



MINIMUM INCOME AND MIGRATION

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objectives

1. To differentiate migrants and nationals allows to present effects of migration in terms of eligibility + take-up
2. Transnationalisation of social rights and how
 1. MS handle incorporation of migrants
 2. MS with a corporatist welfare system with Scandinavian standards
3. How a corporatist Nation State can offer high standards relying on migrants.

1. Luxembourg and migration

- Highly *and* normally qualified immigration since 19th century
- Labour market:
 - 66% of the internal labour market are foreigners,
 - 73% of active persons in the competitive sector are foreigners,
 - 27% of active Luxembourgers are in the public service (2006).
- Resident population:
 - 41% of the resident population are foreigners,
 - 10.3% highly qualified nationals,
 - 11.1% highly qualified immigrants.

1. Luxembourg and migration

Resident population split up into:

- I. Highly qualified nationals,
- II. Highly qualified immigrants (EU and non-EU),
- III. Normally qualified nationals,
- IV. Normally qualified immigrants from EU,
- V. Normally qualified immigrants from non-EU.

2. Luxembourg's welfare system

- Conservative-corporatist system with Scandinavian standards:
- Conservative-corporatist:
 - Household versus individual person
 - Meanstesting: household's composition + income
 - Fear of abuse: higher conditions for access
 - State is responsible, not individual person not municipalities
 - Broad scope of benefits
- Scandinavian standards:

Member State	Name of measure	Amount for 1 single person
Denmark	Kontanthjælp (Aide sociale) Starthjælp (Prestation d'établissement) (19??, 1997)	€ 1.153,00
Luxembourg	Revenu Minimum Garanti: RMG (1986)	€ 1.044,80
Island	Félagsleg aðstoð (Aide sociale)	€ 1.010,00
Germany	Sozialhilfe	€ 345,00
France	Revenu Minimum d'insertion : RMI (1988)	€ 425,40
Belgium	Droit à l'intégration social: MINIMEX	€ 613,33
Lettonia	Pabalsts garantētā minimālā ienākuma līmeņa nodrošināšanai (Minimum Garanti)	€ 30,00

3. Legal framework : RMG (1)

- EU Regulation 1612/1968: « Il (le travailleur) y (sur le territoire d'un autre EM) bénéficie des mêmes avantages sociaux (...) que les travailleurs nationaux ».

Directive 38/2004 for **all** EU citizens (active **and non-active**): residence conditions:

- Personal resources
- Health insurance

3. Legal framework: 1986 (2)

- Law of 1897: discretionary charity by local authorities: each municipality handles in a different way; no residence condition (draft bill n.5830)
- Law of 26.07.1986: Revenu minimum garanti (RMG):
 - Second generation of SA schemes: after period of full employment, coping with high shares of unemployed
 - strong orientation to professional reintegration

3. Legal framework: 1986 (3)

- No **nationality** condition: would be against EU philosophy and EU legislation.
- **Residence** condition for Luxembourgers + immigrants: « (to be resident = non exportable) and to be resident over the last 10 years » (art. 2). Legitimation: against « social tourism ».
- **Strongest residence** condition in EU with « 10 years of residence » (GUIBENTIF/BOUGET).

3. Legal framework: 1989 (4)

- Access has been eased: « to be resident and to be resident during 10 years over the last 20 years» (art. 2) in order to provide
 - homeless people and
 - Nationals, who came back to Luxembourg, with eligibility.

Residence condition 1999 (5)

- 1) Draft bill 1996: no residence condition for EU citizens, but 5 years over 20 years for non-EU citizens
 - Opinions:
 - Employers' organisations: agree with draft.
 - Employees organisations: do not agree with discrimination of non-EU citizens; in favour of 5 years (= work permit C) or no condition for all.
 - NGOs plead in favour of no condition and against discrimination of non EU citizens.

