bergh 2005).

rather narrow conception of immigrants' economic rights as the freedom to choose employment, and to consider other important aspects. Examples are the right to equal pay, equal working conditions, to forming and joining unions, and the right to be employed in the public sector. This could be further extended to include services that inform migrant workers about their rights or anti-discrimination policies. Namely, the efforts made by countries to implement equal treatment through anti-discrimination policies in general and within the labour market in particular. Drawing on these insights, future research could assess whether economic rights of immigrants have an additional impact on immigrants' employment, earnings and thus poverty and whether these can explain differences between immigrants and non-immigrants' socio-economic outcomes.

Three ways to alleviate immigrants' poverty and poverty gaps

Conclusions from the empirical findings of the descriptive and multivariate analysis suggest that there is no single way to reduce immigrants' poverty and poverty gaps. At least three different approaches can be identified which make some countries better at incorporating immigrants than others.

One way is to combine strict immigration policies with limited access to social programs. The encouragement of 'desired' immigration, i.e. labour migration rather than family migration, is pursued through high requirements, both in border crossing and remaining in the country. The socio-economic incorporation once in the host country mainly takes place through labour market participation rather than through redistribution. A prime example is Switzerland, where the majority of the immigrants originate from the surrounding EU-15 countries. The restrictive immigration policies are, for example, observable in the case of family reunification, which, as a legal claim, is reserved for permanent residents, while immigrants with limited residence permits have to rely on the discretion of bureaucratic administrations and different conditions (MIPEX 2007, 178). In addition, the existing immigration policies allow repatriation of immigrants by simply not renewing residence permits, a practice pursued during the economic crisis in the 1970s (Mahnig and Wimmer 2003, 141).

The findings of the descriptive analysis show that Switzerland is outstanding in terms of poverty rates based on immigrants' market income. It is the country where the lowest share of immigrants lives below the poverty line. At the same time, the redistributive capacities of the Swiss welfare state in reducing immigrants' poverty are very modest compared to other countries. This can be explained by the restricted access of immigrants to social programs, which is mainly dependent on former employment, as

the case of traditional family benefits shows. In a nutshell, the probability that a given immigrant live in poverty in Switzerland is low. But if immigrant households cannot escape poverty on their own, the probability that they will remain poor is relatively high.

As long as a country's economy is prospering, the combination of restrictive immigration policies and mere socio-economic incorporation of immigrants through the labour market could be a viable solution. However, the passive position of nation-states at incorporating immigrants could become a burden not only due to the economic downturn observable in the last few years, but also due to the fact that nation-states cannot fully control immigration inflows and outflows. Illegal immigration is an example of this, as is permanent immigration. The majority of immigrants in advanced industrialised countries have received permanent residence permits. For instance, over 60% of the Swiss immigrant population are permanent residents despite strict conditions and a long waiting period (up to ten years) for obtaining a permanent residence permit (Bundesamt für Statistik 2013). Thus, restrictive immigration practices, simply by sending immigrants home, are not only complicated by normative and humanitarian considerations such as socialisation within the country, but also by the legal framework. If the smooth transition of immigrants into the labour market fails, in particular for the second generation, the restriction of immigrants' access to social programs only accentuates their disadvantaged position and social exclusion. As the recent riots in Sweden show, it might be just a matter of time until social tensions break out.

A *second way* to incorporate immigrants would be to grant settled immigrants equal rights as nationals, and thus provide full access to the labour market and more generous social benefits. In this case, socio-economic incorporation in the host country would proceed through labour market participation as well as through redistribution. The latter would ensure that immigrant households that fall through the economic cracks could maintain a socially acceptable standard of living. The Netherlands comes closest to this proposed approach. As the descriptive analysis revealed, it is among those countries that grant immigrants, regardless of the immigration category, the most inclusive access to the labour market and social programs. The redistributive effect is further observable in the low poverty rates after taxes and transfers. The Netherlands is the most effective country not only in reducing immigrants' poverty, but also in reducing the poverty gaps between immigrants and non-immigrants. Therefore, from a poverty perspective, the Dutch case is a prime example of a successful socio-economic incorporation of immigrants.

There are different reasons why this practice is difficult to adopt in other countries. The difficulties are related to the institutional legacies concerning the structure of the political economy and the immigration regime. The recent economic crisis has put further constraints on the governments' financial budgets. But a certain level of social benefit generosity is a precondition to reducing poverty. Also, the extension of full social and economic rights to immigrants might not be politically feasible. As Mahnig (2001) has argued, policies that benefit immigrants alone are difficult to implement because the national electoral majority perceives this as providing immigrants with undeserved privileges. Finally, recent policy changes in the Netherlands away from multiculturalism, recognising the cultural differences of ethnic groups, and towards civic integration and language acquisition (see Joopke 2007, Goodman 2010), emphasise the problems related to this approach at incorporating immigrants into the labour market (Koopmans 2010). This is exemplified in the descriptive chapter by the relatively high pre-tax and transfer poverty of Dutch immigrants. While granting immigrants full social and economic rights reduces immigrants' poverty risks as well as poverty gaps, it does not suffice for achieving their full socio-economic incorporation.

Therefore, a *third way* in which nation-states could actively promote immigrants' labour market integration combined with inclusive access to (employment-related) social programs can be proposed. The efforts of countries could be made either through specific integration policies for immigrants and/or active labour market policies. The importance of these factors, labour market participation and employment-related programs, is also supported by the empirical findings of the multivariate analysis. Labour market participation of households is a central determinant of poverty, while inclusive employment-related social programs, as measured in this thesis in terms of contribution period, are important for the reduction of poverty gaps between immigrants and non-immigrants.

In light of the financial austerity and low prospects of ensuring that immigrants are able to maintain themselves financially by granting them full social rights, this approach is an alternative. It is also in line with the EU's common basic principles on immigrants' integration policies, which state that employment is a key part of integration. This proposition, however, goes one step further in demanding not only the integrative efforts of immigrants, but also of the governments and the receiving society in the implementation and extension of respective policies and programs for immigrants. A number of countries are already pursuing this strategy through different initiatives, pursued mainly at the local level. For example, Finland launched a pilot project in April 2009, with measures developed for neighbourhoods that promote employment

and training through mentoring programs. Different cantons in Switzerland have also started to provide language and professional training for immigrants (SOPEMI 2010). This strategy of pursuing the socio-economic incorporation of immigrants through both the labour market and the welfare state could not only prove to be supported by both the native and immigrant majorities, but also allow both groups to pursue a socially acceptable standard of living.

Socio-economic incorporation of immigrants through the labour market and welfare system is an essential dimension of immigrants' incorporation into the host country, but other domains such as the society and the political system are equally important. Future research has to consider how these different dimensions of immigrants' incorporation – labour market, welfare state, political system and society – are linked and affect each other, in order to give a conclusive answer why some political economies are better at incorporating immigrants than others.

Appendix

Appendix A. Selected social programs and data sources

Australia

Unemployment Assistance	New start allowance: Social Security Act 1991, Vol.1, Part 2.12
Social assistance	Special Benefit: Social Security Act 1991, Vol.2, Part 2.15
Maternity leave	Maternity payment (lump-sum): A New Tax System (Family Assistance) Act 1999, Division 2A
Child benefit	Family Tax Benefit Part A: A New Tax System (Family Assistance) Act 1999, Division 1A
Child-raising	Family Tax Benefit Part B: A New Tax System (Family Assistance) Act 1999, Division 1A
Childcare allowances	Child Care Benefit (CCB), Child Care Tax Rebate (CCTR): A New Tax System (Family Assistance) Act 1999, Division 4A
Lone-parent benefits	Parenting payment (PP): Social Security Act 1991, Vol.2, Part 2.10
Labour market access	Migration Act 1958, Migration Regulations 1994, Australian Government Department of Immigration and Citizenship.

Austria

Unemployment Insurance	Arbeitslosengeld: Unemployment Insurance Act (Arbeitslosenversicherungsgesetz, ALVG) of 14 November 1977.
Unemployment Assistance	Notstandshilfe: Unemployment Insurance Act (Arbeitslosenversicherungsgesetz, ALVG) of 14 November 1977.
Social assistance	Sozialhilfe: Wiener Sozialhilfegesetz (WrSHG, WrLGBl 1973/11 zuletzt idF 2000/27).
Maternity leave	Wochengeld: General Social Insurance Act (Allgemeines Sozialversicherungsgesetz, ASVG) of 9 September 1955.
Child benefit	Familienbeihilfe: Families' Compensation Act (Familienlastenausgleichsgesetz) of 24 October 1967.
Child-raising benefits	Kinderbetreuungsgeld: Child-raising Allowance Act (Kinderbetreuungsgeldgesetz, KBGG) of 7 Autust 2001.
Lone-parent benefits	Alleinverdiener- und Alleinerzieherabsetzbetrages: Families' Compensation Act (Familienlastenausgleichsgesetz) of 24 October 1967. Income Tax Act (Einkommensteuergesetz, EStG) of 7 Juli 1988.
Additional family benefits	Kinderabsetzungsbetrag: Families' Compensation Act (Familienlastenausgleichsgesetz) of 24 October 1967. Income Tax Act (Einkommensteuergesetz, EStG) of 7 Juli 1988.
Labour market access	Aliens Employment Act (Ausländerbeschäftigungsgesetz) of 20 March 1975.

