



Poverty Among Migrants in Europe

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The aim of this Brief is to analyse the level of poverty among migrants in 14 European countries.¹ Migrants from outside the European Union are occasionally exposed to a multiple times higher risk of poverty than the “indigenous” population. EU and non-EU migrants constitute two rather distinct groups in most countries in terms of their exposure to poverty. The results include various tests of reliability, including the estimation of confidence intervals for the poverty estimates, and the use of alternative definitions of migrants.

Definition and share of migrants within countries

The analysis is based on the first, 2004 wave of the EU-SILC survey, which includes 13 European Union countries plus Norway.² The survey allows us to identify two different, but overlapping, groups of the immigrant population. One definition captures people who are born in a different country than their country of residence. Their share may be as low as 3% of the population (Finland), or may reach as high as 20% (Estonia), or even 37% (Luxembourg) (Table 1). The other definition identifies those who have citizenship other than the country where they live. This group tends to be smaller, which is not surprising, as many of those who were born elsewhere have already received the citizenship of their country of residence. 36% of those who are born in another EU country do already possess the citizenship of the country of residence (Table 2). This ratio is 42% among those born outside the EU.

To what extent are these two groups exposed to poverty, and how does it differ from the “indigenous” population? We expect that migrants face higher risks of poverty. This might not hold in case migrants embody a predominantly highly skilled workforce, which exploits the opportunity of free movement of labour within Europe.



Poverty amongst migrants

High poverty among non-EU migrants Migrants from outside the EU tend to face higher poverty rates than the indigenous population.³ In Belgium, over half of those who have non-EU citizenship, live in poverty, according to the widely used Laeken indicator of poverty (with a threshold of 60% of national median income). The ratio reaches 45% in France and Luxembourg. In a number of other countries about one in three non-EU migrants tends to be poor. This warrants caution from the perspective of social rights. A potential cause for social tension, however, is relative disadvantage: in other words, the difference between poverty rates of migrants on the one hand, and of the indigenous population on the other, or differences within the migrant population as such.

Relative disadvantage may matter more than absolute In the worse case, the situation of migrants is disadvantageous both in absolute and relative terms, characterised by both high poverty rates and relatively higher poverty rates than the “indigenous” population. Such countries are Belgium, France, Luxembourg, Finland and Sweden. In some of these nations poverty occurrence is multifold among non-EU migrants. In Denmark, non-EU migrants fare badly in relative terms, but their poverty rate is not particularly high in European comparison. In some “egalitarian” countries, migrant groups do not experience high poverty in a relative sense. In Estonia⁴ and Portugal, migrants are not more disadvantaged than locals.

EU and non-EU migrants are distinct groups in terms of poverty The poverty risk of migrants from European Union countries varies greatly by country, but it is clearly favourable to other migrants, or at times even to non-migrants. The “EU / non-EU” gap among migrants is particularly marked in Belgium, France, Luxembourg, and Norway (Figure 1). EU-migrants experience lower (or about the same) poverty levels than the national average in Denmark, Greece, Ireland, Norway and Portugal. Austria seems to have a specific situation, as poverty among people born in the EU tends to be also nearly twice as high as among non-migrants.⁵

**EU migrants have higher education and employment**

The existing gap in terms of poverty risk between EU and non-EU is largely attributable to the characteristics of these two groups. As hypothesised, migrants from EU countries tend to have a higher educational attainment and higher labour market involvement, often surpassing even that of the non-immigrant population. According to our calculations, 25% of people with EU citizenship have tertiary education degree on average, which is greater than the ratio for the non-immigrant population (18%) or for non-EU migrants (20%). Employment is also higher among EU migrants in these countries on average (55% versus 48% of the non-migrants, or versus 54% of non-EU migrants, in per cent of the total population⁶).

