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The Effects of Redistributive Conflicts on Immigrants

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Abstract

In October 2010 German Chancellor Angela Merkel declared multiculturalism a failure. Merkel's comments come on the heels of the controversy over Thilo Sarrazin's comments regarding the negative impact Muslims have on the German welfare state. In a new, recently released study the *Friedrich Ebert Stiftung* found that 30 percent of Germans agree that foreigners come to Germany to exploit the welfare state, that there are too many foreigners in Germany and that the number of foreigners in Germany is dangerous.

The perception on the part of Germans regarding the exploitation of the welfare state by immigrants is illustrative of redistributive conflicts within welfare states. The conflict over distribution and redistribution may lead to the exclusion of immigrants from not only social benefits to which they may be entitled, but to other forms of exclusion, including exclusion from the labor market. This paper presents a discussion of social exclusion, how such exclusion may violate the welfare state principles of social justice, and the ways in which the conflict over redistribution negatively affects immigrants in Germany.

Introduction

In October 2010 German Chancellor Angela Merkel declared multiculturalism a failure. Merkel's comments come on the heels of the controversy over Thilo Sarrazin's comments regarding the negative impact Muslims have on the German welfare state. In a recently released study the Friedrich Ebert Stiftung found that thirty percent of Germans agree that foreigners come to Germany to exploit the welfare state, that there are too many foreigners in Germany and that the number of foreigners in Germany is dangerous. These attitudes persist, in spite of countervailing evidence showing that the number of foreign born in Germany has remained stable, even falling almost imperceptibly. [Insert Table 1 about here] The perception on the part of Germans regarding the exploitation of the welfare state by immigrants may be illustrative of redistributive conflicts that occur within welfare states. The conflict over distribution and redistribution may lead to the exclusion of immigrants from not only social benefits to which they may be entitled, but to other forms of exclusion, including exclusion from the labor market. This paper presents a discussion of social exclusion, how such exclusion may violate the welfare state principles of social justice, and the ways in which the conflict over redistribution negatively affects immigrants in Germany.

Table 1

| Foreign Population as Percentage of Total Population: Germany | | | |
|--|-----|------|-----|
| 1995 | 8.8 | 2002 | 8.9 |
| 1996 | 8.9 | 2003 | 8.9 |
| 1997 | 9.0 | 2004 | 8.2 |
| 1998 | 8.9 | 2005 | 8.2 |
| 1999 | 8.9 | 2006 | 8.2 |
| 2000 | 8.9 | 2007 | 8.2 |
| 2001 | 8.9 | | |

Source: OECD Factbook 2010: Economic, Environmental and Social Statistics - ISBN 92-64-08356-1 - © OECD 2010

This paper will begin with a discussion of what social exclusion is, how exclusion violates the principles of social justice, why the structure of the welfare state contributes to or limits exclusion, how redistributive conflicts are structured, and finally what are the implications these issues have for immigrants in society.

Social Exclusion

Concepts of social exclusion are important because these concepts can lead us to identify those most at risk in society and to help determine whether public policy reinforces and /or expands social exclusion. It is important also in terms of the health of society at large. The definition of social exclusion is disputed. It is necessary however to establish some understanding of what we mean by social exclusion as different from exclusion based on employment status or poverty. Frequently social exclusion is treated as a consequence of unemployment and viewed through labor market approaches in research (Deakin et al. 1995). However, unemployment is only one part of the larger issue of social exclusion. It is generally agreed that social exclusion is a multidimensional phenomenon; therefore it is also multifaceted and complicated. The larger issue of social exclusion includes not only employment but also exclusion from housing, health-care, and political rights (Raveaud and Salais 2001).

Large-scale exclusion implies that “people, although they are being cared for, no longer have an obligatory commitment to an important social institution” (Steijn et al. 1998, 16). This undermines social institutions, and may be compounded by perceptions on the part of non-recipients that individuals are taking advantage of welfare services to which they are not entitled, leading to a further lack of confidence in institutions. Most advanced industrialized countries

have persons living on the fringes of society, outside traditional labor and social patterns. These marginalized persons may be excluded from participation in labor and social markets for a variety of reasons that may include, but are not limited to social welfare policies pursued by governments and their unintended consequences. How to distribute to and/or integrate these marginalized populations is an important issue to welfare states because those marginalized persons are frequently reliant on government for some form of social assistance.