3. Legal framework: 1999 (6)

2) Government withdraws the entire residence condition:

- One employees' organisation agrees
- Conseil d'Etat introduces « opposition formelle » (no condition = incentive to social tourism), in favour of 5 years for all (= non discrimination)

3) Government accepts this proposal: law of 19 avril 1999: « to be resident during 5 years over the last 20 years. » for all (art.2)

3. Legal Framework: EU 2000 (7)

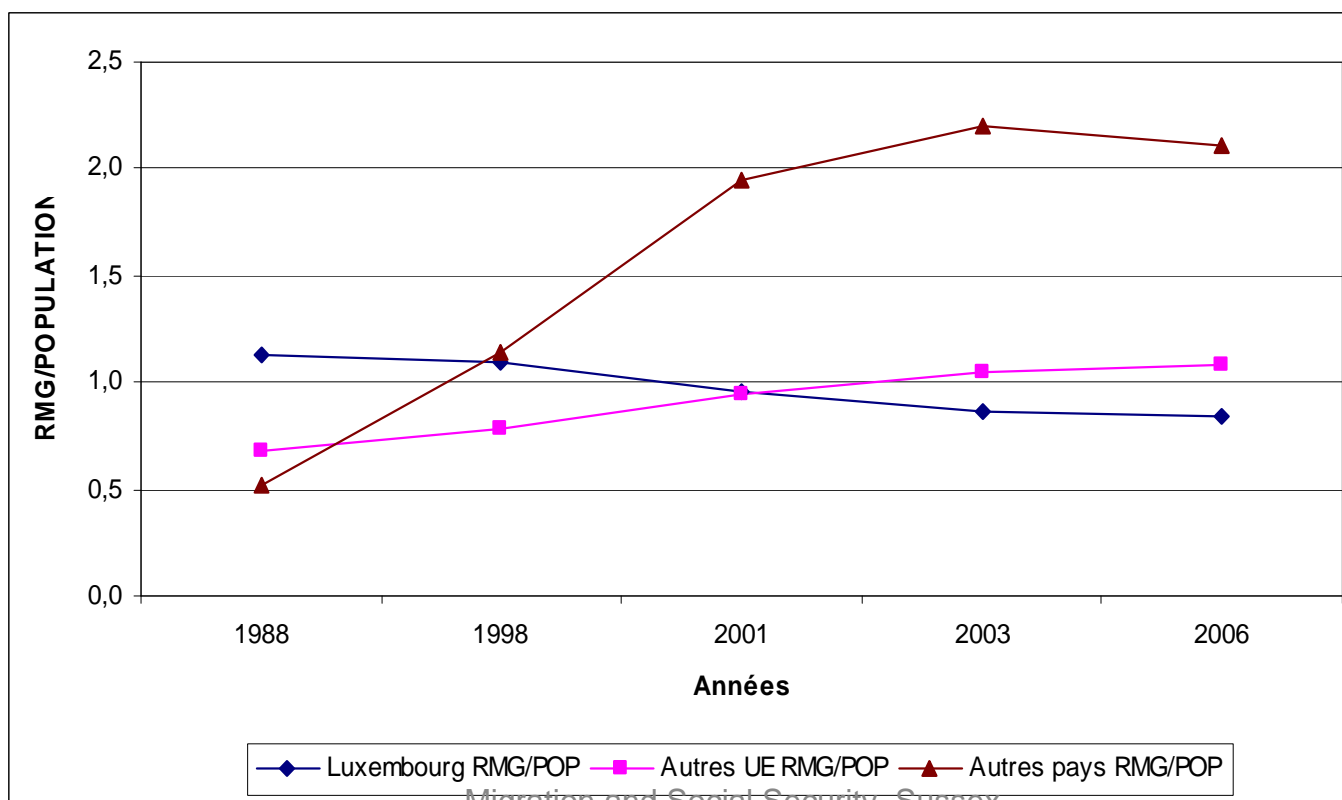
- **1998**: Commission is informed via court procedure by individual person.
- **26.1.2000** (opinion) Commission asks government to abolish the residence condition for all EU citizens within 2 months → **art.7 of 1612/68**.
- **26.7.2001**: Commission goes to court against LU
- **20.6.2002**: decision by ECJ: LU has not fulfilled its obligations conc. **art.7 of 16127/68** →
 - Exemple for other EU-MS
 - In order to regulate rejected claimants of RMG.

