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Between Welfare and Farewell

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Chapter 2

A Case Study of the Netherlands

Over the past decades, political concerns have grown that open borders and extended welfare rights of mobile EU citizens will place a burden on the more generous European welfare states. It remains however unclear whether in the context of free mobility within the EU, this ‘welfare migration’ is actually of importance and if so for whom and how. In this study we analyse recent migration flows and welfare uptake of Polish and Bulgarian migrants to the Netherlands, using full population data of Statistics Netherlands. We subsequently relate these mobility patterns to migrant-specific and national eligibility criteria that regulate welfare access in the Netherlands. Our findings do not support the idea that the abolishment of border restrictions increased pressure on the Dutch welfare system. Using insights from this case study, we discuss avenues for future research on the link between welfare and migration in the context of the EU.

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2.1 Introduction

With central and eastern European countries joining the European Union (EU) in 2004 and 2007, it also became easier for people from these countries to move to north-western European member states with a more developed welfare system. In the light of this development, recent EU enlargements have been met with increased political concerns about welfare migration (De Giorgi & Pellizzari, 2009; Kvist, 2004). For example, in 2013, the interior ministers of Austria, Germany, the Netherlands and the United Kingdom (UK) wrote a joined letter to the European Commission asking for measures that would curb the “abuse” of the right to free movement and reduce “excessive strain on the social systems in the receiving societies”.¹⁰ Restricting migration and banning EU migrants from welfare benefits was also one of the highest priorities surrounding the Brexit referendum (Blauberger & Schmidt, 2017; Kahanec & Pytlikova, 2017). Furthermore, the terminology of “abuse” and “benefit tourism”, which is regularly used in the public and political discourse, suggests that EU citizens are believed to move to other EU countries for the primary purpose of accessing benefits rather than working and contributing (Lafleur & Stanek, 2017a). These examples illustrate the political tension between the right to freedom of movement of all EU citizens and the social rights intra-EU migrants are granted in the host country.

Public and political concerns about national welfare systems in the context of free intra-EU mobility resonate with a broader scholarly claim that welfare systems are intrinsically based on a principle of closure, and that more inclusive and generous welfare systems are unsustainable in open economies of free movement (Ferrera, 2005; Freeman, 1986; Nannestad, 2007). In the absence of border restrictions, national governments would have limited means to protect their welfare system against external pressures, particularly in countries where barriers to access the labour market or welfare system already are low (Martinsen & Werner, 2018; Ruhs, 2015). Structural features regulating the welfare system

¹⁰ Letter from Johanna Mikl-Leitner (Minister of the Interior, Austria), Hans Peter Friedrich (Minister of the Interior, Germany), Fred Teeven (Minister for Immigration, Netherlands) and Theresa May (Home Secretary, UK) to the EU Council Presidency and to Commissioners Viviane Reding, Cecilia Malmström and László Andor.

and labour market of a country in turn have been used to explain national policy responses to free mobility (Roos, 2016; Ruhs & Palme, 2018).

Experiencing a substantial inflow of EU migrants from the new member states since 2004, the UK has been one of the strongest advocates for restricting mobile EU citizens' access to the welfare system. This call for policy change has been resonated in other countries including Germany, the Netherlands and Denmark. In the scientific literature, the link between migration and welfare has been made as well. Recent studies for example related increased intra-European migration in the enlarged EU to reduced public support for the welfare state in general (Cappelen & Peters, 2018a) or equal welfare rights for migrants (Cappelen & Peters, 2018b). Such developments are not only contrasting with the aims of the European Commission; excluding EU migrants from the welfare system may reduce their motivation to contribute to it by paying taxes in the receiving country (Cappelen & Muriaas, 2018; Koettl, Holzmann, & Scarpetta, 2006) and likely worsens their socio-economic integration (Mantu & Minderhoud, 2016). Yet empirical evidence on whether the abolishment of border restrictions indeed increased pressures on generous welfare systems across Europe is still rather scarce.

As Roos (2016) indicates, a demand for more restrictive measures may be based on actual or perceived welfare access of EU citizens and should not be misinterpreted as evidence for welfare migration. Furthermore, whereas previous research has looked at the interplay between welfare systems and labour markets to explain national policy responses to free movement (e.g., Ruhs & Palme, 2018), studies investigating the role of the welfare system in migration decisions often considered generous welfare systems as independent 'magnets'. An exception is a recent study by Martinsen and Werner (2018), which examined EU citizens' take-up rate of contributory and non-contributory benefits in Germany and Denmark over the years after the EU enlargements. In their study, EU migrants' take-up rate of non-contributory social assistance was higher than the take-up rate of contributory unemployment insurance for Germany, while the opposite pattern was found for Denmark. The authors argued that the dualized labour market of Germany likely resulted in higher shares of EU migrants relying on non-

contributory (in-work) benefits, whereas EU migrants in Denmark seemed better integrated into the core of the labour market and welfare system. However, their analyses focused on all EU migrants without distinguishing between their countries of origin. In result, the findings cannot be directly linked to changes in migration patterns and migrant populations from the central and eastern European member states after EU-accession, nor to restrictions on the labour market that have been in place for such migrants over the studied period.