Belgium

Unemployment Insurance	Allocation de chômage: Royal Decree of 25. November 1991 with regulations concerning unemployment (Belgian Monitor of 31. De cember 1991). Ministerial decree concerning the schemes of application of unemployment regulations (Belgian Monitor of 25 January 1992).
Social assistance	Revenue d'intégration: Law of 26 May 2002 on the Right to social integration (Droit à l'intégration sociale).
Maternity leave	Indemnité de maternité: Health Care and Sickness Benefit Compulsory Insurance Act (Loi relative à l'assurance obligatoire soins de santé et indemnités), co-ordinated on 14 July 1994, Royal Decree of 3 July 1996 on the execution of this Act and Regulation of 16 April 1997 on the execution of Article 80, 5° of this same Act.
Child benefit	Allocations familiales: Royal Decree of 19 December 1939 on family allowances for employed workers.
Child-raising benefits	Congé parental: Royal Decree of 29 October 1997 on the introduction of a right to parental leave.
Additional family benefits	Prestations familiales garanties: Law of 20 July 1971 on guaranteed family allowances.
Labour market access	Royal Decree pf 30 April 1999 on the employment of foreign workers, Royal Decree of 3 February 2003 dispensing certain categories of immigrants from the obligation to obtain a professional card to pursue an independent activity.

Canada

Unemployment Insurance	Employment Insurance: Employment Insurance Act S.C. 1996, c.23.
Unemployment Assistance	Employment assistance (Ontario Works): Ontario Works Act, 1997 and Ontario Regulation 134/98.
Social assistance	Basic financial assistance/Income assistance (Ontario Works): Ontario Works Act, 1997 and Ontario Regulation 134/98.
Maternity leave	Maternity benefits: Employment Insurance Act S.C. 1996, c.23.
Child benefit	Canada Child Tax Benefit: Income Tax Act R.S.C., 1985, c.1 (Section 122.6).
Child-raising benefits	Parental care: Employment Insurance Act S.C. 1996, c.23.
Childcare allowances	Universal Child Care Benefit (UCCB): Universal Child Care Benefit Act S.C. 2006, c. 4, s. 168.
Labour market access	Immigration and Refugee Protection Regulations S.C. 2001, c.27.

Denmark

Unemployment Insurance	Arbejdsløshedsforsikring: Con. Act No 874 of 11 September 2005 on unemployment insurance (om arbejdsløshedsforsikring mv).
Social assistance	Kontanthjælp (Social Bistand): Con. Act No 1009 of 24 October 2005 on Active Social Policy (om aktiv social politik).
Maternity leave	Dagpenge ved fødsel: Act. No. 566 of 9 June 2006 on right to leave and cash benefits in the event of birth (barselsloven).
Child benefit	Borne- og ungeydelse, børnetilskud: Con. Act No 909 of 3 September 2004 on child benefits (om Børnetilskud).
Childcare allowances	Childcare allowances: MISSOC 2007.
Labour market access	Aliens Consolidation Act No. 945 of 1 September 2006.

Finland

Unemployment Insurance	Perustoimeentuloturva (basic security), ansioperusteinen sosiaaliturva (earnings-related security): Unemployment Allowances Act (Työttömyysturvalaki) of 30 December 2002. KELA (2008).
Unemployment Assistance	Työmarkkinatuki (labour market support): Unemployment Allowances Act (Työttömyysturvalaki) of 30 December 2002. KELA (2008).
Social assistance	Toimeentulotuki (living allowance): Social Assistance Act (Laki toimeentulotuesta) of 30 December 1997. KELA (2008).
Maternity leave	Äitiysraha, vanhempainraha, isyysraha (maternity, parental and paternity allowance): Maternity Grant Act (Äitiysavustuslaki) of 28 May 1993. Sickness Insurance Act (Sairausvakuutuslaki) of 21 December 2004. KELA (2008).
Child benefit	Lapsilisä (child benefit): Child Allowances Act (Lapsilisälaki) of 21 August 1992. KELA (2008).
Child-raising benefits	Lasten kotihoidon tuki (child home care allowance): Act on children's home and personal care assistance 20.12.1996/1128 (Laki lasten kotihoidon ja yksityisen hoidon tuesta 20.12.1996/1128). KELA (2008).
Childcare allowances	Lasten yksityisen hoidon tuki (private childcare allowance): Act on children's home and personal care assistance 20.12.1996/1128, §7 (Laki lasten kotihoidon ja yksityisen hoidon tuesta 20.12.1996/1128).
Additional family benefits	Osittainen hoitoraha (partial childcare allowance): Act on children's home and personal care assistance 20.12.1996/1128, §13
Labour market access	Aliens Act (301/2004)

France

Unemployment Insurance	Assurance de chômage: Unemployment insurance (assurance chômage): Art. L. 351-3 to L. 351-8 of Labour Code (Code du travail).
Unemployment Assistance	Régime de solidarité: Unemployment assistance (régime de solidarité): Art. L. 351-9 to L. 351-11 of Labour Code (Code du travail).
Social assistance	Droit a l'integration sociale (former: Revenu Minimum d'Insertion): Social action and Family Code (Code de l'action sociale et de la famille), articles L. 262-1 and following.
Maternity leave	Indemnités journalières de maternité et de paternité: General scheme for employees (Régime général d'assurance maladie des travailleurs salariés, RGAMTS): Social Security Code (Code de la sécurité sociale, CSS), Articles 331-1, and following.
Child benefit	Allocations familiales: Social Security Code (Code de la sécurité sociale, CSS), Book V. Article L. 511-1, and following.
Child-raising benefits	Complément de libre choix d'activité (CLCA): Social Security Code (Code de la sécurité sociale, CSS), Book V. Article L. 531-1, and following.
Childcare allowances	Complément de libre choix de mode de garde (Colca): Social Security Code (Code de la sécurité sociale, CSS), Book V. Article L. 531-1, and following.
Lone-parent benefits	Allocation de parent isolé (API): Social Security Code (Code de la sécurité sociale, CSS), Book V. Article L. 524-1, and following.
Labour market access	Code on the entry and stay of the foreigners and on the asylum right (Code de l'entrée et du séjour des étrangers et du droit d'asile)

Germany

Unemployment Insurance	Arbeitslosenversicherung: Social Code (Sozialgesetzbuch), Book III, of 24 March 1997.
Unemployment Assistance	Arbeitslosengeld II: Social Code (Sozialgesetzbuch), Book II, of 24 December 2003.

Social assistance	Sozialhilfe: Social Code (Sozialgesetzbuch), Book XII, of 27 December 2003.
Maternity leave	Mutterschaftsgeld: Act on the protection of working mothers (Gesetz zum Schutze der erwerbstätigen Mutter, MuSchG) in the version promulgated on 20 June 2002 (BGBl. I p. 2318); as last amended by Article 32 of the Act of 14 November 2003 (BGBl. I p. 2190).
Child benefit	Kindergeld: Federal Child Benefit Act (Bundeskindergeldgesetz, BKKG) in the version published on 14 April 1964. Income tax law (Einkommensteuergesetz; EStG) in the version published on 19 October 2002, last amended by Art. 1 of the Act of 28 April 2006 (BGBl. I p.1095).
Child-raising benefits	Elterngeld: Federal Act on parental allowance and parental leave (Bundeselterngeld- und Elternzeitgesetz – BEEG, 5 December 2006).
Additional family benefits	Elternzeit (child-raising leave): Federal Act on parental allowance and parental leave (Bundeselterngeld- und Elternzeitgesetz – BEEG, 5 December 2006).
Labour market access	Residence Act (Aufenthaltsgesetz) of 30 July 2004.

Greece

Unemployment Insurance	Unemployment insurance: Statutory Order No. 2961/1954. Law No. 1545/1985. Law No. 1892/1990.
Maternity leave	Maternity benefit (ΕΠΙΔΟΜΑ ΚΥΟΦΟ-ΡΙΑΣ-ΛΟΧΕΙΑΣ): Legislative Decree 1846 of 14 June 1951 on social insurance as amended.
Child benefit	Child benefit: Royal Order No. 20 of 23 December 1959. Presidential Order No. 527/1984. Presidential Order No. 412/1985
Labour market access	Act No. 3386 on the entry, residence and social integration of third-country nationals into the Greek territory of 23 August 2005, Presidential Decree No. 131 on the harmonization of the Hellenic Legislation with the Directive 2003/86/EC concerning the right of family reunification of 13 July 2006.