Test of robustness: alternative definition of migrant status

Migrant status defined as being born abroad: a larger group

The second, alternative definition of migrants refers to people who are born elsewhere than the country of residence. This approach captures a larger group, as shown in Table I. This group is more heterogeneous, including those who are more integrated (acquired citizenship) and those who are less so. In addition, this definition refers to people who are likely to be staying in the country for longer on average. Migrants, defined as those born in another country than the country of residence, still often face higher risk of poverty. In Belgium, Spain and Luxembourg over one in three such migrants are poor. In over half of the countries, poverty rates among non-EU migrants are more than twice as high as among those born in the country, suggesting major relative disparities.

Lower poverty rates

Assuming that citizenship of the country of residence is a sign of integration, we expect poverty to be lower among the broader group, which includes those who already have the citizenship (and are born elsewhere). This seems to hold, indeed. Poverty is lower among migrants defined according to citizenship than among migrants defined according to country of birth, both in relative and absolute sense. This suggests that for policy purposes, it is more adequate to focus on the citizenship definition in general, as it tends to capture problems of low income (and probably also social exclusion) better.



Are differences significant? The confidence intervals of poverty rates

Poverty rates: Poverty rates across countries and social groups can only be compared when the differences are statistically significant, in other words the differences exist in the original population, not only in the sample as such. For this, it is essential to calculate confidence intervals for specific immigrant groups in each of the 14 countries. These confidence intervals show with 95% probability how much the extent of poverty is likely to be in the original population. Poverty rates among the specific immigrant groups are maximum 1% higher or lower in the original population with 95% probability than the values presented so far, as shown by Table 3. For example, the poverty rate of non-Austrian EU citizens in Austria is expected to be between 23.8% and 25.5% with a 95% probability. The point estimate presented in Figure 1 is 24.6%, which is by definition the middle point of the range. The width of the confidence interval, 1%, is relatively small compared to the poverty ratios. From this, it follows that the inter-group differences discussed above in detail are statistically significant.

Lower administration costs:

Multivariate analysis

Higher poverty risk cannot be fully explained by demographic or labour market differences Migrants might face higher poverty due to lower levels of education, lower labour market participation, linguistic barriers, social discrimination, and a number of other reasons. Due to small cell sizes we cannot conduct country-specific multivariate analysis. Instead, we explored how much of the relatively greater poverty among immigrant groups cannot be explained by demographic and labour market characteristics. The risk of poverty is 6-15% higher among migrants, depending on the definition of this group, controlling for individual differences and country fixed effects (Table 4). This suggests that these groups are exposed to greater poverty, over and above the impact of age, education, labour market participation, household composition and health. This higher poverty risk might be due to differences in access to cash benefits, or might be due to lower wages, (e.g. if discrimination exists). This kind of analysis typically cannot answer such questions, but can highlight the magnitude of the problem.



Results of the multivariate regression analysis also highlight that (1) non-EU migrants tend to have nearly twice as high a risk of poverty than EU-migrants, (2) people who are not citizens of their country of residence tend to have higher poverty on average than those who are born outside of the country. The difference between these specific groups (EU, non-EU on the one hand, and citizenship and country of birth on the other) is not simply attributable to differences in labour force status, education attainment and household composition, since immigrant status tends to be associated with higher poverty in the regression results, which control for the potential impact of all these factors.

Future research based on the new wave of the EU-SILC dataset would allow comparisons across many more countries, and the assessment of the consequences of recent enlargements of the European Union. In a few years, the panel nature of the dataset will hopefully enable the study of migration flows, and changes over time. Migration, both within and into the European Union, will remain a major policy issue in the coming years, and its economic and social consequences are yet to be better understood.

Further reading

Orsolya Lelkes (2006) 'Why are the poor poor?'. In: Final Report of the Network on Social Inclusion and Income Distribution. European Observatory on the Social Situation, financed by the European Commission (DG Employment, Social Affairs and Equal Opportunities)

Orsolya Lelkes (with Asghar Zaidi) (2006) 'Income inequality and poverty in the EU: recent evidence and trends'. In: Final Report of the Network on Social Inclusion and Income Distribution. European Observatory on the Social Situation, financed by the European Commission (DG Employment, Social Affairs and Equal Opportunities)



Notes

1 The results presented here are based on a research project called European Observatory on the Social Situation, financed by the European Commission (DG Employment, Social Affairs and Equal Opportunities).