In this study, we therefore take a closer look at migrant-specific and national eligibility criteria regulating EU migrants' access to the welfare system after migration. We subsequently relate these criteria to migration patterns and migrants' welfare uptake after the EU enlargements using the Netherlands as a case study. As one of the countries raising concerns about welfare tourism following the EU enlargements of 2004 and 2007, the Netherlands presents a relevant context to study this relation. Furthermore, comprehensive data on migration flows and migrant populations are available for the Netherlands from the Dutch population registers. We investigate whether EU migrants from two of these new member states – Poland and Bulgaria – increasingly relied on the Dutch welfare system rather than income from paid labour after their origin countries joined the EU in 2004 and 2007 respectively. As Polish migrants obtained their status as EU citizens three years before Bulgarian migrants, including both countries in our analysis enables us to observe characteristics of recent migration flows and populations from new member states to the Netherlands at different stages since EU accession. Furthermore, as Poland and Bulgaria were subjected to transitional measures including limitations in migrants' labour market access, Bulgarian and Polish migrants gained access to the Dutch labour market at different points in time. Thus, a focus on these countries enables us to investigate the impact of labour market restrictions on migration patterns and welfare access within a single destination country.

2.2 Welfare and free mobility

The 'welfare magnet hypothesis' has been central in the literature on the role of welfare in migration decisions. Starting from a rational choice framework, the

welfare magnet hypothesis expects migrants to move towards destinations where they can expect the highest returns from the welfare system (Borjas, 1999). The hypothesis was originally developed to study interstate mobility and immigrants' residential choices across the United States (Borjas, 1999; Levine & Zimmerman, 1999; McKinnish, 2007; Meyer, 1998; Moffitt, 1992; Southwick, 1981). Early studies typically looked at a specific type of welfare, Assistance for Families with Dependent Children (AFDC), in relation to the migratory behaviour of the group most likely to receive this benefit, namely single mothers (Kaestner et al., 2003). Empirical evidence of a higher propensity to move to states with the highest AFDC benefits has been understood by these studies as support for the welfare magnet hypothesis. Only more recently, the welfare magnet hypothesis was tested for international migration and a broader set of destination countries (e.g., Geis, Uebelmesser, & Werding, 2013; Jackson et al., 2013; Josifidis et al., 2014; Kurekova, 2013; Palmer & Pytlikova, 2015; Razin & Wahba, 2015). Rather than looking at a specific benefit, most studies focusing on international migration investigated whether there is a link between the size of migration flows and the amount of money destination country governments spent on welfare. Empirical evidence has been rather mixed: several studies found no evidence that welfare attracted migrants (e.g., Giuliatti et al., 2013; Josifidis et al., 2014; Skupnik, 2014), whereas others documented the existence of a welfare magnet effect – albeit the impact was often moderate (e.g., De Giorgi & Pellizzari, 2009; Pedersen et al., 2008; Razin & Wahba, 2015). Pedersen and colleagues (2008) explained inconsistent findings on the welfare magnet hypothesis from differences in migration policies that exist between countries. The authors argued that opportunities to migrate for welfare abroad depend in the first place on access to the preferred destination country. After all, restrictive migration regimes might prevent migrants from entering the countries with the most generous welfare systems. Welfare can therefore be expected to act as a pull factor in common labour markets without mobility restrictions, whereas this is not necessarily the case for countries that restrict entry or access to welfare for migrants (Razin & Wahba, 2015).

In most countries, a trade-off can be identified between the openness of borders and migrants' welfare rights (Faist, 1995; Ruhs, 2013). Yet the EU constitutes a case of 'exceptionalism' in this respect (Ruhs, 2015): freedom of movement and equal treatment of EU migrants and natives *both* form fundamental rights enshrined in the Treaty on the Functioning of the European Union.¹¹ If welfare is a main driver of migration, and its impact mainly regulated by border restrictions, one could therefore expect increased welfare migration from the poorer member states in eastern Europe to the more developed welfare systems in western Europe after the EU enlargements (De Giorgi & Pellizzari, 2009; Kvist, 2004; Martinsen & Werner, 2018). However, as the early studies on 'welfare magnets' in the United States already acknowledged, even in the context of free mobility, it can be expected that individuals are only interested in generous welfare state arrangements to the extent they can access them after arrival (Adserà, Palmer, & Pytliková, 2015). In other words, the link between welfare systems and intra-EU migration is likely mediated by migrants' welfare access. In European welfare systems, EU migrants' welfare access generally depends on (1) their length of stay in the host country, (2) the type of benefit and (3) their position on the labour market (Costello & Hancox, 2014; Ruhs, 2015). In the sections below, we therefore take a closer look at these three criteria in order to formulate expectations on EU migrants' welfare rights after the EU enlargements, using the Netherlands as a case study.

2.2.1 Length of stay

In contrast to what has been assumed in public debates, EU migrants are not granted access to the welfare system in the host country from the moment of arrival (Mantu & Minderhoud, 2016). According to the Free Movement Directive, EU migrants are not entitled to social assistance or unemployment benefits in the first three months after arrival.¹² After this initial period, the equal treatment principle applies to EU migrants, including access to the welfare system. However,

¹¹ Article 45, Treaty on the Functioning of the European Union (TFEU).