According to Vleminckx and Berghman (2001) social exclusion has four main characteristics. The first, “social exclusion implies one is not like others in the society in which one lives”; second, that social exclusion is multidimensional, exclusion in one dimension, i.e. unemployment may lead to exclusion from consumption and housing; third, social exclusion is dynamic, “an action or series of actions developing overtime” (Vleminckx and Berghman 2001, 36). These characteristics present a picture of social exclusion as a dynamic process in which processes are mutually reinforcing. A final distinguishing feature of social exclusion is that the processes leading to exclusion are, as a series of events, unpredictable. These events or processes are not provided for “by the conventional safety nets created by existing systems of social protection, or the aid granted by these systems turns out to be inadequate for dealing with the problem” (Raveaud and Salais 2001, 50). Social exclusion is the process “by which people become distanced from the benefits of participating in modern society” (Mayes 2001). Social exclusion is not only a process, it is also a limiting of social and economic opportunities of “those who are different in one of several respects such as race, language, religion, local or social origin, and ethnicity” (Berting 1998, 17). It should be remembered that social exclusion and poverty may be related, but are not the same thing. One may live in poverty, but have social inclusion as a member of a social group. The converse is also true; one may be excluded socially based on language or social skills but may have a high socioeconomic status (Mayes 2001).

Exclusion from the labor market is important because this exclusion undermines an individual’s ability to participate in other market sectors. This exclusion may be characterized by underemployment, losses in wages and benefits, and unemployment. There is some concern that unemployment for an individual will develop into long term unemployment and longer dependence on social welfare supports. Exclusion from employment may occur not from the loss of a job, but from the lack of qualifications or training to secure employment in the first place. The transformation of labor from manufacturing to a knowledge based economy plays a part. First, it creates a new set of standards for employment; second, labor markets are becoming more selective (Raveaud and Salais 2001, 55). Where employers demand efficiency; the qualifications of the employee must exactly match the task requirements specified by management. “Those who do not have the qualifications are not hired, and those who are employed but do not adapt to the change in standards of their tasks are fired” (Berting 1998, 13). New standards of employment and more selective hiring practices mean that growing numbers of adults are excluded from the labor market and many young people are unable to enter it (Deakin et al.

1995, 8). In this way education becomes important, because the type of labor market determines the best education to pursue.

Exclusion through unemployment is but one part of the labor market issue. The worker may also experience the loss of benefits, formerly paid by their employer. The individual who has lost his/her job may find another job, but at reduced pay or benefits which may result in or lead to underemployment (Iversen 2001). The transformation to post-industrial economies, from manufacturing to service base, contributes to social exclusion through the emergence of low paid jobs that lead to dependency on family income supports or do not enable workers to earn enough to become completely independent (Deakin et al. 1995, 9). Low paying and/or part-time service employment creates a different set of problems than straightforward unemployment. If the conditions these junk jobs or precarious jobs offer are “below the threshold for social insurance”, these jobs can “store up problems for future entitlements, compromising the very form of personal entrepreneurial investment in life that is advocated” by policy makers (Mangen 2000, 41). These people, though they may be employed, often live at or below the subsistence level (Berting 1998, 20). Pierson writes that where policies encourage the expansion of the low-wage private sector employment, the “costs include maintaining poverty and inequality, large gaps in the support for human capital development, and a host of associated social problems” (Pierson 2001, 85). Underemployment may mean social exclusion because of income reduction, but it may also include exclusion from consumption (Atkinson 1998). The inability to secure housing and transportation can make finding or maintaining employment difficult. Further, underemployment makes securing better housing, a higher paying job, or an education for children difficult, thus trapping individuals in an excluded category, potentially for generations.

