

Do immigrants make us (Europeans) less supportive of redistribution?

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A tale of two lands

Does immigration make Europeans less supportive of redistribution policies and will it, eventually, threaten the future of our generous welfare systems? It is well known that private generosity (i.e., charity) manifests itself mostly within the boundaries of one's own social, ethnic or religious group. The same seems to hold for public generosity (i.e., welfare), at least according to the abundant literature on racial diversity and redistribution in the United States, which shows that in cities/counties/states where there is a large fraction of blacks, welfare benefits as well as other public goods (e.g., public schooling) are provided in much lower quantity than in less diverse/more homogeneously white jurisdictions.

As Europe is becoming more diverse, should we expect it to emulate the American example and become less and less redistributive? The question is all the more legitimate as one of the very fundamental reasons why the welfare state is more generous and expensive in Western Europe than in the US is that European countries have been traditionally much more homogeneous than the US, a country built by waves of relatively recent immigrants. Now that the share of foreign born in Western Europe is close to 12 percent (a tripling in just a couple of decades) and keeps rising, can we expect the same causes to generate the same effects?

Arguably, the United States and Europe differ in many other respects. First, the stereotype view “land of opportunity” v. “land of solidarity” is a bit of an exaggeration and does not account for the heterogeneity in types and levels of social solidarity within Europe. Second, preferences for redistribution have been shaped by decades of strong welfare policies and would seem to be deeply rooted. And third, group loyalty is one of many motives underlying those preferences. For all these conceptual and contextual reasons, one cannot simply transpose the lessons from the US experience on diversity and redistribution to the context of Europe; instead, one's need to tackle the question directly, and look for specific answers.

This is the goal of a recent study we conducted with my co-authors Alberto Alesina (Harvard University) and Elie Murard (IZA and University of Alicante). The first of our tasks was to assemble a unique data set of fully harmonized population census/register data at the regional level for 140 regions in 16 different European countries (in the years 2000 and 2010), which we then matched with an index of attitudes taken from the answers to eight different questions from the 2008 and 2016 rounds of the European Social Survey. These questions survey different dimensions of redistribution, for example “do you favor a reduction in income differences”, or “should the government be responsible for the standard of living of the poor/old/unemployed,



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or “do you agree/disagree that social benefits make people lazy”

Immigration does reduce support for redistribution... on average!

With our index in hand, we investigate the relationship between immigration and natives’ attitudes to redistribution by exploiting within-country (i.e., regional) variation in the share of immigrants. The reason for our choice to hold the analysis at the regional level is that in doing so, we can introduce country-year fixed effects in our pooled cross-sectional regressions, thereby controlling for any time-invariant country-characteristics such as geographic size or latitude (in short, for any thing that makes that France is France and Luxembourg is Luxembourg) as well as for anything that varies over time at the country-level, including demographic size, overall immigration prevalence, size of the public budget or deficit and, most importantly for our purpose, welfare and redistribution policies set at the national level. The latter point is important because, by controlling for welfare policies that are set at the national level, we neutralize potential “welfare-magnet effects” (that is, immigrants’ choice of a destination country

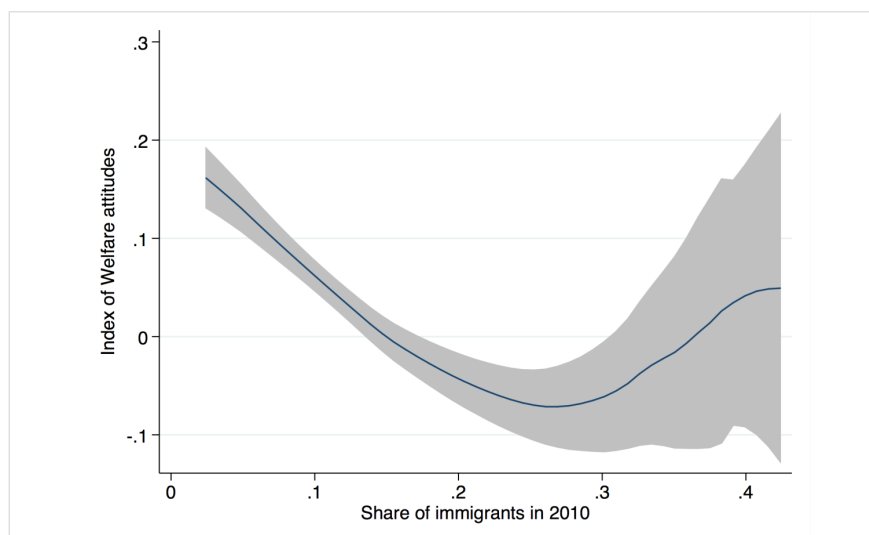
based on the generosity of its welfare system), which can generate a spurious positive correlation between levels of immigration and levels of support for redistribution in the case where immigrants choose to go to the most generous countries and these also happen to be those where support for redistribution among natives is highest.

