

**Sustainable Welfare and Sustainable Growth**  
—  
**The Future of the Welfare State Consensus**

**Ethnic diversity and welfare state solidarity in  
Europe**

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## 1. Introduction<sup>1</sup>

The welfare state can be understood as a social agreement for coping with collective risks and lessening social inequality. This function is, however, ridden with social prerequisites, since off-setting risks and diminishing social inequality give rise to an unequal distribution of costs and burdens. When viewed from a historical perspective it is also evident that the development of modern social security institutions is closely linked with the development of the nation states. With the emergence and institutional shaping of social security, the nation states became the central units of social and political control as well as integration. This required the fulfilment of certain preconditions: the development of territorial governance and a monopoly on the legitimate use of physical force, the formation of a sovereign and unified nation, the pervasion of law and culture into numerous and diverse areas of life and internal social homogenization (Münc 2001). The welfare state was thereby fundamentally dependent on the integration efforts previously made by the nation state, but at the same time it contributed to deepening and strengthening the bonds between its members. Only then was it possible for the state to become the largest social organization, capable of imposing upon its members the sacrifices of redistribution and thus establishing solidarity among them (Offe 1998).

If one considers the nexus between the formation of a collective cohesiveness and the organization of solidarity within the welfare state, it is evident that more major migration movements can give rise to various problems. This is not simply because many migrants are susceptible to particular risks and often have to rely on support from the state, but also because of the resulting change in the social composition of the welfare state clientele. Immigration, insofar as it is accompanied by inclusion in the systems of the welfare state, carries the risk of delegitimizing solidarity: under the conditions of greater social heterogeneity it becomes more difficult to gain the endorsement of the welfare state. This article attempts to reconstruct how migration and ethnic heterogeneity affect the solidarity of the welfare state within the nation state.

A number of authors, starting with Alesina and Glaeser (2004) in their book *Fighting Poverty in the US and Europe*, expect that solidarity within the welfare state will be weakened as a result of increasing social heterogeneity (see also: Sanderson 2004; Soroka et al. 2006). As the number of immigrants in industrialized welfare states of the northern hemisphere continues to increase, so too does social diversity in these countries. Alesina and Glaeser observed a direct connection between the degree of societal heterogeneity and the amount of public expenditures spent on social services. Furthermore, the authors assume that there will be a decline in the European type of welfare state solidarity. According to the authors, growing social diversity will eventually force European welfare states to reduce social spending on account of the pressure caused by growing social diversity, and adopt a system more similar to the US model. Although a number of authors have already challenged this association (cf. e.g. Taylor-Gooby 2005; Banting et al. 2006; van Oorschot 2006), the following research strives to present the issue in a new light, firstly by employing methodical instruments better suited to the issue in question and secondly, by examining it from a

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different perspective. Whereas Alesina and Glaeser use social spending as a dependent variable and vantage point from which to assess the development of solidarity within a population, this research will instead look at the actual attitudes of citizens toward the issue. Moreover, we will not only scrutinize the effects of the ethnic fractionalization, but also whether and how the proportion of foreigners affects the attitudinal stances.

The following section will first discuss the extent to which national welfare states can be seen as solidaristic arrangements with specific forms of social inclusion and exclusion. Subsequently, the discussion will focus on the effects of incorporating foreigners into the state's benefit system on the solidaristic foundation of the welfare state and the extent to which the growing ethnic diversity of the beneficiaries of the welfare state may result in its very legitimacy being questioned. In the empirical analysis, this relation will be tested with data of 16 West European countries from the European Social Survey 2002/2003. The focal point here is the connection between welfare state support and the willingness to include foreigners, on the one hand, and ethnic fractionalization and the proportion of foreigners, on the other hand. An initial bivariate analysis will determine if the extent to which these countries vary in terms of the degree of social heterogeneity is related to attitudes towards foreigners and the welfare state. At some stages of this article we refer more explicitly to Germany and the UK as case studies and discuss differences between these two countries. According to Esping-Andersen (1990) both countries stand for different types of welfare regimes. While Germany represents the conservative welfare regime characterized by the Bismarckian model of welfare provision the United Kingdom as a liberal regime can be seen as a role model of the Beveridgean type of welfare state (for in-depth case studies on these countries see Mau 2003a; Clasen 2005). The countries also differ in terms of their immigration regimes with the UK representing an inclusive immigration regime and Germany representing an exclusionary immigration regime (Morris 2002; Sainsbury 2006). It will be examined whether certain country-specific characteristics like the level of ethnic heterogeneity cause these differences in attitudes towards foreigners and the welfare state. One could hypothesize that higher stock of foreigners and higher ethnic diversity lead to higher levels of resentment vis-à-vis foreigners and lower support for the welfare state as expected by Alesina and Glaeser (2004). On the other hand one could assume that welfare state determinants like GDP or social inequality are more significant in shaping welfare attitudes than the level of ethnic diversity. The subsequent multivariate multi-level analysis will examine whether attitudes differ in these countries on account of their specific heterogeneity, particularly when the population's proportion of foreigners and ethnic fractionalization is entered in the regression in combination with relevant control variables on both the individual and macro level.