Ireland

Unemployment Insurance	Unemployment Benefits: Social Welfare Consolidation Act 2005, Part 2, Chp. 12, Sect. 62-68.
Unemployment Assistance	Unemployment Assistance: Social Welfare Consolidation Act 2005, Part 3, Chp. 2, Sect. 140-148.
Social assistance	Supplementary Welfare Allowance: Social Welfare Consolidation Act 2005, Part 3, Chp. 9, Sect. 187-208.
Maternity leave	Maternity benefit: Social Welfare Consolidation Act 2005, Part 2, Chp. 9, Sect. 47-51.
Child benefit	Child Benefit: Social Welfare Consolidation Act 2005, Part 4, Sect. 219-223.
Lone-parent benefits	One Parent Family Payment: Social Welfare Consolidation Act 2005, Part 3, Chp. 9, Sect. 172-178.
Additional family benefits	Family Income Supplement: Social Welfare Consolidation Act 2005, Part 6, Sect. 227-233.
Labour market access	Employment Permit Act 2006.

Italy

Unemployment Insurance	Indennità ordinaria di disoccupazione; l'assicurazione contro la disoccupazione: Law No. 427 of 6 August 1975. Law No. 160 of 20 May 1988. Law No. 223 of 23 July 1991. Law No. 80 of 14 May 2005.
Social assistance	Minimo vitale: Regulation No. 19 of 6 February 2006 on the interventions and social services of the community of Milano.

Maternity leave	Indennità di maternità, congedo di maternità/paternità: Law No. 1204 of 30 December 1971 on the protection of working mothers. Law No. 903 of 9 December 1977 on equal treatment between men and women. Law No. 53 of 8 March 2000 on provisions for maternity and paternity support.
Child benefit	L'assegno per il nucleo familiare: Decree of 30 May 1955. Law of 17 October 1961. Law No. 153 of 13 May 1988 (family benefits). Decree No. 306 of 15 July 1999. Decree No. 452 of 21 December 2000. Law No. 296 of 27 December 2006.
Labour market access	Decree-Law No. 286 of 25 July 1998 concerning immigration and the condition of third country nationals, Decree of the President of the Republic No. 394 of 31 August 1999, Law No. 189 of 30 July 2002.

Netherlands

Unemployment Insurance	Unemployment Insurance (WW): Unemployment Benefit Act (Werkloosheidswet, WW).
Social assistance	Algemene Bijstand: Work and Social Assistance Act (Wet Werk en Bijstand, WWB).
Maternity leave	Maternity leave (Zwangerschaps- en bevallingsverlof): Work and Care Act (Wet arbeid en zorg, WAZO).
Child benefit	Child Benefits (Algemene Kinderbijslag): General Child Benefit Act (Algemene Kinderbijslagwet, AKW).
Labour market access	Aliens employment Act of 21 December 1994.

Norway

Unemployment Insurance	Dagpenger: National Insurance Act (folketrygdloven) of 28 February 1997, Chapter 4.
Social assistance	Stønad til livsopphold (sosialhjelp): Act on Social Services of 13 December 1991, Rundskriv I-34/2001.
Maternity leave	Foreldrepenger: National Insurance Act (folketrygdloven) of 28 February 1997, Chapters 14.
Child benefit	Barnetrygd: Child Benefit Act (barnetrygdloven) of 8 March 2002.
Child-raising benefits	Engangsstønad ved fødsel (maternity grant): National Insurance Act (folketrygdloven) of 28 February 1997, Chapter 14.
Childcare allowances	Kontantstøtte (Monthly Cash Benefit for Parents with Small Children): Act on Cash Benefit for Parents with Small Children (kontantstøtteloven) of 26 June 1998.
Lone-parent benefits	Stønad til enslig mor eller far: National Insurance Act (folketrygdloven) of 28 February 1997, Chapter 15.
Additional family benefits	Stønad til barnetilsyn (Childcare Benefit): National Insurance Act (folketrygdloven) of 28 February 1997, Chapter 15.
Labour market access	Immigration Act No. 64. of 24 June 1988, Immigration Regulations No.1028 of 21 December 1990.

Portugal

Unemployment Insurance	Subsídio de desemprego: Statutory Decree 220/2006 of 3 November 2006.
Unemployment Assistance	Subsídio social de desemprego: Statutory Decree 220/2006 of 3 November 2006.
Social assistance	Rendimento social de inserção/rendimento minimo garantido (Social insertion income): Law 13/03 of 21 May 2003. Statutory Decree 283/03 of 8 November 2003. Statutory Decree 45/05 of 29 August 2005.

Maternity leave	Protecção da maternidade (e da paternidade): Law 99/2003 of 27 August 2003. Law 35/2004 of 29 July 2004. Statutory Decree 154/88 of 29 April 1988 modified by Statutory Decree 333/95 of 23 December 1995. Statutory Decree 347/98 of 9 November 1998. Statutory Decree 77/2000 of 9 May 2000. Statutory Decree 77/2005 of 13 April 2005
Child benefit	Prestações familiares: Law 32/02 of 20 December 2002. Statutory Decree 176/03 of 02 August 2003.
Labour market access	Decree-Law No. 34 concerning the conditions and procedures on the entry, permanence, exit and removal of foreign citizens from Portuguese territory, as well as the status of long term resident of 25 February 2003

Spain

Unemployment Insurance	Protección por desempleo (prestación): Royal Decree No. 625/85 of 2 April 1985; Social Security General Act (Ley General de la Seguridad Social) approved by Legislative Royal Decree No. 1/94 of 20 June 1994; Law No. 45/2002 of 12 December 2002; Law No. 52/2003 on Employment of 16 December 2003; Royal Decree No. 3/2004 of 25 June 2004; Royal Decree No. 200/2006 of 17 February 2006; Royal Decree No. 1369/2006 of 24 November 2006.
Unemployment Assistance	Protección por desempleo (subsidio): see 'unemployment insurance' above
Social assistance	Renta mínima de inserción: Law No. 15/2001 on the minimum income in the comunity of Madrid (Ley de renta mínima de inserción en la comunidad de Madrid).
Maternity leave	Prestación por maternidad: Social Security General Act (Ley General de la Seguridad Social) approved by Legislative Royal Decree No. 1/94 of 20 June 1994. Legislative Decree No. 1/95 of 24 March 1995. Law No. 39/99 of 5 November 1999 on conciliation of Labour and Family Life for workers (Ley sobre conciliación de la vida familiar y laboral de las personas trabajadoras). Royal Decree No. 1252/2001 of 16 November 2001.
Child benefit	Prestaciones por hijo a cargo: Social Security General Act (Ley General de la Seguridad Social) approved by Legislative Royal Decree No. 1/94 of 20 June 1994. Royal Decree No. 1335/2005 of 11 November 2005.
Labour market access	Organic Law No. 4 on the Rights and Freedoms of Aliens in Spain and their Social Integration of 11 January 2000, amended by Organic Law 8/2000, Organic Law 11/2003 and Organic Law 14/2003. Implementing Regulation of Organic Law 4/2000, Official State Bulletin No. 174. 21 July 2001, amended by Royal Decree 864/2001 and 2393/2004.

Sweden

Unemployment Insurance	Inkomstbortfallsförsäkring: Unemployment Insurance Act (Lag om arbetslöshetsförsäkring) of 29 May 1997 and Regulation of 13 November 1997.
Unemployment Assistance	Grundförsäkring: Unemployment Insurance Act (Lag om arbetslöshetsförsäkring) of 29 May 1997 and Regulation of 13 November 1997.
Social assistance	Ekonomiskt bistånd (socialbidrag): Social Services Act No. 453 of 7 June 2001. Law of January 2002.
Maternity leave	Föräldrapenning (parental benefits): National Insurance Act (Lag om allmän försäkring) No. 381 of 25 May 1962. Law on Parental Insurance (föräldraförsäkring) of January 1974. Law on Parental Leave (föräldraledighetslag) No. 584 of 24 May 1995.
Child benefit	Barnbidrag: General Child Benefit Act (Lag om allmänna barnbidrag) No. 529 of 26 June 1947.
Labour market access	Aliens Act No. 716 of 29 March 2005.