3. Legal framework: 2001 (8)

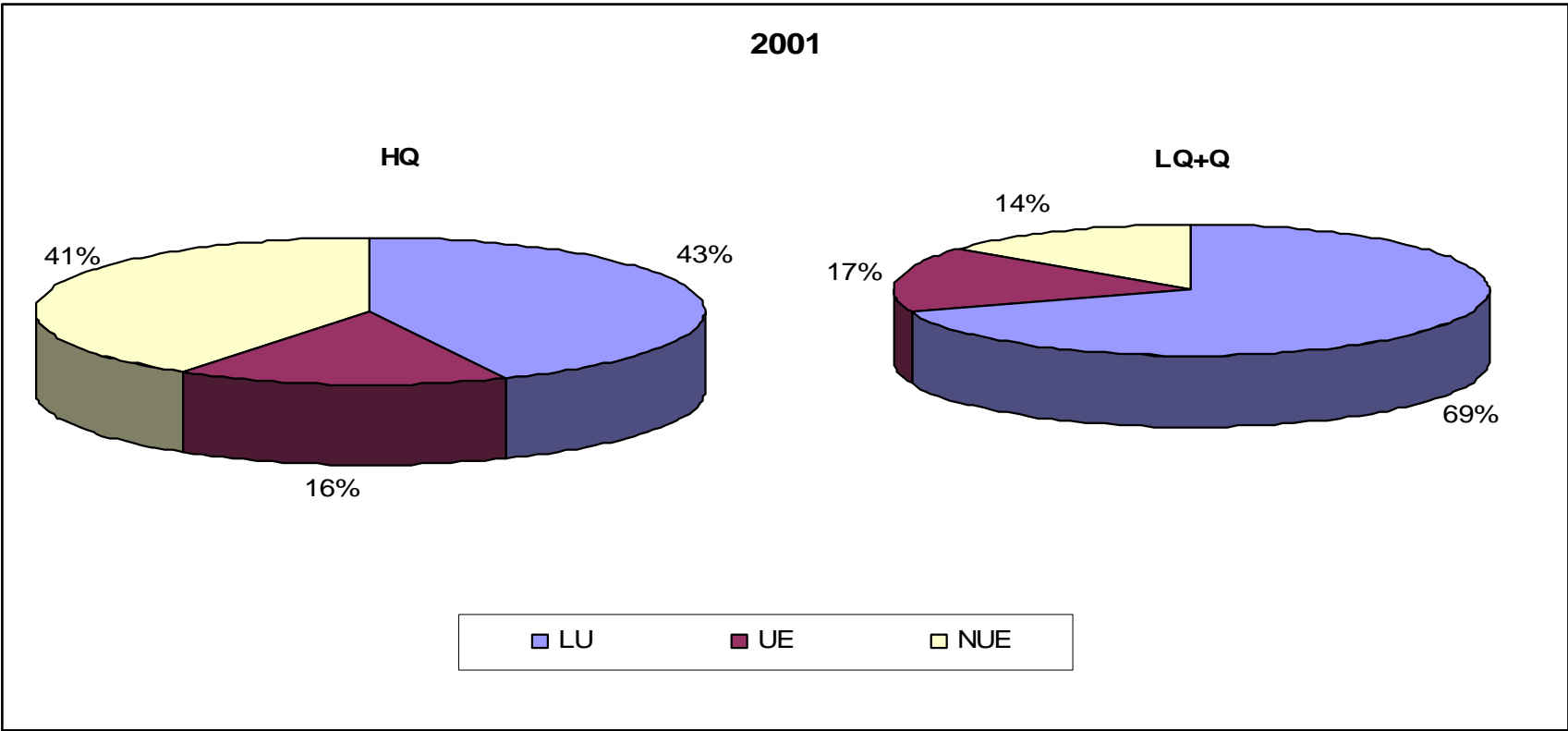
- **March 2000:** LU deposits a new draft bill 4829
- Law of 21 December 2001 = effect by ECJ decision = compulsory incorporation of migrants
- « (1) Peut prétendre au RMG, toute personne qui remplit les conditions suivantes: être autorisée à résider sur le territoire du Grand-Duché, y être domiciliée et y résider effectivement. »
- « (2) La personne qui n'est pas ressortissant du Grand-Duché de Luxembourg ou d'un autre EM de l'UE ou d'un Etat de l'Espace économique européen et qui (...) ***doit avoir résidé au Grand-Duché de Luxembourg pendant cinq ans au moins au cours des vingt dernières années.*** »