¹² Article 24(2) of the Free Movement Directive.

to legally reside in the host member state for more than three months, EU migrants either have to work in the host member state, or have sufficient resources for themselves or their family members not to become a burden on the welfare system.¹³ Claiming social assistance could be regarded as proof of lack of self-sufficiency, and in result may lead to losing the right to reside in the host member state, as well as the right to social benefits (Heindlmaier & Blauberger, 2017; Lafleur & Mescoli, 2018). After residing continuously in the host member state for five years, EU migrants obtain similar rights as nationals – including welfare rights – even if they have never worked.¹⁴ Following the logic of these policies and if migrants from the new EU member states moved in search of welfare abroad, we expect their length of stay in the Netherlands to increase after these countries joined the EU.

2.2.2 *Type of benefit*

According to the equal treatment principle, EU migrants and natives are subjected to similar eligibility criteria for accessing welfare. Yet whereas EU regulations are largely harmonized across EU member states, considerable variation can be observed in the way national governments have organized welfare (De Beer et al., 2001). In an attempt to summarize the main differences, Esping-Andersen (1990) distinguished between three ideal types of welfare regimes: the liberal, the corporatist and the social-democratic regime type. The *liberal* regime mainly provides means-tested social assistance, provided to those who are incapable of working or earn below the minimum income. The UK is typically mentioned as a European example of this type of welfare system. The *corporatist* regime links social insurance to individuals' employment history, wage and paid premiums. Continental European countries like France, Belgium and Germany approximate the corporatist welfare regime. In the *social-democratic* regime, relatively large shares of universal benefits are provided. The generous benefits are paid for

¹³ Article 7(1) of the Free Movement Directive.

¹⁴ Article 16 to 18 of the Free Movement Directive.

through high general taxation. The Scandinavian countries are best described by this type of welfare system.

Residence-based universal or means-tested benefits provide rather easy access compared to contribution-based social-insurance benefits (Roos, 2016). Institutional differences between welfare systems – particularly the share of non-contributory benefits – therefore have been used to explain why some member states feel more vulnerable to intra-EU migration than others (Beaudonnet, 2015; Martinsen, 2005; Roos, 2016; Ruhs, 2015). In the typology of Esping-Andersen, the Netherlands can be characterized as a ‘hybrid’ welfare system (De Beer et al., 2001): the Dutch welfare system provides generous redistributive benefits that are typical for the socio-democratic regime, but also has an important social insurance component, like the corporatist regime. As a result, if migrants from the new EU member states moved to the Netherlands to receive welfare benefits rather than to work and contribute, we expect their take-up rate of non-contributory social assistance or universal benefits to be higher than that of social-insurance benefits.

2.2.3 Position on the labour market

A final factor to consider is EU migrants’ position on the labour market, as the equal treatment principle and national eligibility criteria are at least partly dependent on EU migrants’ employment history in the host country. This reveals a certain ambiguity in the argument on welfare migration within the EU, as the welfare magnet hypothesis originally considered welfare benefits as an alternative to paid labour (Borjas, 1999). Although inactive individuals have the same rights as workers to reside in another member state, their residence permits do not directly translate into social rights. In addition, even for EU migrants who are or have been active on the labour market, access to most welfare benefits either depends on long-term residence or paid contributions (exceptions are universal benefits and in-work benefits (Vandenbroucke, 2016)).

EU migrants’ labour market access is particularly relevant in the context of the EU enlargements of 2004 and 2007, as EU member states were allowed to postpone the opening of their labour markets for migrants from the central and eastern European countries up to a maximum period of seven years (European

Commission, 2011). Many countries used this opportunity to impose tight restrictions to labour market access of migrants from the new member states and opened their labour markets at different stages. Only Ireland, Sweden and the UK allowed immediate access to EU migrants from the member states that joined in 2004; for the countries that joined in 2007, transitional arrangements were in place in the UK as well (Kahanec, Pytlikova, & Zimmermann, 2014). Although transitional measures were originally implemented to protect national labour markets, they also played an important role in regulating EU migrants' welfare access. Kvist (2004) found countries with the least restrictions on labour market access – in particular the UK – to be the most active in adjusting their social policies to prevent a 'welfare magnet' effect.

In the Netherlands, access to the labour market was restricted for EU migrants from the eight central and eastern European countries that joined the EU in 2004 – including Poland – for three years (i.e., until May 2007). Over these years, EU migrants from the new member states needed a special work permit to work for an employer in the Netherlands. For the two countries that joined in 2007, Bulgaria and Romania, the transitional arrangements were in effect for the full seven years (i.e., until January 2014). Between 2007 and 2014, Polish and Bulgarian migrants thus experienced different access to the Dutch labour market and related welfare benefits, and as such are interesting groups to investigate the link between welfare and migration.

2.3 The Netherlands as a case study

2.3.1 Intra-EU migration after the EU enlargements

The EU enlargements of 2004 and 2007 led to significant – and relatively new – east-west migration flows within Europe (Favell, 2008; Snel, Faber, & Engbersen, 2015). Compared to other European countries, the Netherlands received quite large numbers of labour migrants from eastern Europe after the enlargements (Snel et al., 2015). Although Bulgarian and Polish migrants already came to the Netherlands before joining the EU, their numbers significantly increased after accession, to such extent that these groups formed the largest European migration

flows to the Netherlands over the past decades (P. W. De Jong, Van Mol, & De Valk, 2016). Similar to other European countries (see e.g., Favell & Nebe, 2009) also in the Netherlands this resulted in concerns about the potential consequences of these flows, including concerns about welfare migration (Kremer & Schrijvers, 2014). As public debates mainly focused on post-accession migration from the new EU member states, our study focuses on the two largest of these flows to the Netherlands: those from Poland and Bulgaria.