Switzerland

Unemployment Insurance	Arbeitslosenversicherung: Federal Law on Compulsory Unemployment Insurance and Allowances in case of Insolvency of 25 June 1982 (Bundesgesetz über die obligatorische Arbeitslosenversicherung und die Insolvenzentschädigung). Federal Law on General Provisions concerning Legislation on Social Insurances of 6 October 2000 (Bundesgesetz über den Allgemeinen Teil des Sozialversicherungsrechts).
Social assistance	Sozialhilfe: Canton Zurich: Social Assistance Law (Zürcher Sozialhilfegesetz) of 14 June 1981.
Maternity leave	Mutterschaftsgeld: Federal Law on Income Compensation Allowances in case of Service and in case of Maternity of 25 September 1952 (Bundesgesetz über den Erwerbsersatz für Dienstleistende und bei Mutterschaft). Federal Law on General Provisions concerning Legislation on Social Insurances of 6 October 2000 (Bundesgesetz über den Allgemeinen Teil des Sozialversicherungsrechts).
Child benefit	Kinderzulage: Canton Zurich: Law on the child allowance for employees (Zürcher Gesetz über Kinderzulagen für Arbeitnehmer) of 8 June 1958.
Labour market access	Federal Law and regulations on the Temporary and Permanent Residence of Foreign Nationals (Bundesgesetz und Verordnung über den Aufenthalt und Niederlassung der Ausländer, ANAG/ANAV), regulations on the numerical limitation of foreigners (Verordnung über die Begrenzung der Zahl der Ausländer, BVO).

United Kingdom

Unemployment Insurance	Contribution-based jobseeker's allowance: Jobseekers Act 1995. CPAG (2008).
Unemployment Assistance	Income-based jobseeker's allowance: Jobseekers Act 1995. CPAG (2008).
Social assistance	Income support: Income Support (General) Regulations, 1987. Social Security Administration Act 1992. CPAG (2008).
Maternity leave	Statutory maternity pay and maternity allowance: Social Security Contributions and Benefits Act 1992. Social Security Administration Act 1992. The Welfare Reform and Pension Act 1999. Employment Act 2002. CPAG (2008).
Child benefit	Child benefit: Social Security Contributions and Benefits Act 1992. CPAG (2008).
Childcare allowances	Working tax credit: The Tax Credits Act 2002. CPAG (2008).
Additional family benefits	Child tax credit: The Tax Credits Act 2002. CPAG (2008).
Labour market access	Immigration Act of 28 October 1971, Immigration Rules.

United States

Unemployment Insurance	Unemployment Insurance: Michigan Employment Security Act 1 of 1936 (Ex. Sess.). Country chapter benefits and wages (OECD 2007).
Social assistance	Supplemental Security Income (SSI), Food Stamps: Code of Federal Regulations, Title 8 - Aliens and Nationality.
Child benefit	Temporary Assistance for Needy Families (TANF): Code of Federal Regulations, Title 8 - Aliens and Nationality.
Labour market access	Immigration and Nationality Act of 1952, Code of Federal Regulations - Aliens and Nationality.

Appendix B. Descriptive statistics (immigrant and full sample)

	Only immigrant households					All housholds				
	Mean	SD	Min.	Max.	N	Mean	SD	Min.	Max.	N
Dependent variables										
Poverty rates based on market income	0.299	0.458	0	1	9 776	0.193	0.395	0	1	129 814
Poverty rates based on disposable income	0.201	0.401	0	1	9 776	0.101	0.301	0	1	129 814
Independent variables (household-level)										
Ref. non-immigrant										
Immigrant	-	-	-	-	-	0.075	0.264	0	1	129 814
Mixed	-	-	-	-	-	0.073	0.259	0	1	129 814
Ref. low education										
Medium	0.245	0.430	0	1	9 597	0.281	0.449	0	1	129 279
High	0.271	0.444	0	1	9 597	0.220	0.414	0	1	129 279
Mixed, low	0.117	0.321	0	1	9 597	0.145	0.352	0	1	129 279
Mixed	0.050	0.218	0	1	9 597	0.058	0.234	0	1	129 279
Mixed, high	0.090	0.287	0	1	9 597	0.143	0.350	0	1	129 279
Ref. low service functionaries										
Blue collar workers	0.196	0.397	0	1	9 765	0.139	0.346	0	1	129 749
Mixed sesrvice functionaries	0.070	0.255	0	1	9 765	0.075	0.263	0	1	129 749
Socio-cultural professionals	0.123	0.328	0	1	9 765	0.140	0.347	0	1	129 749
Capital accumulators	0.084	0.277	0	1	9 765	0.069	0.253	0	1	129 749
Mixed skills, low	0.129	0.335	0	1	9 765	0.148	0.355	0	1	129 749
Mixed skills, high	0.029	0.169	0	1	9 765	0.068	0.251	0	1	129 749
Mixed skills	0.129	0.336	0	1	9 765	0.230	0.421	0	1	129 749
Other	0.073	0.260	0	1	9 765	0.038	0.192	0	1	129 749
Ref. no one employed										
One person	0.505	0.500	0	1	9 763	0.413	0.492	0	1	129 740
Multiple earners	0.332	0.471	0	1	9 763	0.463	0.499	0	1	129 740
Ref. no one employed atypically										
At least one person	0.127	0.333	0	1	9 763	0.201	0.400	0	1	129 740
All	0.155	0.362	0	1	9 763	0.111	0.314	0	1	129 740
Ref. no one self-employed										
At least one person	0.059	0.236	0	1	9 763	0.110	0.313	0	1	129 740
All	0.081	0.273	0	1	9 763	0.092	0.289	0	1	129 740
Ref. one person household, female										
One person household, male	0.126	0.331	0	1	9 776	0.092	0.288	0	1	129 814
Two adults, without dependent children	0.160	0.367	0	1	9 776	0.238	0.426	0	1	129 814
Other households, without depend. children	0.062	0.242	0	1	9 776	0.105	0.307	0	1	129 814
Single parent households, female	0.090	0.287	0	1	9 776	0.054	0.226	0	1	129 814
Single parent households, male	0.017	0.130	0	1	9 776	0.011	0.104	0	1	129 814
Two adults, with dependent children	0.361	0.480	0	1	9 776	0.355	0.478	0	1	129 814
Other households, with dependent children	0.083	0.276	0	1	9 776	0.067	0.250	0	1	129 814
Ref. young (18-39)										
Middle (40-59)	0.374	0.484	0	1	9 776	0.387	0.487	0	1	129 814
Mixed (18-59)	0.162	0.369	0	1	9 776	0.178	0.382	0	1	129 814
Mixed (incl. 60+)	0.089	0.284	0	1	9 776	0.134	0.341	0	1	129 814
Number of children ≤ 13	0	1.049	-0.757	7.243	9 776	0	0.930	-0.591	9.409	129 814
Number of persons ≥ 65	0	0.280	-0.060	2.940	9 776	0	0.333	-0.086	3.914	129 814
Independent variables (country-level)										
Index labour market (LM)	0	0.113	-0.117	0.217	9 776	0	0.123	-0.158	0.175	129 814
Index labour market (empl.)	0	0.123	-0.123	0.210	9 776	0	0.119	-0.172	0.161	129 814
Index labour market (self.)	0	0.159	-0.193	0.307	9 776	0	0.184	-0.227	0.273	129 814
Index access (unemployment)	0	0.130	-0.220	0.280	9 776	0	0.143	-0.246	0.254	129 814
Index access (family benefits)	0	0.297	-0.441	0.393	9 776	0	0.274	-0.532	0.301	129 814
Index access (dual earner)	0	0.284	-0.525	0.475	9 776	0	0.236	-0.584	0.416	129 814
Index access (social assistance)	0	0.297	-0.499	0.501	9 776	0	0.326	-0.610	0.390	129 814
Wage bargaining coordination	0	1.332	-1.616	2.384	9 776	0	1.238	-2.038	1.962	129 814
Government intervention	0	1.111	-1.169	1.831	9 776	0	1.044	-1.482	1.518	129 814
Minimum wage setting	0	3.043	-3.824	3.176	9 776	0	3.036	-3.171	3.829	129 814
Minimum wage (% of median)	0	22.268	-28.56	31.840	9 776	0	23.600	-25.32	35.078	129 814
OECD EPL index (reg.)	0	0.915	-1.405	2.595	9 776	0	0.900	-1.740	2.260	129 814
OECD EPL index (temp.)	0	1.114	-1.129	2.251	9 776	0	1.084	-1.413	1.967	129 814
Unemployment generosity	0	0.094	-0.265	0.175	9 776	0	0.097	-0.276	0.164	129 814
Traditional family benefits	0	5.821	-7.357	14.569	9 776	0	5.136	-7.300	14.626	129 814
Index dual earner support	0	33.654	-40.35	59.653	9 776	0	32.133	-53.00	46.996	129 814
Minimum income protection	0	12.305	-18.17	28.415	9 512	0	11.562	-19.99	26.600	125 863
Industrialised countries, % foreign born	0	15.541	-22.43	43.319	9 776	0	13.138	-21.23	44.521	129 814
Permit based statistics, work (%)	0	9.710	-12.13	24.877	9 512	0	9.756	-13.32	23.688	125 863
Permit based statistics, family (%)	0	18.415	-29.64	26.156	9 512	0	16.409	-24.58	31.216	125 863
Permit based statistics, humanitarian (%)	0	5.213	-8.587	13.132	9 512	0	6.036	-8.659	13.060	125 863
GDP growth (5-year average)	0	0.052	-0.161	0.057	9 776	0	0.056	-0.146	0.072	129 814
Employment growth (2006)	0	0.874	-1.332	2.482	9 776	0	0.970	-1.283	2.531	129 814
Unemployment rate (%)	0	1.639	-3.013	3.152	9 776	0	1.821	-3.366	2.800	129 814
Unemployment rate (migrants)	0	3.779	-4.676	8.324	9 776	0	3.764	-5.707	7.293	129 814
Total social expenditure (% of GDP)	0	4.421	-4.726	7.654	9 776	0	4.003	-6.079	6.301	129 814