2 The EU-SILC (Community Statistics on Income and Living Conditions) provides cross-sectional micro data on income poverty and social exclusion.

3 The indicator of poverty is the so-called “at-risk-of-poverty rate”, which is part of the portfolio of indicators adopted by the Laeken European Council. It shows the share of persons with an equivalised disposable income below the at-risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers.

4 Note that in Estonia no less than one fifth of the population has a foreign citizenship, dominantly consisting of Russians. In 2003, the survey year, Estonia was not yet member of the European Union, which explains the lack of EU citizens in the country.

5 This cannot be the impact of EU enlargement, and the resulting influx from Central-Eastern Europe, as the date of the survey (2003) precedes this.

6 Note that this ratio is not calculated as a per cent of the labour force, which is normally a measure of employment ratio. This calculation, however, seemed more appropriate for the sake of the argument presented above.



Table 1:
Share of migrants within countries in the sample population, %

Note:
The data refers to people who are born elsewhere than in their country of residence, or have other citizenship.

Source:
Authors' calculations based on EU-SILC 2004, N= 232,164

	Migrant status defined by citizenship			Migrant status defined by country of birth		
	EU	Non-EU	Total	EU	Non-EU	Total
AT	3,4	4,5	7,9	6,9	7,0	13,9
BE	4,7	2,6	7,3	5,3	6,1	11,4
DK	2,0	4,4	6,3	2,0	4,4	6,3
EE	0,0	20,0	20,0	0,0	20,3	20,3
ES	1,2	2,4	3,6	1,5	3,3	4,8
FI	0,4	1,0	1,5	1,1	1,6	2,7
FR	2,9	3,4	6,3	4,4	8,1	12,5
GR	1,2	4,2	5,4	2,2	5,6	7,8
IE	3,3	1,7	5,0	6,7	2,4	9,1
IT	0,7	2,7	3,4	1,5	3,6	5,1
LU	32,3	4,8	37,1	30,2	6,9	37,1
NO	2,2	2,0	4,1	2,9	4,4	7,3
PT	0,6	2,3	2,9	1,6	4,7	6,2
SE	2,2	2,4	4,7	5,0	7,0	12,0

Table 2:
Two definitions of migrants: overlap between population groups defined by country of birth and citizenship

		Citizenship			
		EU	Non-EU	Country of residence	Total
Country of birth	EU	63,7	0,4	35,9	100,0
	Non-EU	2,3	56,1	41,6	100,0
	Country of residence	0,3	0,3	99,4	100,0
	Total	2,5	2,9	94,6	100,0



Figure 1:
The risk of poverty among migrants (defined as citizenship of another country)