Although Polish and Bulgarian migrants are often documented to be mainly concentrated in more elementary occupations, particularly industry and production, the construction and agricultural sector for Polish migrants, and cleaning and catering for Bulgarian migrants (Dagevos, 2011; Gijsberts & Lubbers, 2013), more recent studies show that there is more heterogeneity (e.g., Van Ostaijen & Scholten, 2018). For example, migration flows include low, medium and highly-skilled migrants (Engbersen, Leerkes, Grabowska-Lusinska, Snel, & Burgers, 2013; Van Ostaijen, Reeger, & Zelano, 2017), and particularly recent Polish migrants (arriving between 2013 and 2015) find jobs in the higher segments of the labour market (Gijsberts, Andriessen, Nicolaas, & Huijnk, 2018). Considering their access and situation on the Dutch labour market, Bulgarian and Polish migrants often occupy different positions as well. Whereas Polish migrants mostly work for an employer (Gijsberts et al., 2018), Bulgarian migrants are more often self-employed. This is likely the result of the transitional arrangements: self-employed workers do not need a work permit in the Netherlands if they formally register in the Netherlands or their home-country. A similar pattern was previously found among Polish migrants too; of all Polish migrants who came to the Netherlands before 2007, when the transition period ended, around a quarter is still self-employed today (Gijsberts et al., 2018).

2.3.2 The Dutch welfare context

In this study, we focus on three main benefits that provide an alternative to income from paid labour: unemployment benefits, social assistance and old-age pensions. First, and similar to corporatist welfare regimes, unemployment benefits in the Netherlands ('WW') are based on social insurance contributions tied to the

employment history of individuals. The level of the unemployment benefit is 75 per cent of the former salary for the first two months, and thereafter 70 per cent (Rijksoverheid, 2018b). If an individual has been employed for at least 26 weeks in the last 36 weeks before becoming unemployed, he/she will receive three months of unemployment benefits. Depending on the number of years an individual has worked, the duration can be extended to a maximum of 38 months. Neither self-employed nor unemployed individuals pay contributions for unemployment benefits in the Netherlands, and as such do not build up rights of this type of welfare. Second, social assistance in the Netherlands ('Bijstand') provides individuals without sufficient means with a minimum income to cover basic needs. The amount of the minimum income people receive depends on their family situation. People living together receive 100 per cent of the net minimum income (together), single persons receive 70 per cent, and single parents receive 70 per cent as well as a child budget (Rijksoverheid, 2018a).¹⁵ Finally, the state pension of the Netherlands ('AOW') is a universal benefit, which can be received by all individuals above retirement age, regardless of their employment history and nationality. For every year that people lived and/or worked in the Netherlands from the age of 15 onwards they are entitled to two per cent of the public pension allowance (Verzekeringsbank, 2018). The legal retirement age used to be 65 (although this has been increasing stepwise since 2013), meaning that individuals who lived and/or worked in the Netherlands since the age of 15 have built up their full pension by the time they reach retirement age. Dutch pensions are considered to be fairly generous, and make up a large share of total social expenditure of the government (OECD, 2016).

2.4 Data

For the purpose of this study, we analysed aggregated full population register-based social statistics from Statistics Netherlands. The data were partly derived through the online database Statline (Statistics Netherlands, 2017), and partly

¹⁵ The Dutch government adjusts the minimum income twice a year for it to match the average contractual wage development in the governmental and market sector. Over the years under study, the gross monthly amounts varied from 1,154.50 euro in 2001 to 1.578,00 euro in 2015 (Eurostat, 2018).

from the research report ‘Migrantenmonitor’, which captures migrants’ labour market status from 2007 onwards (Statistics Netherlands, 2013, 2015). Statistics Netherlands derived these statistics from the system of social statistical datasets (SSD), a system of interlinked and standardized registers and surveys. The SSD covers a broad range of demographic and socio-economic subjects, including age, labour force participation, social security and migration. It is the most important source for official statistics in the Netherlands (Bakker, Van Rooijen, & Van Toor, 2014).

SSD data cover persons registered in the Population Register. European citizens are obliged to register in the Netherlands when their expected stay in the Netherlands exceeds a minimum of three months (Gijsberts & Lubbers, 2013). It has been reported that not all Polish and Bulgarian migrants do register in the Netherlands (e.g., Van der Heijden, Cruyff, & van Gils, 2013). As migrants need to register in the Netherlands to gain access to Dutch welfare state arrangements, the share receiving welfare in the Netherlands within the total migrant populations studied here is therefore likely to be an overestimation.