Social Justice

Barry (2000) argues that social exclusion violates the values of social solidarity and social justice. Social justice may be defined as equality of opportunity (Rawls 1999; Barry 2002). Principles of social justice provide a way to assign “rights and duties in the basic institutions of society and they define the appropriate distribution of the benefits and burdens of social cooperation” (Rawls 1999, 4). In a just society basic liberties are “taken for granted and the rights secured by justice are not subject to political bargaining or the calculus of social interests” (Ibid, 25). The consequence of the relationship between social justice and social exclusion are profound. Advanced industrial societies are approaching a norm of “social politics organized around flexible labor markets and structural exclusion” (Byrne 1999, 70). Structural exclusion fundamentally alters the environment of individuals; it not only alters the access to social inclusion through education and employment, but may also include an alteration in geographical space that limits access to resources. As a result, structural social exclusion limits the choice set of individuals that enables people to live lives they value. There are social costs to injustices, structural or otherwise. Most basic is the undermining of the individual’s self respect. Rawls

points out that the “denial of justice to another is to either refuse to recognize him as an equal” or to be willing to exploit natural “fortunes and happenstance for our own advantage” (Rawls 1999, 337). Rawls goes on to argue that whatever the case, “deliberate injustice invites submission or resistance. Submission arouses contempt of those who perpetuate injustice and confirms their intention, whereas resistance cuts the ties of community” (Ibid). The powerless, people or institutions automatically arouse contempt and the desire to attack, dominate, and humiliate (Fromm 1994, 167). In either case, the consequences for society are negative. Submission excludes individuals from power, both through injustice perpetrated by those in power and because submission and the resulting contempt of those more powerful undermine a persons self-worth. Thus a downward spiral of contempt and submission reinforce the position of excluded individuals. The implications for powerless institutions, or institutions perceived to be powerless, are also serious. If the institutions of the welfare state are perceived to be powerless or ineffective, individuals in positions of power may exploit those institutions for their own benefit. Byrne writes that in ‘flexible-capitalism’, the economic environment in which low-wage, junk jobs are the rule rather than the exception, we see a massive resource transfer to the “most affluent, the capitalists and the comprador new super-class” (Byrne 1999, 101). The gains are economic, political and social, but also include the control of resources and the determination of who should receive those resources, in what quantity and how. The control of and distribution of resources in advanced industrial societies is determined by a political process, filtered through welfare state structures.

Welfare State

“One of the classic aspirations of the welfare state is that their policies should have a uniform, state-wide reach” with the aim to ensure the “equity of provision for all citizens irrespective of where they live within the state” (Jeffrey 2007, 58). It further “provides its beneficiaries with freedom from want” (Raveaud and Salais 2001, 49) and to “even out differences in life chances” with programs that are meant to “help people reallocate income over the life cycle, to insure against events which cause income loss, and to provide a sense of security to all citizens” (Atkinson 1999, 6). Ultimately the welfare state makes public policies intended to level the playing field for all residing within its borders. In effect this is the practice of social justice, and social exclusion is a violation of not only social justice, but of the principles of the welfare state. Social justice allows individuals to make legitimate claims, maintaining that “disadvantages for which people cannot reasonably be made responsible-should give rise to legitimate claims for aid, redress, or compensation (as appropriate)” (Barry 2002, 19).

It is important that the welfare state offers help to individuals in need and provides an equality of opportunity. However, how the welfare state is structured to deliver the distribution of benefits is important. It is in the distribution of benefits that conflicts within the welfare state have been predicted. These distributive conflicts have the potential to further marginalize

individuals already at risk and deepen existing cleavages between groups in society. As welfare states have come under increased budgetary pressures, these conflicts are likely to increase. The concerns regarding redistribution are not only about the distribution of resources, but also about the inequality in the distribution of risks associated with the economic and labor transformation that has taken place in advanced industrialized countries. “These developments arouse strong feelings of vulnerability, uncertainty, and even anxiety, reinforced by the observation that there is no longer good correspondence between individual achievement and the distribution of rewards” (Berting 1998, 20).