On average,
immigration induces
lower levels of support
for redistribution.

Our main results is that we find lower levels of support for redistribution when the share of immigrants in a region is higher. This average effect is statistically and economically significant, comparable to the effect of individual variables such as education or income that are important determinants of preferences for redistribution. For example, the anti-redistribution effect of a one-quintile increase in the immigrants’ share is about half as large as the attitudinal impact of a one-quintile

Graph 1: Share of Immigrants in 2010

The index of welfare attitudes is the average of the answers to eight different standardized questions measuring various dimensions of support for redistribution asked in the 2008 and 2016 rounds of the European Social Survey.



increase in household income. So our answer to the question “is immigration reducing support for redistribution in Europe” is “yes” – on average. This is shown on the graph 1, which reveals the significantly negative linear effect of immigration on support for redistribution at the regional level. At least, this is true for most of the regions.

Beyond the average: heterogeneous effects!

The average negative effect described above hides considerable heterogeneity along a number of dimensions: type of respondents, type of receiving countries, and type of migrants. The most important dimension of the individual heterogeneity we uncover is political affiliation. The anti-redistribution impact of immigration is almost entirely driven by individuals placing themselves at the center or the right of the political spectrum, while the attitudes of leftist individuals are barely affected by immigration. We also find that the reaction against redistribution is significantly stronger among natives who hold negative views about immigrants or think that immigrants should not be entitled to welfare benefits.

**Anti-redistribution
effects depend on the
origin and education
levels of immigrants.**

Immigrants originating from the MENA (Middle East and Northern Africa) countries and from Eastern European countries who joined the European Union in a recent period generate a larger anti-redistribution effect (about three times more negative) relative to other types of immigrants. We also uncover that immigrants' skills, both in terms of formal education and labor market occupation, shape natives' attitudinal reaction: a higher proportion of more skilled immigrants tends to mitigate the anti-redistribution effect of immigration. Finally, the negative association between immigration and support for redistribution is significantly stronger in destination countries with more generous Welfare States (e.g., Nordic countries and France) relative to countries with smaller Welfare States (e.g., the UK or Ireland).

What about.... Luxembourg?

Luxembourg is NOT in our sample, for the simple reason that Luxembourg is a mono-regional country. In other words, we cannot differentiate between the national and the regional level, while our methodology hinges on that distinction. This does not mean that our study yields no insights for Luxembourg, to the contrary. Our empirical results also reveals that the relationship between immigration and support for redistribution is not monotonic. The significant quadratic term in the regression suggests a “turning point” around 25 percent, suggesting a change of regime in the few regions where the share of foreign-born is larger than twenty percent. This is shown in the figure above.

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Actually, only 11 out of 140 regions in our sample have a share of immigrants above 20 percent in 2010. These include essentially six capital regions (Dublin, Stockholm, Paris, Wien, Brussels and London), four Swiss regions (out of six) and the Balearic Islands. If Luxembourg were to be included, it would rank second in terms of share of immigrants in 2010, preceded only by the region of Brussels. Why it is the case that in those regions, native residents do not react so negatively to the presence of immigrants? The answer is a

combination of factors which collapses to the following: in those regions, you find different native respondents (they are richer and more educated) and different immigrants (they come from a more diverse set of origin countries and bring a diverse set of skills), creating a virtuous circle between immigrants' characteristics and natives' attitudes. If you live or work in Luxembourg, this probably sounds familiar to you.

This policy brief is based on Alberto Alesina, Elie Murard, and Hillel Rapoport, "Immigration and Preferences for Redistribution in Europe," NBER Working Paper no. 25562, February 2019. <http://www.nber.org/papers/w25562>