2.5 Results

2.5.1 Size and age composition of migration flows

Figure 2-1 describes the migration flows from Poland and Bulgaria to the Netherlands between 1995 and 2016 in absolute numbers. As can be observed, there was a direct increase in the immigration rates from both countries after joining the EU, even though transitional arrangements initially restricted labour market access for Polish and Bulgarian migrants. Whereas in 2003, 2.234 Polish migrants entered the Netherlands, this number more than doubled to 5.162 when Poland joined the EU in 2004. Similarly, the number of Bulgarian migrants steeply increased from 473 annual entries in 2006 to 4.840 in 2007 when Bulgaria joined the EU. After the labour market restrictions were abolished for Poland in 2007 and Bulgaria in 2014 we however observed only a small increase in immigration rates for both countries.

Figure 2-1 also portrays the age composition of immigrants arriving, as age is an important indicator of an individual's welfare needs. People are generally a net burden on the welfare system when they are in state-financed education, net contributors when they are working, and once again a burden when they are retired or require expensive medical services (Legrain, 2008). As Figure 2-1 illustrates, most migrants from Poland and Bulgaria who arrived were in their early working ages: in the year of EU accession, 53 per cent of the Polish migrants were between 25 and 45 years old. For Bulgarian migrants, this was 62 per cent. As these individuals are too young to receive the universal state pension shortly upon arrival, unemployment benefits and social assistance appear the more relevant welfare state arrangements for these groups. For both countries, only a marginal share (not more than two per cent annually) of persons who migrated to the Netherlands were at ages above the legal pension age. Although these older migrants can access the Dutch old-age pension after legally residing in the Netherlands for more than three months, they are unlikely to have built up Dutch pension rights before arrival – as these rights are related to years of residence and/or work in the Netherlands. Therefore, these older migrants are only entitled to a very small portion of the full state pension.

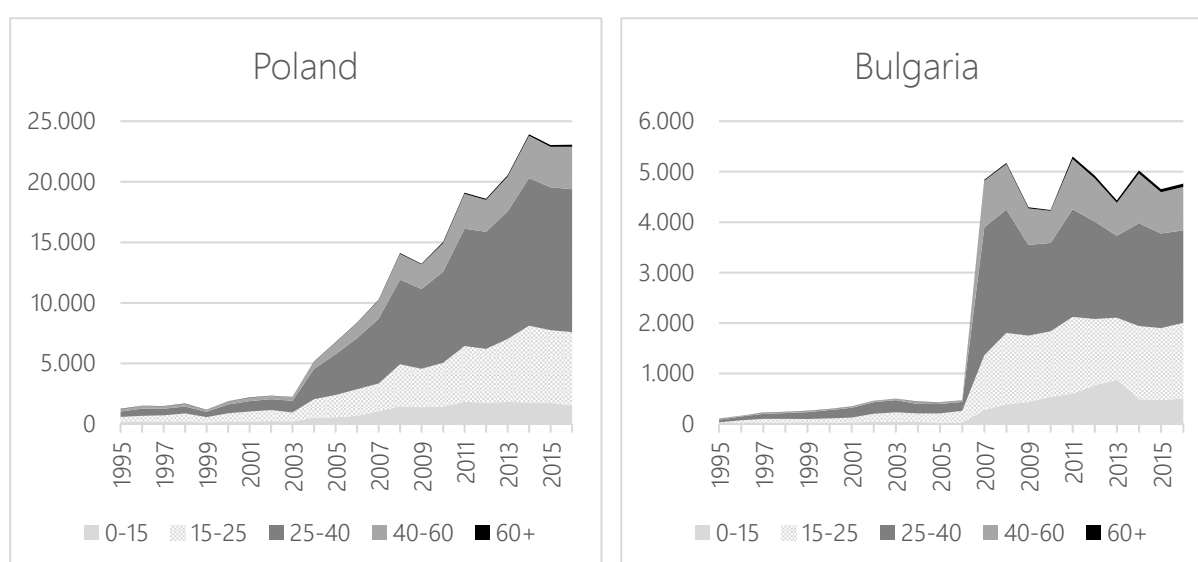


Figure 2-1 Size and age composition of immigration flows to the Netherlands 1995-2016, absolute numbers

Source: Authors' Calculations based on Statistics Netherlands' StatLine Database (2017)

2.5.2 Return and onward migration

Figure 2-2 displays the share of Polish and Bulgarian migrants who moved to the Netherlands between 2001 and 2014 yet left within the first five years after arrival. These statistics are based on data from Statistics Netherlands that check on a yearly basis whether migrants still reside in the Netherlands up to ten years after registration. For the years 2011 and onwards, information on return and onward migration rates was included up to the most recent years available.