3. User's SNAS (10)

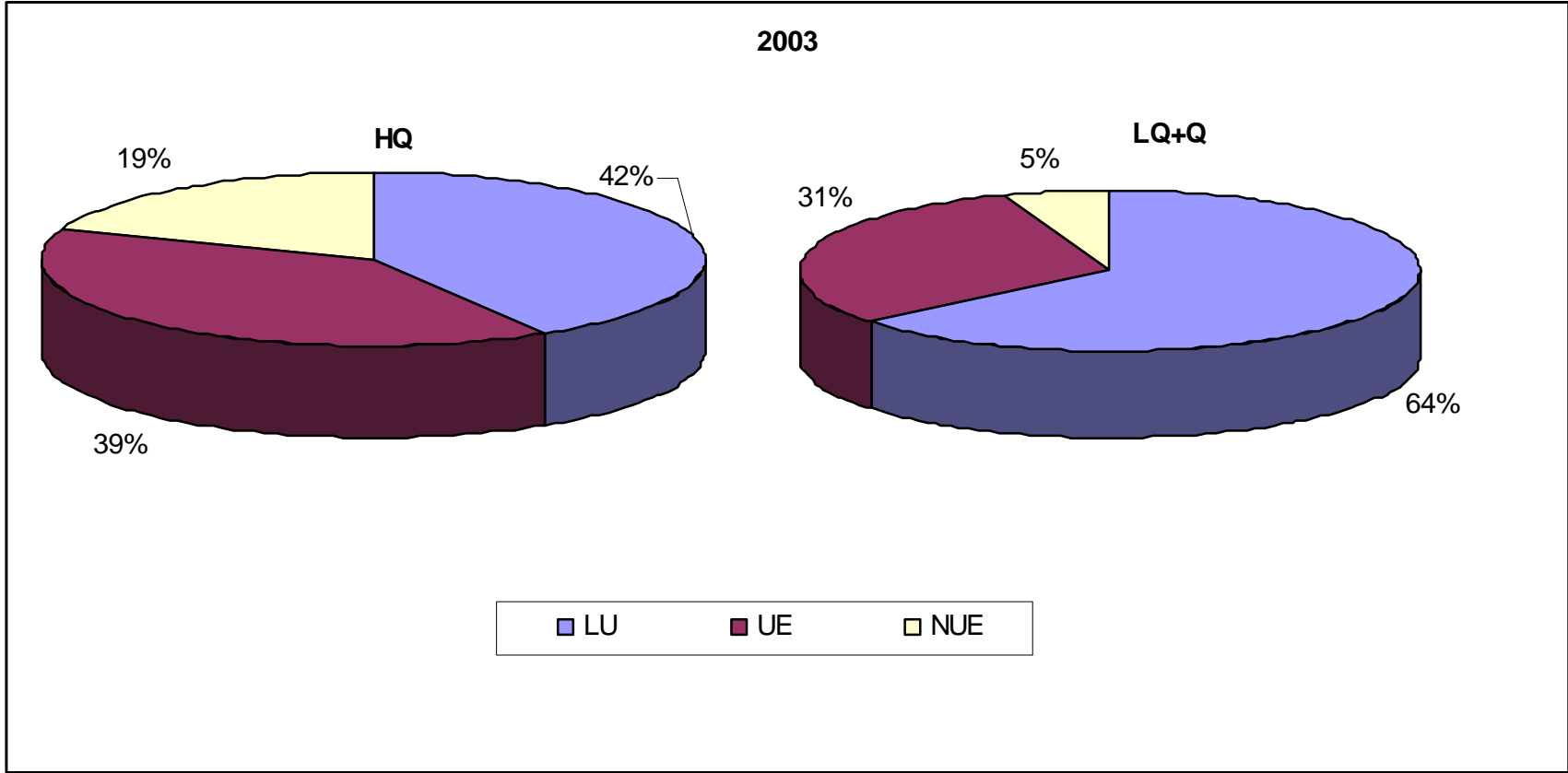
Index RMG/POPULATION by nationality in 1988, 1998, 2001, 2003 and 2006 (SNAS Data)