Appendix C. Descriptive statistics – country-level variables (N=19, uncentred)

	Mean	SD	Minimum	Maximum
Dependent variables				
Poverty rates based on market income (immigrants)	35.103	11.796	16.563	52.251
Poverty rates based on market income (non-immigrants)	17.828	3.426	8.534	26.191
Poverty rates based on market income (mixed)	17.466	4.559	7.569	24.160
Poverty rates based on disposable income (immigrants)	20.472	5.159	9.348	29.717
Poverty rates based on disposable income (non-immigrants)	8.500	3.109	4.790	14.703
Poverty rates based on disposable income (mixed)	8.394	3.517	2.691	14.702
AME coefficients based on market income (raw, imigrants)	13.337	8.042	2.144	24.427
AME coefficients based on market income (raw, mixed)	-0.778	5.221	-15.323	7.699
AME coefficients based on market income (net, immigrants)	4.497	2.657	0.520	11.159
AME coefficients based on market income (net, mixed)	2.197	2.142	-3.522	6.323
AME coefficients based on disposable income (raw, immigrants)	8.406	2.603	2.534	13.195
AME coefficients based on disposable income (raw, mixed)	-0.485	3.401	-8.193	4.925
AME coefficients based on disposable income (net, immigrants)	4.218	2.083	0.240	9.365
AME coefficients based on disposable income (net, mixed)	1.525	2.067	-3.536	4.133
Independent variables				
Index labour market (LM)	0.736	0.116	0.583	0.917
Index labour market (employment)	0.761	0.123	0.583	0.917
Index labour market (self-employment)	0.711	0.176	0.5	1
Index access (unemployment)	0.502	0.152	0.25	0.75
Index access (family benefits)	0.730	0.249	0.167	1
Index access (dual-earner support)	0.628	0.188	0	1
Index access (social assistance)	0.599	0.330	0	1
Wage bargaining coordination	3.158	1.214	1	5
Government intervention	2.553	1.039	1	4
Minimum wage setting	4.211	3.047	1	8
Minimum wage (% of median)	27.737	24.961	0	60.4
OECD EPL index (reg.)	2.043	0.885	0.17	4.17
OECD EPL index (temp.)	1.737	1.100	0.25	3.63
Unemployment generosity	0.719	0.111	0.44	0.88
Traditional family benefits	8.357	5.531	0	21.926
Index dual-earner support	53.209	33.660	0	100
Minimum income protection[1]	40.781	11.303	19.237	65.820
Industrialised countries, % foreign born	31.544	14.247	6.634	72.381
Permit based statistics, work (%)[1]	13.829	10.857	0.571	37.575
Permit based statistics, family (%)[1]	38.552	15.079	15.863	71.660
Permit based statistics, humanitarian (%)[1]	8.613	6.322	0.080	21.799
GDP growth (5-year average)	0.710	0.059	0.567	0.785
Employment growth (2006)	1.936	1.063	0.622	4.437
Unemployment rate (%)	5.803	1.931	2.529	8.695
Unemployment rate (immigrants)	9.129	3.617	3.3	16.3
Total social expenditure (% of GDP)	22.111	4.071	16.016	28.396

Notes: [1] Data missing for Greece.

Appendix D. Descriptive statistics – average value per country (migrant sample)

	AT	BE	DE	DK	ES	FI	FR	GR	IE
Dependent variables									
Poverty rates based on market income	0.241	0.436	0.404	0.371	0.248	0.468	0.384	0.254	0.363
Poverty rates based on disposable income	0.151	0.266	0.213	0.159	0.266	0.202	0.154	0.246	0.142
Independent variables (household-level)									
Ref. low education									
Medium	0.371	0.283	0.287	0.258	0.229	0.377	0.192	0.340	0.224
High	0.142	0.316	0.317	0.225	0.133	0.254	0.192	0.099	0.393
Mixed, low	0.199	0.080	0.072	0.125	0.181	0.090	0.122	0.130	0.059
Mixed	0.020	0.029	0.051	0.050	0.056	0.049	0.041	0.031	0.029
Mixed, high	0.070	0.092	0.162	0.117	0.078	0.098	0.045	0.122	0.118
Ref. low service functionaries									
Blue collar workers	0.254	0.203	0.153	0.220	0.197	0.185	0.220	0.318	0.112
Mixed sesrvice functionaries	0.037	0.105	0.090	0.045	0.020	0.024	0.083	0.027	0.061
Socio-cultural professionals	0.070	0.092	0.177	0.212	0.051	0.177	0.098	0.034	0.132
Capital accumulators	0.037	0.067	0.033	0.030	0.030	0.129	0.062	0.023	0.102
Mixed skills, low	0.224	0.113	0.189	0.076	0.370	0.040	0.207	0.299	0.159
Mixed skills, high	0.015	0.025	0.045	0.030	0.010	0.040	0.026	0.004	0.034
Mixed skills	0.090	0.090	0.165	0.106	0.063	0.048	0.092	0.106	0.142
Other	0.029	0.078	0.054	0.121	0.022	0.169	0.049	0.049	0.054
Ref. no one employed									
One person	0.544	0.474	0.455	0.477	0.396	0.532	0.540	0.511	0.431
Multiple earners	0.300	0.178	0.246	0.265	0.502	0.194	0.213	0.386	0.325
Ref. no one employed atypically									
At least one person	0.119	0.090	0.189	0.091	0.246	0.056	0.098	0.102	0.129
All	0.140	0.145	0.153	0.076	0.323	0.169	0.213	0.280	0.183
Ref. no one self-employed									
At least one person	0.022	0.061	0.030	0.023	0.093	0.081	0.030	0.087	0.047
All	0.077	0.086	0.057	0.076	0.081	0.145	0.062	0.106	0.071
Ref. one person household, female									
One person household, male	0.125	0.191	0.129	0.152	0.053	0.145	0.109	0.102	0.125
Two adults, without dependent children	0.167	0.149	0.162	0.114	0.167	0.081	0.149	0.170	0.169
Other households, without depend. children	0.061	0.027	0.060	0.038	0.102	0.016	0.023	0.110	0.088
Single parent households, female	0.090	0.107	0.120	0.129	0.073	0.153	0.113	0.038	0.163
Single parent households, male	0.006	0.013	0.015	0.015	0.008	0.032	0.028	0.004	0.007
Two adults, with dependent children	0.377	0.338	0.332	0.417	0.337	0.411	0.416	0.413	0.302
Other households, with children	0.066	0.038	0.039	0.045	0.195	0.056	0.056	0.091	0.031
Ref. young (18-39)									
Middle (40-59)	0.340	0.398	0.386	0.439	0.250	0.363	0.497	0.273	0.356
Mixed (18-59)	0.215	0.140	0.138	0.205	0.246	0.121	0.122	0.212	0.115
Mixed (incl. 60+)	0.055	0.044	0.087	0.045	0.083	0.024	0.126	0.083	0.031
Number of children ≤ 13	-0.010	-0.019	-0.116	0.084	0.139	0.098	0.112	-0.143	-0.051
Number of persons ≥ 65	-0.029	-0.039	-0.021	-0.022	-0.009	-0.044	-0.004	0.000	-0.047
Independent variables (country-level)									
Index labour market (LM)	-0.075	-0.012	0.008	0.175	-0.096	0.196	0.008	-0.033	-0.117
Index labour market (empl.)	-0.123	0.085	0.127	0.210	0.002	0.168	0.210	0.043	-0.040
Index labour market (self.)	-0.027	-0.110	-0.110	0.140	-0.193	0.223	-0.193	-0.110	-0.193
Index access (unemployment)	-0.137	-0.137	-0.053	-0.137	0.030	0.280	0.197	0.197	0.238
Index access (family benefits)	0.393	-0.024	0.226	0.115	0.393	0.226	0.393	0.059	0.143
Index access (dual-earner support)	0.141	-0.025	0.141	0.141	0.141	0.225	0.030	0.141	0.141
Index access (social assistance)	-0.165	0.001	0.001	-0.249	0.251	0.501	0.001	-0.499	0.251
Wage bargaining coordination	1.384	1.384	1.384	1.384	1.384	0.384	-0.616	1.384	2.384
Government intervention	-0.169	1.831	-0.169	-0.169	0.831	0.831	0.831	0.831	1.831
Minimum wage setting	-3.824	-1.824	-3.824	-3.824	0.176	-3.824	3.176	2.176	1.176
Minimum wage (% of median)	-28.56	21.740	-28.560	-28.560	17.040	-28.560	31.840	17.640	24.540
OECD EPL index (reg.)	0.795	0.155	1.425	0.055	0.885	0.595	0.895	0.755	0.025
OECD EPL index (temp.)	0.121	1.251	-0.129	0.001	2.121	0.501	2.251	1.751	-0.749
Unemployment generosity	0.003	0.052	0.028	0.175	0.100	-0.003	0.027	-0.210	0.003
Traditional family benefits	3.905	0.154	1.814	3.638	-7.357	3.493	-2.946	-5.568	14.569
Index dual-earner support	8.386	23.805	56.071	59.653	18.923	22.400	53.707	-37.912	-12.854
Minimum income protection	0.817	-5.916	5.150	13.411	-9.664	11.438	-6.304	.	28.415
Industrialised countries, % foreign born	7.295	17.033	-0.309	-7.182	0.875	0.514	3.136	-5.756	43.319
Permit based statistics, work (%)	-10.20	-5.731	-6.801	3.961	13.788	-1.210	-7.567	.	-3.797
Permit based statistics, family (%)	0.875	-10.688	-18.952	-18.685	-29.641	-11.259	11.883	.	-28.204
Permit based statistics, humanitarian (%)	2.401	-2.523	0.244	-2.478	-8.587	3.450	-2.626	.	-7.767
GDP growth (5-year average)	-0.064	0.005	-0.059	0.003	-0.081	-0.036	0.027	-0.080	-0.065
Employment growth (2006)	-0.906	-0.663	-1.332	-0.326	2.127	-0.193	-1.315	0.502	2.482
Unemployment rate (%)	-1.126	1.915	3.152	-1.531	2.751	1.322	2.461	2.551	-0.987
Unemployment rate (immigrants)	1.024	8.324	6.224	0.124	3.724	6.324	5.824	0.624	-1.976
Total social expenditure (% of GDP)	5.679	5.597	4.420	5.301	0.838	4.093	7.654	0.587	-4.430
Observations	544	477	334	132	508	124	531	264	295