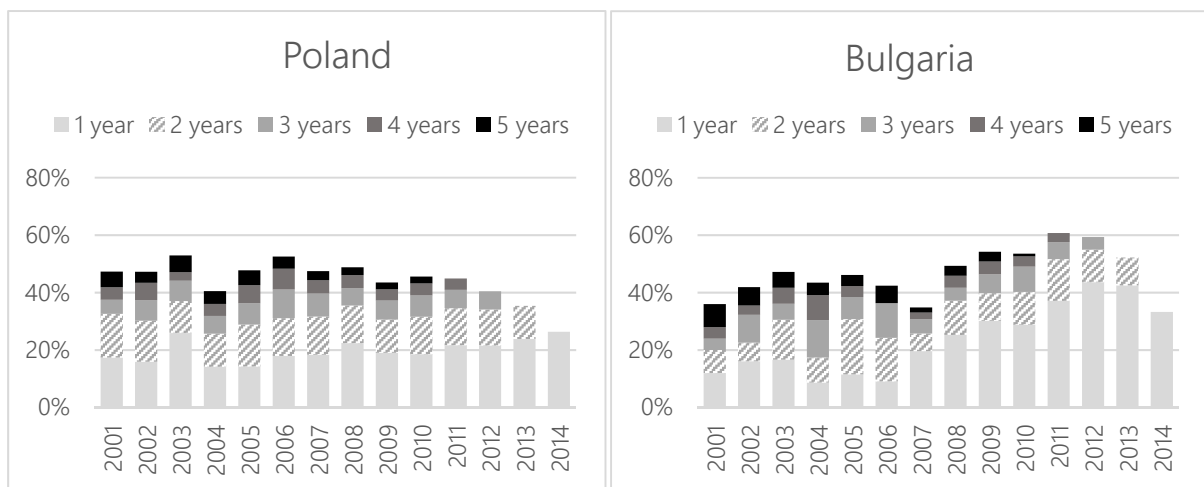


Figure 2-2 Share of immigrants leaving the Netherlands within the first five years by year of arrival, 2001-2014

Source: Authors' calculations based on Statistics Netherlands' StatLine database (2017)

Note: For 2011 and onwards, complete data on the first five years after arrival are not available yet.

As described above, EU migrants' welfare rights in the Netherlands are all to some extent related to individuals' length of stay. If Polish and Bulgarian migrants were attracted by welfare, we would expect them to stay longer in the Netherlands from the moment of EU accession. However, our data (Figure 2-2) do not show this. On average, around one third of the Polish migrants left the Netherlands within the first two years after arrival. When Poland joined the EU in 2004, this proportion dropped, to increase again to previous levels in the years to follow. A different pattern can be observed for Bulgarian migrants. After EU accession in 2007, the proportion of Bulgarian migrants who left the Netherlands within the first two years after arrival initially slightly increased from 24 to 26 per cent. Figure 2-2 indicates that particularly the share of those who left within the first year went

up. In the years to follow, the share of migrants leaving within the first two years kept rising, to reach percentages above 50 per cent from 2011 onwards. In 2014, the share of migrants who left after the first year was much lower compared to previous years, possibly due to the ending of labour market restrictions for Bulgarian migrants. As more recent data are not available yet, it remains to be seen how this development has evolved over subsequent years. In any case for our study years it shows the importance of not just immigration, but also emigration of the groups and their potential use of welfare state arrangements.

2.5.3 Labour market status

Over the studied years, the vast majority of Polish and Bulgarian migrants in the Netherlands were of working age (between 85 and 95 per cent). Figure 2-3 shows the labour market status of the Polish and Bulgarian working age populations in the Netherlands between 2007 and 2014 as reported by Statistics Netherlands' *Migrantenmonitor* (Statistics Netherlands, 2013, 2015). Polish migrants have had full access to the Dutch labour market since 2007. Within the working age population, by far the majority of Polish migrants (around 87 per cent) worked, of whom only a small share (around four per cent) was self-employed. Although the share of unemployed was still rather substantial, the share of unemployed Poles receiving welfare benefits remained quite low and ranged from two to four per cent of the Polish migrant working age population. Since 2012, unemployment benefits (WW) formed the main type of welfare received by this group, which is related to their former labour market participation and rights that were accumulated.

Patterns are slightly different for the Bulgarian migrant population in the Netherlands. Over the studied period, the share of Bulgarian migrants who worked in the Netherlands ranged from 37 per cent of the working age population in 2007 to 52 per cent in 2014. Furthermore, of those who worked a relatively large share was self-employed, reaching up to 60 per cent in 2012. Transitional arrangements restricting Bulgarian migrants' access to the Dutch labour market during the first seven years after EU accession are likely responsible for these figures. To retain the right to reside in the Netherlands, EU migrants should either work in the country or have sufficient means to provide for themselves or

their family members the first years upon arrival. This is reflected in our data where we observe that, despite an increase in the number of unemployed Bulgarian migrants, the share of unemployed receiving welfare benefits only marginally increased from four to six per cent of the working age population. Social assistance made up the largest share of the received benefits. This too can be explained by the transitional arrangements: due to restrictions to work for an employer, few Bulgarian migrants built up work-related insurance benefits over the transitional phase. With the abolishment of these restrictions at the beginning of 2014, the share of Bulgarian employees sharply increased from 19 per cent of the working age population in 2013 to 35 per cent in 2014. In contrast, the number of self-employed Bulgarians decreased from 24 to 18 per cent. Still, due to the limited employment history of many of them, Bulgarian migrants' usage of Dutch unemployment benefits can be expected to remain low over the coming years.