These redistributive conflicts often become centered on the issue of immigration. In the wake of the collapse of the Soviet Union, German re-unification, and the Yugoslav civil war the advanced industrial countries of Western Europe experienced the influx of large numbers of refugees and immigrants from the former Soviet Union and third world countries, adding to existing immigrant communities. Immigrant communities have suffered some of the same problems experienced by native populations, specifically as these problems relate to the labor market. Immigrants recruited to work in Western Europe have generally come to work in industries that have been most severely affected by economic down turns and restructuring (Deakin et al. 1995, 11). The problems for immigrants are compounded because they often lack education and/or training so that “the number of foreigners who fall below the poverty line is considerably higher than is the proportion of the native population (Betz 1994, 88). A higher rate of poverty among immigrants contributes to the perception on the part of the native population that immigrants are taking advantage of the programs and benefits offered by the host country. This perception may also be tied to the structuring of the welfare state and its benefits.

Kitschelt (1995) found that when the welfare state programs are based on insurance principles in which benefits are received in proportion to the individual contribution, public acceptance of social programs is not undermined. When the welfare state goes beyond the insurance principle, redistributing funds from contributors to beneficiaries, ethnic balance plays a role in the public acceptance of social programs and specifically programs that extend benefits to immigrants (Kitschelt 1995, 261). Going beyond the insurance principle in the structuring of social programs may follow two alternatives. One alternative are means-tested, targeted, or selective benefit programs; the second are universal social programs. The issue of exclusion is more relevant in means-tested programs because systems based on a universal measure include all individuals and are not based on categorical or income requirements. “Means-tested or targeted systems are designed to separate the ‘needy’ from the well-to-do, the deserving from the undeserving, and so on” (Crepaz and Damron 2009, 445), “the distributive rational is one of targeting the poor” (Blomberg and Peterson 1999, 164). This distributive rational then directs benefits to those who are “already disadvantaged in terms of income and education”, means testing also tends to “establish hierarchies, accentuate differences, highlight inequalities, and denigrate the self-esteem of welfare recipients” (Crepaz and Damron 2009, 445). This policy structure requires the confirmation of eligibility, and the professionals, and administrative actors

who participate in the evaluation, run the risk of promoting stigmatization by imposing predefined administrative or socio-political categories (Raveaud and Salais 2001, 52). Stigmatization is fed by selective distribution that implies low levels of standardization and local administration; selectivity is reinforced by decentralization (Blomberg and Peterson 1999, 164). This effect may be a particular dilemma in decentralized benefit structure where program administration is carried out at the lowest possible government level by contracted bureaucracies or proxy bureaucracies. A decentralized benefit structure not only allows multiple access points in policy making, it does so too for program administration. Vague or general guidelines for implementation made at higher levels of government may result in local administrators or proxy bureaucracies interpreting those guidelines leading to or resulting in gate keeping. Gate keeping occurs when program applicants or recipients are not aware or made aware of their full rights or eligibility for programs and assistance.

In policymaking the differentiation often relies on the “notion of ‘different needs’ which feeds the belief in cultural, essential differences” (Sala Pala 2010, 1791). An environment of stigmatization then develops in which immigrants on welfare confirm for the indigenous population that minorities are more dependent and more parasitical than other members of society. This “moral logic of ‘exclusion’ stigmatizes foreigners as undeserving others, and as a result, should manifest itself in higher welfare chauvinism, less trust, and more fractious relations between natives and newcomers” (Crepaz and Damron 2009, 446). How legislation defines benefits also plays a role in how the welfare state administers programs. Where benefit structures are vaguely defined, it would “enable states to do very little that was new and let them find some part of existing policy that was having a positive impact” (Mayes et al. 2001, 5). Vague definitions allow states to choose facts regarding policies that fit their interests and act on them, without imposing a particular social model on states (Ibid). The vagueness of legislation is of particular interest in Germany where federal authorities determine the basic services and benefits that regional governments should provide. Vagueness then allows regional and sub-regional authorities responsibility for the administration of programs an opening to practice gate keeping without formally altering the rules determining who is eligible to receive benefits.