Appendix D [continued]

Immigrant households	IT	NL	NO	PT	SE	UK	CH	AU	CA	US
Dependent variables										
Poverty rates based on market income	0.185	0.293	0.389	0.218	0.446	0.338	0.174	0.257	0.265	0.306
Poverty rates based on disposable income	0.234	0.072	0.234	0.172	0.202	0.191	0.122	0.173	0.164	0.264
Independent variables (household-level)										
Ref. low education										
Medium	0.369	0.341	0.232	0.172	0.332	0.331	0.265	0.133	0.051	0.233
High	0.064	0.240	0.268	0.184	0.182	0.301	0.294	0.399	0.538	0.267
Mixed, low	0.133	0.097	0.086	0.092	0.150	0.093	0.168	0.075	0.045	0.125
Mixed	0.018	0.037	0.045	0.046	0.045	0.021	0.034	0.077	0.148	0.039
Mixed, high	0.037	0.101	0.030	0.057	0.136	0.099	0.099	0.026	0.131	0.104
Ref. low service functionaries										
Blue collar workers	0.352	0.136	0.134	0.172	0.208	0.152	0.146	0.114	0.133	0.224
Mixed sesrvice functionaries	0.043	0.127	0.040	0.046	0.039	0.067	0.087	0.121	0.141	0.043
Socio-cultural professionals	0.072	0.244	0.178	0.138	0.139	0.157	0.199	0.212	0.098	0.092
Capital accumulators	0.033	0.072	0.093	0.046	0.035	0.096	0.113	0.099	0.079	0.149
Mixed skills, low	0.136	0.032	0.069	0.299	0.149	0.083	0.112	0.045	0.047	0.083
Mixed skills, high	0.003	0.036	0.032	0.011	0.024	0.064	0.059	0.041	0.022	0.030
Mixed skills	0.083	0.131	0.073	0.080	0.092	0.131	0.103	0.094	0.240	0.188
Other	0.033	0.086	0.134	0.011	0.106	0.053	0.047	0.181	0.117	0.054
Ref. no one employed										
One person	0.627	0.561	0.486	0.552	0.420	0.527	0.585	0.543	0.448	0.489
Multiple earners	0.270	0.281	0.243	0.356	0.342	0.273	0.286	0.259	0.455	0.428
Ref. no one employed atypically										
At least one person	0.127	0.158	0.065	0.080	0.134	0.080	0.165	0.092	0.154	0.114
All	0.201	0.299	0.073	0.287	0.124	0.160	0.201	0.161	0.099	0.070
Ref. no one self-employed										
At least one person	0.063	0.045	0.053	0.080	0.067	0.051	0.050	0.061	0.102	0.056
All	0.133	0.032	0.065	0.092	0.077	0.075	0.068	0.124	0.096	0.058
Ref. one person household, female										
One person household, male	0.203	0.185	0.266	0.126	0.115	0.114	0.120	0.170	0.084	0.090
Two adults, without dependent children	0.121	0.140	0.083	0.092	0.180	0.194	0.220	0.213	0.143	0.147
Other households, without children	0.039	0.023	0.040	0.080	0.041	0.061	0.056	0.090	0.085	0.068
Single parent households, female	0.072	0.135	0.099	0.092	0.076	0.120	0.070	0.074	0.085	0.086
Single parent households, male	0.009	0.005	0.012	0.023	0.025	0.011	0.006	0.012	0.016	0.035
Two adults, with dependent children	0.292	0.297	0.337	0.402	0.395	0.343	0.357	0.272	0.388	0.407
Other households, with depend. children	0.095	0.009	0.028	0.069	0.094	0.045	0.052	0.065	0.135	0.108
Ref. young (18-39)										
Middle (40-59)	0.301	0.428	0.286	0.345	0.397	0.367	0.360	0.591	0.474	0.289
Mixed (18-59)	0.162	0.122	0.159	0.126	0.194	0.130	0.190	0.039	0.147	0.196
Mixed (incl. 60+)	0.031	0.032	0.028	0.080	0.104	0.077	0.088	0.070	0.213	0.100
Number of children ≤ 13	-0.141	-0.108	-0.034	-0.147	-0.048	0.036	-0.124	-0.208	0.006	0.186
Number of persons ≥ 65	-0.042	-0.060	-0.048	-0.003	-0.011	0.012	-0.014	-0.012	0.116	0.022
Independent variables (country-level)										
Index labour market (LM)	0.217	0.196	0.154	0.008	0.113	0.029	-0.117	0.133	0.008	-0.117
Index labour market (empl.)	0.127	0.085	0.168	0.210	0.085	-0.082	-0.123	0.127	-0.123	-0.123
Index labour market (self.)	0.307	0.307	0.140	-0.193	0.140	0.140	-0.110	0.140	0.140	-0.110
Index access (unemployment)	-0.137	0.197	0.197	0.030	0.030	0.030	-0.220	-0.095	0.072	0.030
Index access (family benefits)	0.059	0.393	0.143	0.393	0.393	-0.274	-0.107	0.049	-0.191	-0.441
Index access (dual-earner support)	0.141	0.141	0.183	0.141	0.475	-0.025	-0.025	0.225	0.141	-0.525
Index access (social assistance)	0.501	0.501	0.501	0.501	0.501	-0.165	-0.165	0.043	-0.082	-0.332
Wage bargaining coordination	1.384	1.384	1.384	0.384	0.384	-1.616	0.384	-0.616	-1.616	-1.616
Government intervention	1.831	-0.169	0.831	1.831	-0.169	-0.669	-1.169	0.831	-1.169	-1.169
Minimum wage setting	-3.824	2.176	-3.824	3.176	-3.824	1.176	-3.824	1.176	3.176	3.176
Minimum wage (% of median)	-28.56	18.54	-28.56	22.84	-28.56	18.04	-28.56	25.94	11.84	2.84
OECD EPL index (reg.)	0.195	1.305	0.675	2.595	1.285	-0.455	-0.415	-0.155	-0.325	-1.405
OECD EPL index (temp.)	0.501	-0.189	1.751	1.371	0.251	-0.999	-0.249	-0.499	-1.129	-1.129
Unemployment generosity	0.015	0.083	0.077	0.110	0.112	-0.265	0.107	-0.125	0.018	-0.047
Traditional family benefits	0.784	-3.346	2.216	-3.405	3.505	2.067	-1.911	9.406	5.335	-7.357
Index dual-earner support	19.184	14.359	57.432	14.708	50.888	11.399	-40.35	-35.53	-6.615	-33.28
Minimum income protection	14.674	-0.924	10.219	-7.751	8.332	-6.715	13.230	7.256	3.273	-18.17
Industrialised countries, % foreign born	-8.218	-13.30	2.505	-2.797	2.736	-4.756	21.625	13.951	-1.079	-22.43
Permit based statistics, work (%)	12.425	-1.549	-6.721	24.877	-12.13	13.783	-11.03	12.591	10.284	-4.608
Permit based statistics, family (%)	-9.910	-3.291	-6.407	-4.607	-2.709	-15.98	-24.40	5.700	14.980	26.156
Permit based statistics, humanitarian (%)	-6.283	13.132	7.703	-8.545	11.222	2.734	-3.958	-0.521	-1.885	3.318
GDP growth (5-year average)	-0.083	0.048	0.027	-0.161	0.029	0.034	-0.004	0.023	0.025	0.057
Employment growth (2006)	-0.020	-0.113	1.268	-1.255	0.067	-1.088	0.333	0.132	-0.014	-0.045
Unemployment rate (%)	0.611	-2.363	-3.013	2.492	0.617	-0.243	-2.046	-1.168	0.472	-0.920
Unemployment rate (immigrants)	-0.076	-1.376	-2.376	1.624	4.024	-0.676	-0.976	-3.076	-0.726	-4.676
Total social expenditure (% of GDP)	4.114	-0.663	0.057	1.781	6.563	-0.200	-2.220	-4.726	-3.885	-4.545
Observations	671	222	252	87	511	376	827	775	896	1 950