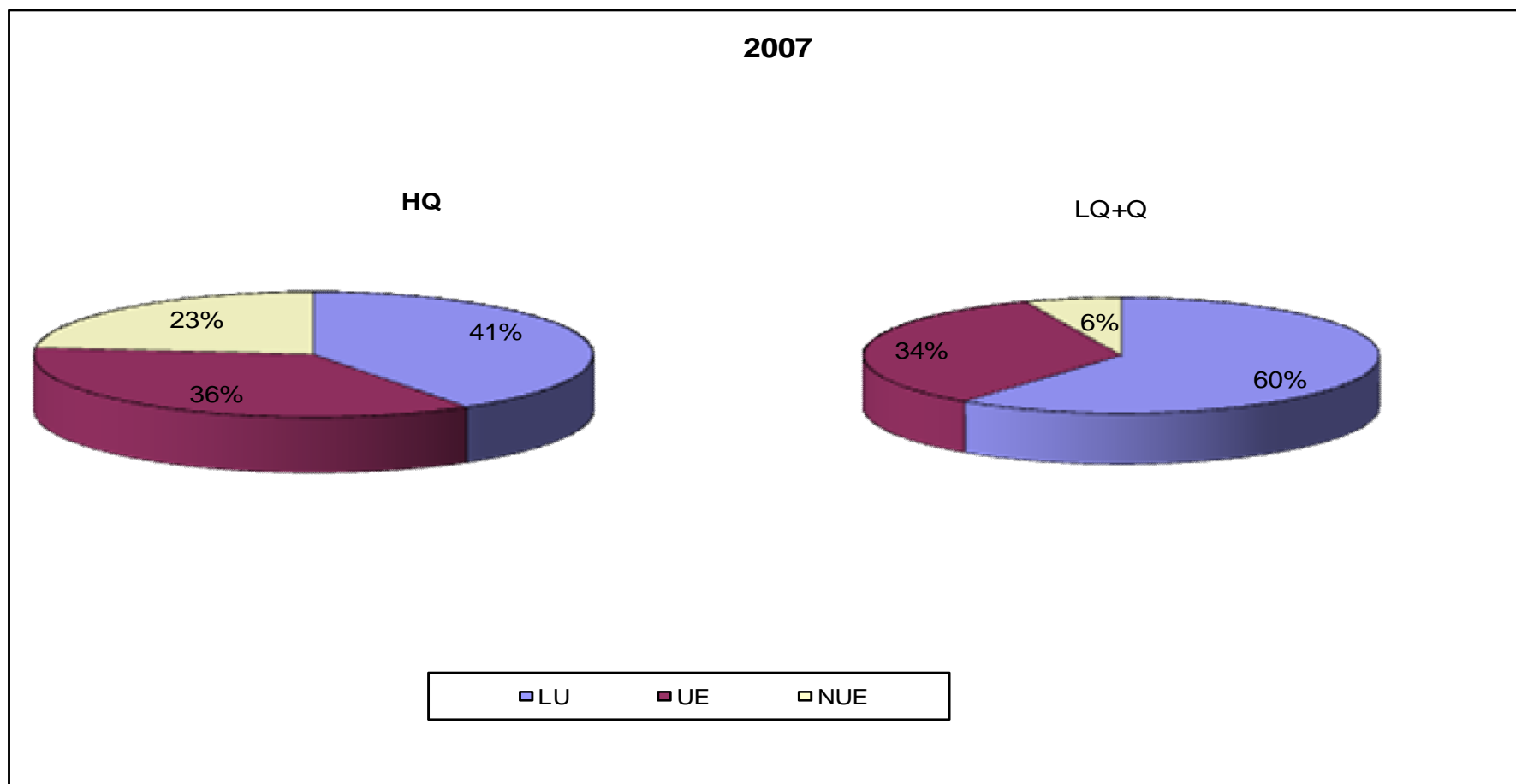
3.Users (SNAS) 2001



3.Users (SNAS) 2003



3. Users (SNAS) 2007



4. Literature: eligibility + take-up

- No study on eligibility/take-up for Luxembourg.
- The vast majority of studies are Anglo-saxon:
 - Problem of accuracy of the dataset to calculate the take-up rate
 - Take-up rate in US (Kim and Mergoupis, 1995): 36% for *foods stamps* and 68% for *AFDC*
 - Take-up rate of *Hilfe zum Lebensunterhalt* in Germany (Riphahn, 1999; Kayser and Frick, 2000): 37%
 - Take-up rate of *RMI* in France (Terracol, 2002) : 35-50%