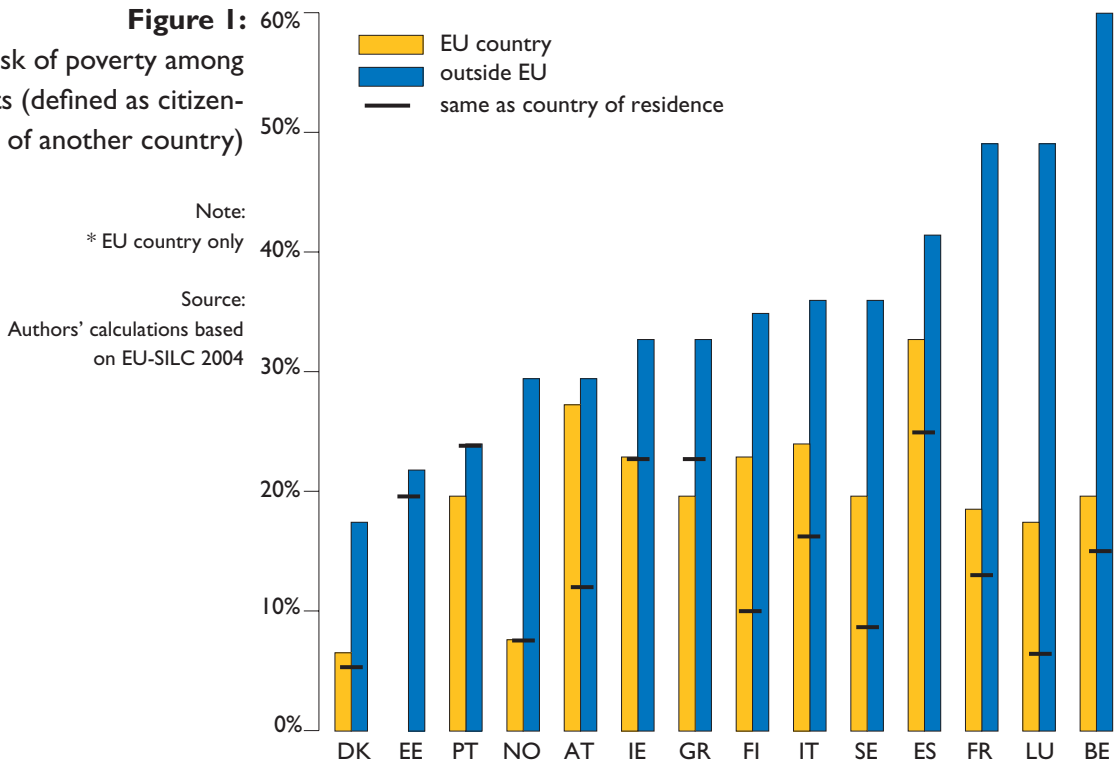


Figure 2:
The risk of poverty among migrants (defined as born in another country)