The belief in essential differences feeds the perception that ‘they’ are taking advantage of the system leading to welfare chauvinism. If immigrants are viewed as a threat to what Kitschelt calls ‘club goods’ a substantial number of citizens will be likely to support the exclusion or expulsion of immigrants to preserve national ‘club goods’ and limit redistributive expenses (Kitschelt 1995, 262). ‘Club goods’ may include low costs of crime, high social stability, and low levels of poverty. Members of the ‘club’ may be defined as the native or indigenous population of the country. What emerges is ‘welfare chauvinism’ – the notion that welfare services should be restricted to the native population and that immigrants receiving welfare grants coincide with smaller amounts for the indigenous or native population with ‘real’ problems (Andersen and Bjørklund 1990). Welfare chauvinism is not based in traditional racism and xenophobia, rather it is a “rational consideration of alternative options to preserve social club

goods” (Kitschelt 1995, 262). It appeals particularly to those who expect “to gain from the redistributive welfare state but fear a welfare state backlash, if the number of beneficiaries swells due to the special needs of immigrants” (Kitschelt 1995, 262). The message to immigrants is that they are not welcome. The cleavage that develops is not only between haves and have nots, but between those who have rights, civil and political, and those who do not or are not aware of their rights (Body-Genderot and Martiniello 2000, 2). Welfare chauvinism “captures the material dimension of conflict, in the sense that immigrants are attracted to a country because of its generous welfare benefits, do not pay taxes, take away the jobs of natives, depress wages, and abuse healthcare, education, and other public services” (Crepaz and Damron 2009, 439).

In order for the cleavage between who receives benefits and who does not to develop, the differences between groups should be discernable. Again, the structure of the welfare state plays a role. Crepez and Damron (2009) have argued that in universal welfare states there is little possibility of labeling recipients of welfare benefits (Crepaz and Damron 2009, 445). In these universal systems “almost everyone contributes and almost everyone receives, making it more difficult to stigmatize receivers of government support as ‘other’” (Crepaz and Damron 2009, 449). Furthermore, the universalist model fights inequality through universal social policies targeting socioeconomic inequalities rather than ethnic inequalities. However in doing so, universalism also denies ethnic inequalities “constructing a socioeconomic problem of ‘exclusion’ or a problem of ‘integration’ and not recognizing the existence of ethnic discrimination and racism” (Sala Pala 2010, 1792).

Redistributive Conflict

Conflicts over redistribution are important, not only in terms of who benefits and who does not, but because these conflicts shape and are shaped by politics and policy choices. There are also important economic consequences, because redistributive conflicts have a negative impact on economic growth (Alisina and Rodrick 1994). The more equitable the distribution of income in the economy, the higher capital endowment of the median voter, which results in a lower equilibrium level of capital taxation, and a higher economic growth (Alisina and Rodrick 1994). In less equal societies more redistribution is sought by a majority of the population, but these policies reduce economic growth by introducing economic distortions.

There are at least two conditions in which redistributive conflicts may take place. First, there may be “situations in which (otherwise attractive policy purposes can only be attained at the expense of identifiable individuals or groups”); second, the existing distribution of assets or life chances may become the policy issue (Scharpf 1997, 70). How the conflict develops from one or both of these basic conditions and the nature of the conflict over redistribution is affected by a number of factors which include, but may not be limited to an individual’s position in the labor market, income, education, and age. These factors are of particular importance to

immigrants or migrants, who are often identifiable groups with lower educational attainment and higher levels of unemployment and under employment than native populations.

Schwartz (2001) has noted that not all welfare is for workers, and that welfare, much more broadly, is social protection and so is about sheltering all income streams, both corporate and individual, from market pressures (Schwartz 2001, 17). Schwartz argues that redistribution was achieved after the 1930s, through a variety of instruments. “The regulation of the service sector, which created a broad range of property rights for workers and owners (including the state as an owner), de-commodified substantial chunks of capital” (Schwartz 2001, 31). According to Schwartz, the intense conflicts in welfare states are due to the undermining of social protections through the service sector, leaving the welfare state as the “remaining source of social protection” (Ibid, 33). This shift results in a refocusing of redistributive conflicts on “specific burdens and benefits that the public sector, the welfare state, and regulation place on specific sectors because of their position in the market and because of different vulnerabilities that different degrees of investment specificity create” (Ibid, 36). Fights are not only about the formal welfare state, but informal welfare as well (e.g., tax expenditures, ‘corporate welfare’, regulated monopolies) (Ibid). Sheltered firms prefer the “wholesale elimination of publicly socialized health, education, and labor market risks to lower their tax burden” (Ibid, 39). The effect on public policy and redistributive conflicts may be evident in pressures on government by protected firms to privatize social programs and may also have a negative effect on larger firms. The “individuation of risks allows sheltered firms to pass social costs onto larger firms that face organized labor and so must provide a wide range of benefits to buy labor peace” (Schwartz 2001, 39). Schwartz argues that most social protection after World War II was “accomplished by sheltering the service sector (including and especially firms, not workers) from competition” the result was the “progressive deregulation and marketization of the service sector” displacing the covert protection onto the overt, formal welfare state (Schwartz 2001, 18).