Appendix E. Descriptive statistics – average value per country (full sample)

All households	AT	BE	DE	DK	ES	FI	FR	GR	IE
Dependent variables									
Poverty rates based on market income	0.192	0.241	0.221	0.117	0.206	0.197	0.182	0.234	0.290
Poverty rates based on disposable income	0.070	0.090	0.104	0.038	0.146	0.080	0.062	0.134	0.105
Independent variables (household-level)									
Ref. non-immigrant	0.820	0.805	0.910	0.916	0.897	0.953	0.840	0.886	0.811
Immigrant	0.110	0.101	0.035	0.030	0.055	0.015	0.070	0.067	0.083
Mixed	0.070	0.094	0.055	0.053	0.049	0.032	0.089	0.047	0.106
Ref. low education									
Medium	0.491	0.267	0.371	0.293	0.090	0.300	0.304	0.210	0.161
High	0.110	0.291	0.275	0.209	0.161	0.226	0.212	0.135	0.197
Mixed, low	0.155	0.113	0.063	0.163	0.170	0.151	0.166	0.221	0.158
Mixed	0.028	0.047	0.039	0.060	0.159	0.059	0.041	0.068	0.088
Mixed, high	0.142	0.142	0.216	0.167	0.095	0.177	0.128	0.106	0.129
Ref. low service functionaries									
Blue collar workers	0.132	0.132	0.078	0.116	0.186	0.205	0.132	0.251	0.124
Mixed sesrvice functionaries	0.132	0.111	0.096	0.062	0.051	0.038	0.076	0.051	0.055
Socio-cultural professionals	0.085	0.121	0.231	0.184	0.079	0.117	0.140	0.092	0.082
Capital accumulators	0.033	0.058	0.035	0.036	0.025	0.089	0.053	0.042	0.090
Mixed skills, low	0.221	0.164	0.140	0.150	0.284	0.113	0.217	0.207	0.191
Mixed skills, high	0.036	0.065	0.087	0.098	0.035	0.092	0.068	0.032	0.063
Mixed skills	0.195	0.219	0.253	0.240	0.210	0.209	0.192	0.196	0.267
Other	0.015	0.023	0.017	0.025	0.013	0.044	0.025	0.041	0.025
Ref. no one employed									
One person	0.463	0.384	0.445	0.291	0.418	0.354	0.417	0.432	0.400
Multiple earners	0.404	0.427	0.397	0.622	0.470	0.518	0.447	0.423	0.419
Ref. no one employed atypically									
At least one person	0.204	0.221	0.257	0.178	0.203	0.124	0.208	0.165	0.198
All	0.108	0.130	0.139	0.038	0.140	0.079	0.121	0.116	0.120
Ref. no one self-employed									
At least one person	0.102	0.085	0.065	0.092	0.135	0.183	0.067	0.223	0.123
All	0.075	0.070	0.048	0.034	0.120	0.156	0.051	0.217	0.102
Ref. one person household, female									
One person household, male	0.107	0.114	0.107	0.077	0.043	0.100	0.093	0.064	0.088
Two adults, without dependent children	0.213	0.242	0.255	0.288	0.192	0.285	0.236	0.204	0.223
Other households, without depend. children	0.111	0.081	0.075	0.046	0.208	0.068	0.061	0.210	0.131
Single parent households, female	0.063	0.073	0.084	0.043	0.029	0.033	0.062	0.023	0.078
Single parent households, male	0.006	0.011	0.008	0.008	0.004	0.010	0.015	0.003	0.006
Two adults, with dependent children	0.327	0.339	0.318	0.435	0.362	0.385	0.398	0.348	0.325
Other households, with dependent children	0.076	0.049	0.035	0.042	0.123	0.042	0.043	0.092	0.079
Ref. young (18-39)									
Middle (40-59)	0.365	0.393	0.462	0.445	0.311	0.458	0.418	0.272	0.429
Mixed (18-59)	0.207	0.164	0.162	0.148	0.237	0.138	0.152	0.231	0.196
Mixed (incl. 60+)	0.131	0.103	0.110	0.100	0.214	0.104	0.093	0.252	0.155
Number of children ≤ 13	-0.020	-0.015	-0.120	0.058	-0.054	-0.034	0.046	-0.074	0.079
Number of persons ≥ 65	0.003	-0.025	-0.031	-0.059	0.082	-0.031	-0.039	0.106	0.015
Independent variables (country-level)									
Index labour market (LM)	-0.116	-0.054	-0.033	0.134	-0.137	0.155	-0.033	-0.075	-0.158
Index labour market (empl.)	-0.172	0.036	0.078	0.161	-0.047	0.119	0.161	-0.006	-0.089
Index labour market (self.)	-0.060	-0.143	-0.143	0.107	-0.227	0.190	-0.227	-0.143	-0.227
Index access (unemployment)	-0.163	-0.163	-0.080	-0.163	0.004	0.254	0.170	0.170	0.212
Index access (family benefits)	0.301	-0.116	0.134	0.023	0.301	0.134	0.301	-0.032	0.051
Index access (dual-earner support)	0.082	-0.084	0.082	0.082	0.082	0.166	-0.029	0.082	0.082
Index access (social assistance)	-0.277	-0.110	-0.110	-0.360	0.140	0.390	-0.110	-0.610	0.140
Wage bargaining coordination	0.962	0.962	0.962	0.962	0.962	-0.038	-1.038	0.962	1.962
Government intervention	-0.482	1.518	-0.482	-0.482	0.518	0.518	0.518	0.518	1.518
Minimum wage setting	-3.171	-1.171	-3.171	-3.171	0.829	-3.171	3.829	2.829	1.829
Minimum wage (% of median)	-25.32	24.978	-25.322	-25.322	20.278	-25.322	35.078	20.878	27.778
OECD EPL index (reg.)	0.460	-0.180	1.090	-0.280	0.550	0.260	0.560	0.420	-0.310
OECD EPL index (temp.)	-0.163	0.967	-0.413	-0.283	1.837	0.217	1.967	1.467	-1.033
Unemployment generosity	-0.007	0.041	0.018	0.164	0.089	-0.014	0.016	-0.221	-0.007
Traditional family benefits	3.962	0.211	1.871	3.695	-7.300	3.550	-2.889	-5.511	14.626
Index dual-earner support	-4.271	11.148	43.414	46.996	6.267	9.743	41.050	-50.569	-25.511
Minimum income protection	-0.998	-7.731	3.335	11.596	-11.479	9.623	-8.119	.	26.600
Industrialised countries, % foreign born	8.497	18.235	0.893	-5.980	2.077	1.716	4.338	-4.554	44.521
Permit based statistics, work (%)	-11.39	-6.920	-7.990	2.772	12.599	-2.399	-8.756	.	-4.986
Permit based statistics, family (%)	5.934	-5.628	-13.893	-13.626	-24.581	-6.200	16.942	.	-23.144
Permit based statistics, humanitarian (%)	2.330	-2.595	0.172	-2.549	-8.659	3.378	-2.698	.	-7.839
GDP growth (5-year average)	-0.049	0.021	-0.043	0.018	-0.066	-0.020	0.043	-0.065	-0.050
Employment growth (2006)	-0.857	-0.613	-1.283	-0.276	2.176	-0.144	-1.266	0.551	2.531
Unemployment rate (%)	-1.479	1.563	2.800	-1.884	2.398	0.969	2.108	2.198	-1.340
Unemployment rate (immigrants)	-0.007	7.293	5.193	-0.907	2.693	5.293	4.793	-0.407	-3.007
Total social expenditure (% of GDP)	4.326	4.244	3.066	3.947	-0.516	2.740	6.301	-0.766	-5.783
Observations	4 963	4 744	9 571	4 344	9 310	8 443	7 554	3 951	3 537