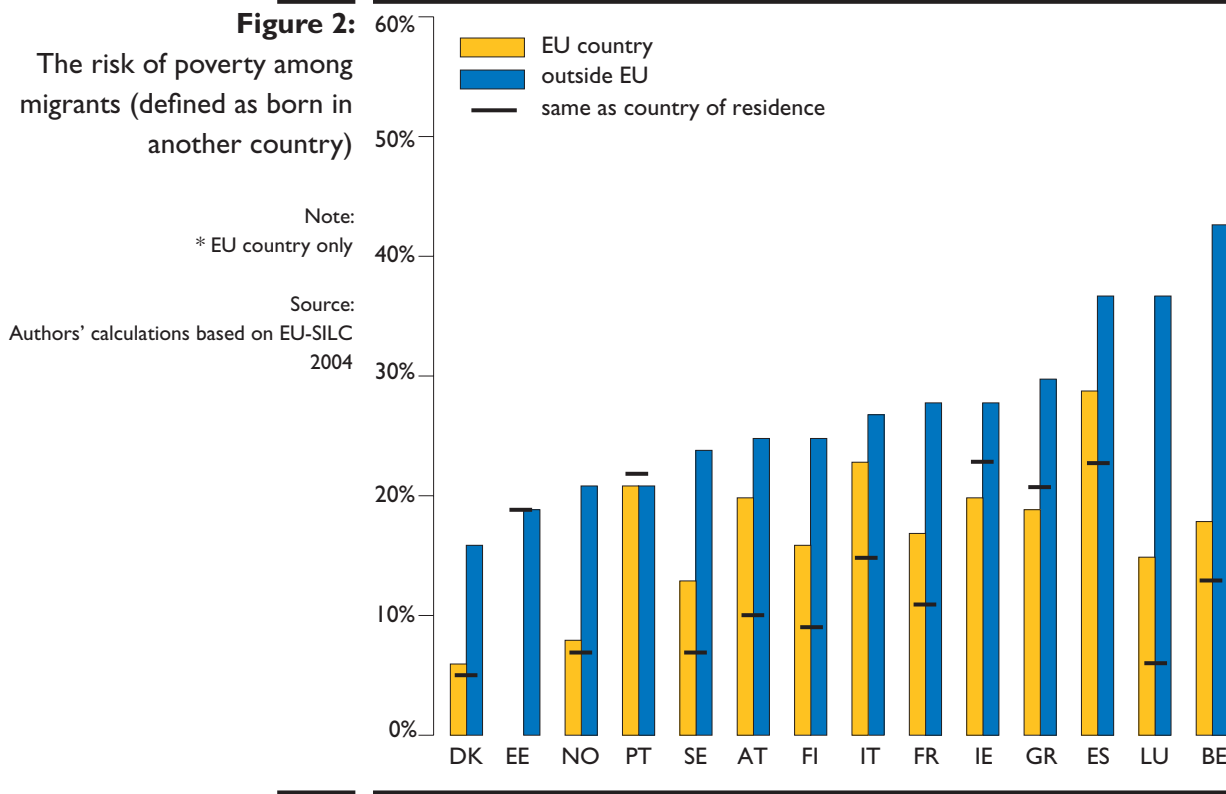


Table 3:
Confidence intervals of the
poverty ratios of migrant
population groups

Note:
95% confidence level

(a) Country of birth				
	EU		Other	
	Lower	Upper	Lower	Upper
AT	19,0	20,6	23,7	25,4
BE	17,2	18,7	41,9	43,9
DK	5,1	5,9	15,7	17,0
EE			17,7	19,3
ES	28,8	29,8	36,9	38,0
FI	15,2	16,1	24,5	25,6
FR	16,4	17,5	27,2	28,5
GR	18,8	20,2	28,9	30,4
IE	19,2	20,7	27,2	28,9
IT	22,6	23,3	27,1	27,8
LU	14,0	15,6	36,4	38,5
NO	7,0	8,0	20,0	21,4
PT	20,6	22,1	20,0	21,5
SE	12,8	14,1	23,2	24,8

(b) Citizenship				
	EU		Other	
	Lower	Upper	Lower	Upper
AT	23,8	25,5	26,3	28,1
BE	17,3	18,8	53,7	55,6
DK	5,1	5,9	15,7	17,0
EE	0,0	0,0	19,6	21,3
ES	29,0	30,0	37,6	38,7
FI	20,8	21,9	31,8	33,1
FR	16,8	17,9	44,5	45,9
GR	17,2	18,4	29,7	31,3
IE	20,2	21,7	29,5	31,2
IT	22,0	22,7	32,6	33,4
LU	15,0	16,6	44,2	46,4
NO	6,9	7,8	26,1	27,7
PT	17,1	18,5	21,0	22,5
SE	16,8	18,2	32,6	34,3

Table 4:
Poverty risk among migrants,
probit estimates

Source:
Authors' calculations based on
EU-SILC 2004, N= 191.989

Dependent variable: households in pov-
erty, using the 60% of median income as
a threshold.

Absolute value of z statistics in paren-
theses.

* indicates that estimates are significant at
5% level ; ** significant at 1% level
Reference categories: Born in country
of residence, Citizen of the country of
residence.

All models include individual control
variables (demographic, labour market
characteristics), and country controls, as
in Table 2.

(1)		(2)		
	Coefficient	Marginal effect	Coefficient	Marginal effect
Born in (other) EU country	0.247** (12.01)	0.059** (12.01)		
Born in (other) non- EU country	0.456** (28.74)	0.118** (28.74)		
(Other) EU citizen			0.320** (12.95)	0.079** (12.95)
Non-EU citizen (of other country)			0.551** (28.62)	0.149** (28.62)
Individual control variables included	Yes		Yes	
Country dummies included	Yes		Yes	

Appendix

Share of migrants within coun-
tries in the sample population

Note:
The data refers to people who are born
elsewhere than their country of resi-
dence, or have other citizenship.

Source:
Authors' calculations based on
EU-SILC 2004, N= 232,164

	Number of observations in the sample			
	Country of birth		Citizenship	
	EU	Non-EU	EU	Non-EU
AT	597	603	284	390
BE	589	718	505	300
DK	236	507	236	507
EE	-	1.340	-	1.287
ES	425	953	339	659
FI	249	295	103	188
FR	785	1.503	508	608
GR	277	695	146	492
IE	708	235	339	158
IT	711	1.624	286	1.095
LU	2.284	518	2.436	351
NO	346	565	244	227
PT	164	453	73	202
SE	557	842	257	290



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