This differential shift in the risk structure has a dampening effect on spending, especially when spending is redistributive (Iversen 2001, 69). The slow down or reduction in spending may also result in intense redistributive battles between those in secure and insecure labor market positions. “If people in secure positions know that they are highly unlikely to end up in insecure ones, i.e. face low labor market risks, they have less reason to be solidaristic with those in insecure positions” (Iversen 2001, 78). These shifts in redistribution raise concerns, amplified by the inequalities in the distribution of risks in transition economies.

The erosion of social protection may also be thought of in terms of a disruption in the public-private equilibrium. The nature of the public-private mix in social policy is heavily influenced by partisanship (Castles and Obinger 2007). Redistribution affected by welfare states is a “function of the incidence of taxation on benefit expenditure” measured by gross expenditure “which is almost entirely politically determined” (Castles and Obinger 2007, 207). Partisan incumbency and the tax incidence variable are “as strong a relationship as any ever reported in the ‘politics matters’ literature” (Ibid, 219).

If partisan incumbency is important then why partisan incumbents remain and who or what shapes their policy choices also matters. Iversen (2005) argues that partisan dominance is based in the electoral system; his model assumes three things. First, that parties represent groups or classes; second, parties maximize distributive preferences of their member; finally, the “net effect of a government taxation and spending is non-regressive” (Iversen 2005, 136). The implications, according to Iversen, are that center-left government will be more frequent in proportional representative (PR) electoral systems, while center-right governments will be more common under majoritarian systems, and redistribution will be greater under PR systems than under majoritarian systems (Ibid, 137).

Redistributive choices are political, and expressed through choices voters make when voting their partisan preferences. As has already been discussed, the evidence suggests preferences, or support for redistribution is in part dependent on the position of an individual’s position in the labor market. There is strong evidence too that income is an important factor in the formation of redistributive preferences (Busemeyer et al. 2009; Iversen and Soskice 2006). Individuals with higher incomes are less supportive of redistributive policies, specifically regarding public pension schemes (Busemeyer et al. 2009). Moene and Wallerstein (2001) argue that if the majority of the electorate receives a below average income and if an increase in inequality causes above average incomes to rise and below average incomes to fall, then it is reasonable to think that demands for public policies to reduce the gap between rich and poor will increase (Moene and Wallerstein 2001, 859). In this model the demand for welfare spending comes from those who never work and low-wage workers who may lose their employment. High-wage workers, who by assumption face no-risk of income loss, oppose spending on social insurance to the extent that they vote in a self-interested way. However, in reality the risk of income loss rises gradually as individuals move up the income scale (Moene and Wallerstein 2001, 871).

Implications for Immigrants

The structure of the German welfare state is a conservative, corporatist, or Christian Democratic welfare state. The corporatist/Christian democratic welfare states were anti liberal in origin, concerned not with market efficiency, but with maintaining an organic-hierarchical social order; though social rights are extensive, they are differentiated on the basis of class and status, and redistribution is marginal (Myles and Quadagno 2002, 37).

The importance of belonging to a group (Lijphart and Crepaz 1991) and social integration (van Kersbergen 1995) is rooted in the origins and goals of the corporatist/Christian democratic welfare state. The origins of the Christian democratic model are based in the idea that community, church and family are the “bulwarks against the dehumanizing and demoralizing effects of unfettered markets” (Iversen and Wren 1997, 515). Most of all, the

corporatist/Christian democratic welfare state embraces the attachment to one's community (Goodin et al. 1999, 52). These communities are made up of groups; the fundamental value for corporatist society is for an individual to be integrated into a group, which is integrated with other groups into the larger community (Ibid).