Appendix E [continued]

All households	IT	NL	NO	PT	SE	UK	CH	AU	CA	US
Dependent variables										
Poverty rates based on market income	0.182	0.141	0.184	0.217	0.172	0.217	0.107	0.211	0.164	0.214
Poverty rates based on disposable income	0.115	0.034	0.099	0.122	0.067	0.097	0.061	0.125	0.107	0.159
Independent variables (household-level)										
Ref. non-immigrant	0.903	0.915	0.882	0.902	0.816	0.859	0.697	0.733	0.708	0.799
Immigrant	0.045	0.028	0.053	0.029	0.095	0.061	0.158	0.149	0.168	0.126
Mixed	0.053	0.057	0.066	0.069	0.088	0.080	0.145	0.118	0.124	0.075
Ref. low education										
Medium	0.254	0.255	0.310	0.043	0.391	0.462	0.431	0.124	0.050	0.343
High	0.072	0.237	0.240	0.058	0.205	0.205	0.173	0.271	0.641	0.287
Mixed, low	0.269	0.166	0.144	0.155	0.124	0.093	0.144	0.130	0.029	0.084
Mixed	0.055	0.056	0.047	0.095	0.026	0.017	0.033	0.100	0.105	0.029
Mixed, high	0.081	0.173	0.146	0.039	0.195	0.130	0.171	0.069	0.127	0.191
Ref. low service functionaries										
Blue collar workers	0.201	0.088	0.114	0.222	0.128	0.081	0.103	0.131	0.080	0.122
Mixed sesrvice functionaries	0.065	0.090	0.051	0.035	0.057	0.068	0.083	0.094	0.170	0.064
Socio-cultural professionals	0.130	0.201	0.181	0.061	0.178	0.114	0.209	0.190	0.128	0.113
Capital accumulators	0.040	0.073	0.070	0.017	0.044	0.080	0.089	0.085	0.093	0.155
Mixed skills, low	0.163	0.107	0.109	0.324	0.169	0.189	0.099	0.081	0.031	0.040
Mixed skills, high	0.053	0.103	0.094	0.033	0.080	0.079	0.096	0.063	0.036	0.064
Mixed skills	0.247	0.234	0.192	0.202	0.200	0.253	0.200	0.149	0.284	0.287
Other	0.024	0.040	0.059	0.004	0.025	0.022	0.029	0.118	0.087	0.073
Ref. no one employed										
One person	0.478	0.360	0.377	0.343	0.336	0.407	0.498	0.472	0.414	0.416
Multiple earners	0.376	0.553	0.512	0.542	0.570	0.443	0.422	0.395	0.519	0.484
Ref. no one employed atypically										
At least one person	0.149	0.398	0.162	0.195	0.240	0.195	0.272	0.177	0.171	0.156
All	0.096	0.196	0.059	0.113	0.103	0.110	0.178	0.143	0.092	0.065
Ref. no one self-employed										
At least one person	0.149	0.086	0.072	0.197	0.099	0.100	0.095	0.081	0.100	0.082
All	0.183	0.056	0.047	0.114	0.049	0.075	0.077	0.095	0.070	0.056
Ref. one person household, female										
One person household, male	0.089	0.090	0.139	0.029	0.098	0.088	0.096	0.134	0.100	0.087
Two adults, without children	0.193	0.279	0.232	0.219	0.276	0.272	0.292	0.246	0.239	0.215
Other households, without children	0.198	0.046	0.047	0.219	0.045	0.097	0.089	0.063	0.111	0.072
Single parent households, female	0.031	0.041	0.056	0.034	0.041	0.081	0.039	0.065	0.059	0.079
Single parent households, male	0.006	0.006	0.017	0.003	0.020	0.009	0.005	0.010	0.017	0.027
Two adults, with dependent children	0.332	0.418	0.386	0.321	0.393	0.325	0.314	0.324	0.310	0.362
Other households, with children	0.088	0.032	0.038	0.138	0.058	0.054	0.065	0.055	0.071	0.084
Ref. young (18-39)										
Middle (40-59)	0.331	0.452	0.392	0.309	0.359	0.388	0.376	0.460	0.406	0.354
Mixed (18-59)	0.218	0.154	0.149	0.230	0.172	0.194	0.221	0.066	0.115	0.183
Mixed (incl. 60+)	0.217	0.076	0.075	0.295	0.090	0.119	0.110	0.052	0.141	0.116
Number of children ≤ 13	-0.118	0.110	0.028	-0.147	0.022	0.005	-0.072	0.113	-0.014	0.158
Number of persons ≥ 65	0.081	-0.066	-0.062	0.153	-0.055	-0.019	-0.027	-0.063	0.016	-0.004
Independent variables (country-level)										
Index labour market (LM)	0.175	0.155	0.113	-0.033	0.071	-0.012	-0.158	0.092	-0.033	-0.158
Index labour market (empl.)	0.078	0.036	0.119	0.161	0.036	-0.131	-0.172	0.078	-0.172	-0.172
Index labour market (self.)	0.273	0.273	0.107	-0.227	0.107	0.107	-0.143	0.107	0.107	-0.143
Index access (unemployment)	-0.163	0.170	0.170	0.004	0.004	0.004	-0.246	-0.121	0.045	0.004
Index access (family benefits)	-0.032	0.301	0.051	0.301	0.301	-0.366	-0.199	-0.043	-0.282	-0.532
Index access (dual-earner support)	0.082	0.082	0.124	0.082	0.416	-0.084	-0.084	0.166	0.082	-0.584
Index access (social assistance)	0.390	0.390	0.390	0.390	0.390	-0.277	-0.277	-0.068	-0.193	-0.443
Wage bargaining coordination	0.962	0.962	0.962	-0.038	-0.038	-2.038	-0.038	-1.038	-2.038	-2.038
Government intervention	1.518	-0.482	0.518	1.518	-0.482	-0.982	-1.482	0.518	-1.482	-1.482
Minimum wage setting	-3.171	2.829	-3.171	3.829	-3.171	1.829	-3.171	1.829	3.829	3.829
Minimum wage (% of median)	-25.32	21.778	-25.32	26.078	-25.32	21.278	-25.32	29.178	15.078	6.078
OECD EPL index (reg.)	-0.140	0.970	0.340	2.260	0.950	-0.790	-0.750	-0.490	-0.660	-1.740
OECD EPL index (temp.)	0.217	-0.473	1.467	1.087	-0.033	-1.283	-0.533	-0.783	-1.413	-1.413
Unemployment generosity	0.004	0.073	0.066	0.099	0.101	-0.276	0.096	-0.136	0.008	-0.057
Traditional family benefits	0.841	-3.289	2.273	-3.348	3.562	2.124	-1.854	9.463	5.392	-7.300
Index dual-earner support	6.527	1.702	44.775	2.051	38.231	-1.258	-53.00	-48.19	-19.27	-45.94
Minimum income protection	12.859	-2.739	8.404	-9.566	6.517	-8.530	11.415	5.441	1.458	-19.98
Industrialised countries, % foreign born	-7.016	-12.10	3.707	-1.595	3.938	-3.554	22.827	15.153	0.123	-21.23
Permit based statistics, work (%)	11.236	-2.738	-7.910	23.688	-13.32	12.594	-12.22	11.402	9.095	-5.797
Permit based statistics, family (%)	-4.851	1.768	-1.348	0.452	2.350	-10.92	-19.34	10.760	20.040	31.216
Permit based statistics, humanitarian (%)	-6.354	13.060	7.632	-8.616	11.150	2.663	-4.030	-0.593	-1.957	3.246
GDP growth (5-year average)	-0.068	0.064	0.043	-0.146	0.044	0.049	0.011	0.038	0.040	0.072
Employment growth (2006)	0.029	-0.064	1.317	-1.205	0.117	-1.039	0.382	0.181	0.036	0.004
Unemployment rate (%)	0.258	-2.716	-3.366	2.140	0.264	-0.596	-2.399	-1.521	0.120	-1.273
Unemployment rate (immigrants)	-1.107	-2.407	-3.407	0.593	2.993	-1.707	-2.007	-4.107	-1.757	-5.707
Total social expenditure (% of GDP)	2.761	-2.017	-1.296	0.428	5.209	-1.553	-3.574	-6.079	-5.239	-5.898
Observations	14 986	7 905	4 776	2 980	5 351	6 190	5 242	5 194	5 339	15 434

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Publications

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