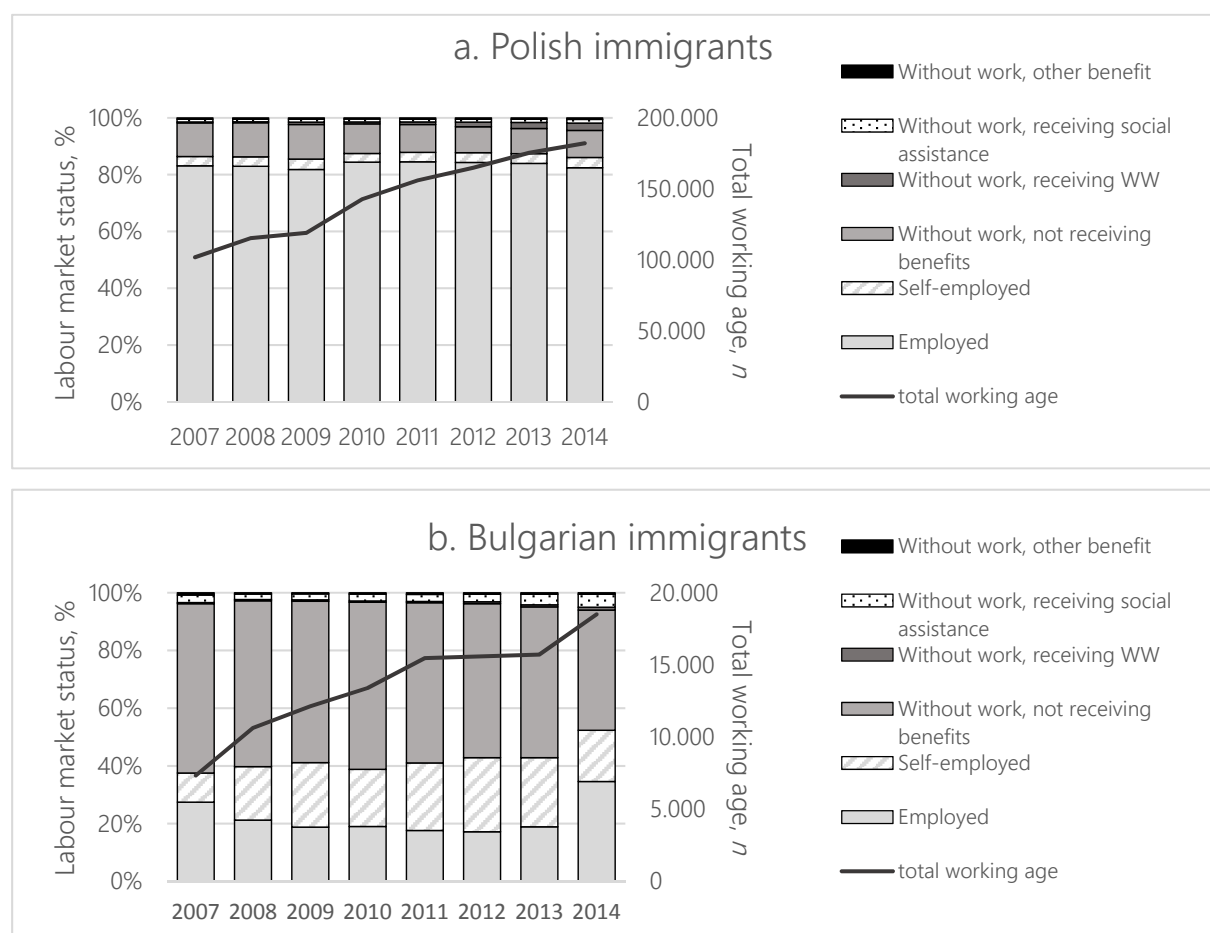


Figure 2-3 Labour market status and size of Polish and Bulgarian immigrant groups in the working ages residing in the Netherlands, 2007-14

Source: Authors' calculations based on Statistics Netherlands' *Migrantenmonitor* (2013; 2015)

2.6 Discussion

Over the past decade, public and scientific concerns were raised about how open borders and extended welfare rights of migrants will place a burden on more generous welfare systems within the enlarged EU (e.g., De Giorgi & Pellizzari, 2009; Greve, 2014). One of the central questions in these debates is to what extent EU migrants (can) access the welfare system after arrival. Using the Netherlands as a case study, we investigated changes in migration patterns and welfare uptake of migrants from Poland and Bulgaria after joining the EU (in 2004 and 2007 respectively), and related them to migrant-specific and national eligibility criteria to welfare access. Innovatively, we studied these groups within a single welfare system and labour market, yet under different conditions in terms of labour market access.

First, as the welfare rights of EU migrants in the host country build up over time, we investigated whether Polish and Bulgarian migrants' length of stay in the Netherlands increased after EU-accession. In contrast to our expectations, the share of migrants who left the Netherlands within the first years after arrival is rather high for both groups. About a fifth of the Polish and a third of Bulgarian immigrants left the Netherlands within the first year. After accession to the EU, in 2004 for Poland and 2007 for Bulgaria, return rates even increased initially to stabilize again over the following years. These findings are in line with survey data in the Netherlands indicating that many European migrants do not reside for longer periods, but that Bulgarians are even more likely to leave than Poles (Gijsberts & Lubbers, 2015). This can partially be explained with the relatively higher levels of intermarriages with Dutch among Polish migrants (Kleinepier, De Valk, & Van Gaalen, 2015). Kurekova (2013) also suggested that the short-term nature of migration from the new EU member states is potentially related to the restricted welfare rights in the destination, which makes many of these migrants stay more institutionally connected to the welfare regime in their origin country.