4. Literature: migration + welfare benefits

- The issue of take-up has been recently affected by the immigration with diverse results:
 - Immigrants are more likely ask for welfare benefits than natives (= burden to the social system (Frick et al, 1999 for DE; Borjas/ Hilton, 1996 for US)).
 - Most authors focus on one type of immigrants with a working class background vs. Nationals (homogenous).
 - Scandinavians differentiate: internal scandinavian and other immigration with different results.
 - In Germany, immigrants have a higher poverty risk than natives and than immigrants in UK.

4. literature: migration + welfare benefit

- correlation between migration and the use of welfare
 - Is positive : (Borjas and Tejo (1991); Borjas and Hilton (1996); Hu (1998); Van Hook and Bean (1998) in US and Frick et al. (1999); Frick and Büchel (1998) and Riphahn (1998) for Germany.
 - Is positive / negative: Siklos and Marr for Canada (1998) / (Baker and Benjamin (1995)).
 - Has to be differentiated : immigrants in Germany are more likely to claim benefits than natives: but with other socio-demographic factors: no correlation between the take-up of benefits and migration (Bird et al, 1999).
- **depends on type of migration, benefit, on historical period on approach**

5. Eligibility (PSELL) + Take-up

Nationality and education level of the head of household	2007 wave= 2006 data			
	Eligibility for RMG	Receipt in all households	Total weighted (unweighted)	Take-up within eligible
Highly qualified nationals	1,2	0,1	217 (209)	-
Highly qualified immigrants	0,9	1,1	258 (390)	-
Normally qualified nationals	3,1	1,6	1929 (1608)	51,4
Normally qualified UE immigrants	10,3	4,2	857 (1053)	40,1
Normally qualified non-UE immigrants	27,8	16,5	92 (103)	56,3
All households	5,4	2,6	3335	46,0

Non-Take-up rate 54% (PSELL sample)

5. Eligibility (PSELL) + Take-up without residence condition

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Normally qualified nationals	3,1	1,6	1929 (1608)	51,1
Normally qualified UE immigrants	10,3	4,2	857 (1053)	40,1
Normally qualified non-UE immigrants	34,2	16,5	92 (103)	48,4
All households	5,6	2,6	3335	45,3

6. Conclusion

- Use and abuse?
- With differentiated groups of migrants and nationals:
 - no migration effect and little probability of poverty risk for highly qualified nationals **and** immigrants : eligibility, receipt, take-up
 - Migration effect and very high/ higher risk of poverty for non-EU citizens/EU citizens than for nationals: eligibility.
 - Higher « abuse » of RMG by normally qualified nationals than by normally qualified immigrants with regards to eligibility.
 - Why difference between eligibility and take-up?
 - Stigma,
 - fear of expulsion,
 - no information

Conclusion

- Welfare systems have been developed within Nation-States, aiming at their own citizens, thus:
 - Migration = contradictory element within national welfare
 - EU law determines national legal texts: how do MS handle the impact of transnational level?
- LU: **conservative modell with Scand. standards** in the middle of MS (BE, DE, FR) with conservative, ≠ scand. standards(« equity amongst the poor »): « social tourism ».

Conclusion (2)

- LU opted for selected immigration (OECD, 2003): adm. practice, but no change of the law.
- Transnationalisation within different modells:
 - Corporatist: fear of abuse, hence compulsory opening-up;
 - Scandinavian: no fear, hence no nationality +residence condition.
 - Migration is a means to maintain the Scandinavian standards, to enlarge the corporatist system: migrants do use benefits less than nationals and less than they contribute to it.