The primary way in which individuals are integrated into the community is through the family, specifically the male breadwinner and his "labor force attachments" (Goodin et al. 1999, 52). Corporatist regimes offer core programs of social insurance based on employer/employee contributions (Esping-Andersen 1990, Goodin et al 1999) with dependents receiving entitlements through the breadwinners' contributions (Goodin et al 1999, 75; Myles and Quadagno 2002, 37). The emphasis on the family and the fragmented nature of the Christian democratic/corporatist welfare services and structures is in part due to the principle of subsidiarity (Myles and Quadagno 2002, 37), which emphasizes that responsibility for social services are carried out at the level closest to the individual. A second reason for the fragmentation of welfare services and structures is political mediation that satisfied "different clienteles with different programs", emphasizing the occupational basis of programs, and the reliance on family to provide care for children and the elderly (Huber and Stevens 2001, 278-79). Though the emphasis for the Christian democratic/corporatist welfare regime is insurance-based schemes, it is important to note that the welfare regime is mixed.

The expectations regarding redistributive conflicts and the effect on immigrants are within the context of the corporatist/Christian democratic welfare state. As a Christian democratic country, Germany is pursues goals of equality and budgetary restraint (Iversen and Wren 1997, 544). Therefore the government will encourage egalitarian labor markets by encouraging associational inclusion and heavy regulation of the labor and product markets (Ibid, 516); this means that workers must belong to labor associations, or unions. Further, in Germany, historically there has been budgetary restraint combined with egalitarian earning structure (Ibid, 517). If in fact there is income equality, we should expect attitudes toward immigrants to be favorable. However, due to the emphasis on union membership, there is a "failure to provide employment opportunities for all who want to work" which results in exclusion and resentment among "outsider classes" (Ibid, 518).

Table 2

| Total Unemployment (as a percentage of the total population) | | |
|---|----------------------|-----------------------|
| | Native – born | Foreign – born |
| 2000 | 7.4 | 12.6 |
| 2003 | 9.1 | 15.7 |
| 2004 | 10.0 | 17.0 |
| 2005 | 10.0 | 17.7 |
| 2006 | 9.4 | 16.5 |
| 2007 | 7.8 | 14.3 |

Source: OECD Factbook 2010: Economic, Environmental and Social Statistics - ISBN 92-64-08356-1 - © OECD 2010

Immigrants do experience higher levels of unemployment, lower incomes, and lower educational attainment. This makes the issue of education for them all the more important. The German vocational education system has come under some criticism. First, it has been argued that the German system creates skilled workers, whose qualifications and identities are rooted in traditional and rigid occupational categories, preventing German manufacturing from adapting to new innovation and more flexible manufacturing techniques. The second weakness is the “relative underdevelopment of continuing vocational education and training” (Thelen 2004, 270). It may be however that this weakness is not due to underdevelopment of continuing vocational education and training, but rather the type of skills “from which workers derive their income” (Iversen and Soskice 2006, 876). Making continuing vocational education and training a secondary problem, related to skill specificity. Although these criticisms are legitimate, it is also clear that the creation of skilled workers contributes to a population of workers with high productivity and higher incomes while decreasing the risks of unemployment and income inequality for some individuals (Iversen and Stephens 2008; Busemeyer 2007). This lack of skills in the population of foreign residents in Germany is in fact a primary contributing factor to not only higher rates of low educational attainment, but higher levels of poverty and unemployment leading to higher levels of non-citizen dependence on social welfare services, like income supports, housing subsidies, and cash benefits.