Second, we expected that the type of benefit mattered and as such the take-up rate of non-contributory benefits to be higher than that of social-insurance benefits. Our findings illustrate that the type of welfare used by EU migrants from

the new member states crucially depends on their access to the labour market in the destination country. Dutch unemployment benefits are contribution-based, and therefore can only be accessed after former employment in the Netherlands. As labour market access was restricted for Bulgarian migrants over the studied period, this likely explains a higher (but still rather small) usage of social assistance compared to unemployment benefits for this group. However, in the absence of restrictions of labour market access, we found unemployment benefits to become more important than social assistance among unemployed Polish migrants receiving welfare.

At the same time, it is noteworthy that the two groups may actually capture very different types of migrants: Polish migrants are by and large in paid employment whereas the majority of Bulgarians are either self-employed or not having any income (from employment and benefits). This suggests that the latter group is much more comprised of those who come to the Netherlands without a stable employment perspective and therefore are also more likely to return when not being able to gain any employment perspectives after one year. The economic situation in Bulgaria (one of the poorest EU member states) may encourage a move abroad that would in all cases be an improvement in life conditions. The labour market restrictions that applied for this group until 2014 kept them out of the formal economy, but may have resulted in more informal economic activities (that are obviously not captured in our register data) explaining the large share of migrants among this group who are not in employment but also not receiving benefits. Polish migrants on the other hand seem to arrive in a context where employment is already secured. Thus, migrants may not so much think of welfare in the destination as such but much more compare their situation in the origin country to that elsewhere. Further research would therefore benefit from a comprehensive analysis on how decisions to stay, return or move onwards are shaped via welfare systems at origin and destination. In addition, qualitative data could shed more light on the ways in which migrants from different origin countries in the EU consider these decisions.

Although it can be expected that individuals are only interested in generous welfare state arrangements abroad to the extent they can make use of them

(Adserà et al., 2014), our results do not necessarily prove that welfare does not play a role in migration decisions at all. First, it is possible that EU migrants do consider the welfare system in the destination country, but have limited information on welfare state arrangements, or are not aware of the eligibility criteria attached to them. Qualitative studies indeed signal that EU migrants from the new member states are not always fully or adequately informed about their welfare rights in the destination country (e.g., Alho & Helander, 2016). Similar findings are reported for migrants from outside of the EU (third country nationals) who often also have no or limited knowledge on welfare state arrangements and related eligibility criteria (Renema, Meuleman, & Lubbers, 2017). Earlier studies have suggested that this lack of information is related to migrants' low intentions to use welfare state arrangements abroad (Cappelen & Muriaas, 2018; Helander, Holley, & Uttana, 2016). Alternatively, welfare state arrangements may play a role in migration decisions, but not in the shape of a 'work or welfare' trade-off. After all, returns from the labour market are likely higher than those from welfare benefits for active EU migrants, whereas inactive EU migrants are initially not eligible for welfare in the host country. Rather, welfare benefits could form a supplement to income from paid labour, for instance through family or housing benefits, or may be perceived as a safety net to protect against loss of income. This is in contrast with the welfare magnet hypothesis as formulated and tested for the United States, where the welfare system mainly provides social assistance for the very poor (Borjas, 1999), yet fits better with European welfare systems which are generally more comprehensive and protect against risks over the life cycle by means of social assistance, universal benefits and social insurance. In turn, instead of an independent magnet effect, welfare systems may affect migration decisions together with other factors, such as labour market characteristics. This alternative mechanism deserves more attention in subsequent studies on the role of welfare systems on migration decisions.

Overall, our findings on Polish and Bulgarian migrants to the Netherlands do not support the political and scientific discourse that in absence of border restrictions, increased intra-EU migration will increase pressure on generous welfare systems. In fact, levels of welfare-dependency are relatively low for

migrants from the new member states as compared to natives and migrants from other EU countries in the Netherlands (Gijsberts & Lubbers, 2013; Jennissen, 2011). These findings are in line with studies that looked at the fiscal impact of intra-EU migration in the UK (Dustmann, Frattini, & Halls, 2010), Sweden (Ruist, 2014a) and Denmark (Martinsen & Pons Rotger, 2017), which found EU migrants to make a net contribution to the welfare system of these host countries. Our study further explains these outcomes as recent EU migrants typically do not meet the eligibility criteria of welfare benefits at arrival, and often leave before gaining full access to the welfare system. To what extent EU migrants can access welfare after arrival depends on the one hand on the type of benefit, and on the other hand on migrants' life course characteristics, length of stay and labour market status. This reasoning has important implications for future studies investigating the link between welfare and intra-European migration. First, within the overarching EU framework, member states are still to a large extent free to decide how they organize their welfare system (D'Angelo & Kofman, 2017). This not only contradicts the claim that national welfare systems are directly accessible in the context of free mobility within the EU; it also stresses the need for more specific measures of welfare generosity when investigating the welfare magnet hypothesis. Second, instead of treating migrants as a collective group, increased variation within intra-European migration flows in terms of personal characteristics should be acknowledged (Schulzek, 2012). Finally, whereas previous studies often grouped EU migrants together in their analyses, our findings illustrate important variation between migrants from different countries of origin. Thus, future research investigating the link between welfare and intra-European migration should not only consider whether people move towards countries with a generous welfare system, but also who moves and how the situation at origin, including the welfare system, shapes migration decisions.