Table 3

| Employment Rates by Educational Attainment (2007) as a percentage of the total population (Germany) | | |
|--|----------------------|-----------------------|
| | Native - born | Foreign – born |
| Low | 43.2 | 49.4 |
| Intermediate | 74.2 | 67.7 |
| High | 87.9 | 72.3 |
| Total | 70.9 | 61 |

Source: OECD Factbook 2010: Economic, Environmental and Social Statistics - ISBN 92-64-08356-1 - © OECD 2010

The issue of unskilled labor concentrated in the immigrant population is in part a result of labor policy in post-World War II Germany. Immigrant guest workers recruited to Germany were primarily blue-collar, unskilled laborers (Kahanec and Tosun, 2009, 263), and the decades between 1960 and 2000 were characterized by an increasing foreign population (Gostomski 2010, 30). The demographics of the foreign population in Germany have changed since 2000. The proportion of unskilled workers has fallen, while the numbers of skilled workers, foreman, masters, and qualified senior employees has increased (Gostomski 2010, 34). At the same time levels of education among foreigners have increased, individuals completing vocational training or retraining have risen (Ibid). If skills, employment, and income are linked, then we should expect that not only will the incomes of the foreign population rise, but so should their ability to find employment. This in turn should reduce the number of immigrants receiving welfare state benefits, and in turn we should expect a reduced antipathy toward immigrants. As immigrants find less opposition to their presence in Germany, there should also be a greater willingness on their part to assimilate; negative attitudes on the part of the native population may pose a significant threat to the willingness of immigrants to assimilate into the German society (Kahanec and Tosun 2009, 287). Natives' attitudes toward foreigners have been found to have a negative and significant effect on citizenship aspirations. "Importantly, the association is robust . . . indicating that perceived and objective negative attitudes have independent (negative) effects on citizenship acquisition" (Ibid, 282). The willingness of immigrants to assimilate, based on perceived and objective negative attitudes may become a cyclical problem. Demands on the part of the native population for groups to assimilate are related to a higher degree of hostility toward foreigners (Zick et al. 2011, 142).

Low educational attainment combined with higher levels of poverty and unemployment among foreigners are factors that shape the perception on the part of the native population that

foreigners are a problem. These perceptions on the part of native populations are important, in part because they may lead to demands for the exclusion of foreigners receiving the benefits of the welfare state. These perceptions on the part of the native population are also shaped by demographics. Individuals with higher levels of education, tend to have less hostility toward foreigners, additionally, as income rises, hostility toward foreigners lessens (Zick et al. 2011, 106). The social/political climate also influences attitudes towards foreigners, when the social climate is characterized by individuals attitudes, political actors, the media, or other social norms, discrimination against ethnic minorities tends to emerge in everyday situations (e.g. school, employment, housing) (Ibid, 120). Finally, although economic deprivation is considered important in the formation of anti-immigrant attitudes, Zick et al. (2011) found that this explanation is rather limited. Instead they found that two factors most relevant to group focused hostility are income, and a sense of deprivation of their own group (Zick et al. 2011, 184). Those with low incomes are more likely to represent derogatory attitudes towards vulnerable groups (Ibid).

Conclusion

Officially the German government pursues a policy of integration for foreigners through a number of education and social assistance programs. Although the success of these programs may not be obvious, evidence suggests there is some success in terms of rising education, income, and employment rates for immigrants.

Existing research also suggests that the social climate characterized by individual attitudes, political actors, media, and social norms invites discrimination (Zick et al. 2011, 120). This finding should give pause to political leaders and those expressing discriminatory attitudes publicly in a national forum. Such expressed attitudes only reinforce discrimination and hostility toward foreigners, giving “permission” to listeners and citizens to discriminate. Expressed hostility on the part of the native population also reduces the desire on the part in immigrants to integrate. Thus discrimination becomes self-reinforcing and self-fulfilling.

The welfare state is an important component in the perception and expression of discrimination and how the redistributive conflict is shaped; where the Germany welfare state remains within the insurance scheme, there is less opposition to the inclusion of immigrants (Kitschelt 1995). Where conflict may develop is in public and social policy that reinforces differentiation between groups. Therefore, where the welfare state engages in means-testing we should expect that there will be more conflict regarding those policies and the immigrants that benefit from them.

The negative consequences of the redistributive conflict for immigrants in Germany may not be found in formal government policy. However, in terms of perceptions on the part of the native population the consequences are discrimination, and bearing the “blame” for what is wrong with society. The facts reflect something different. Although immigrants are indeed as a percentage of their population more often dependent on the welfare state, the reasons for this are

complex. It is not specifically because immigrants choose this dependence, but is in part exclusion from educational opportunities that would result in both higher incomes and protection against unemployment.

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