## **2. Is welfare state solidarity threatened by greater heterogeneity?**

Nation states can be considered as specific forms of political, social and economic organization which make solidaristic arrangements possible. Their historical 'success' has mainly been due to a series of simultaneous and interrelated developments such as the establishment of territorial order, the state appropriation of the monopoly on the legitimate

use of physical force, the bundling of political power and the cultural and social homogenization of the population living within the borders of a sovereign territory. The introduction of the concept of citizenship, which has been strengthened and increasingly valued throughout the course of history, has been a fundamental starting point for establishing a connection between state-run agencies and institutions and the individual members of the population. The concept of nationality can be a means of defining membership and, combined with the control of territorial borders, tends to seal off the nation-state, like a “container”, from the outside world. By blocking themselves off in this way, nation states are able to regulate access to central institutions and to protect collective goods from “foreign” access or infiltration. (cf. e.g. Brubaker 1989).

Thus, the nation state became one of the most important organizational entities for social solidarity, not simply due to its administrative and political capacities to organize reciprocal support, but also because it provided the fundamentals of a political identity and social morals, which legitimately guaranteed the establishment of social security and transfer systems (cf. Offe 1998). There is good reason why research on this topic often speaks of the “nationalization of solidaristic practices” (Wagner and Zimmermann 2003: 254), and that is because this framework for a social and political system was better suited than any other to supersede the former ways of organizing solidarity, which were often restricted to certain segments and areas of society and much smaller in scope. On the other hand, when the nation state focussed its solidarity efforts inwardly, it also shut itself off from the outside world and regulated access to collective goods. According to Wimmer (1998: 200), the development of societies as nation states can be viewed as a dialectic process “in the course of which domestic integration by way of citizenship rights expansion and social isolation from external factors mutually strengthen one another.” One can thus surmise that welfare state solidarity is, to a considerable extent, dependent on the formation of a closed society. We can also discern from the comparison of different countries that it was obviously easier for small and socially homogeneous states, such as the Scandinavian countries, to develop a welfare system because social differences were less marked and the sense of community was stronger than elsewhere.

It is, however, neither possible nor desirable to deny new arrivals access to the social security schemes. The majority of West European countries have been confronted with immigration for some decades now and it has become necessary to incorporate these groups in the social system too. Since the fifties and sixties a massive change has taken place: even when not all immigrant groups have the same rights or entitlements to social benefits, a denationalization of solidarity practices can generally be observed, and is particularly extreme in those groups that have been granted permanent residency. Guiraudon (2002: 135) explains this development as follows:

“The main evolution in the area of social rights has consisted in making nationality irrelevant for the enjoyment of benefits. Regarding social protection, reforms extended non-contributive benefits as opposed to insurance based to non-nationals, de-linked residence status and welfare rights whereby welfare-receiving foreigners risked expulsion, increased the possibility to export benefits (health, unemployment, pensions), suppressed reciprocity as a criterion for granting foreigners benefits, and sometimes also reduced the duration of stay required to qualify for certain programmes.”

Whereas membership was previously defined by citizenship, it is now more territorially defined, and this transition cannot be completed without incurring problems. It requires a broader understanding of the notion of solidarity, which was previously tailored to national communities. This poses a considerable challenge in the context of welfare state solidarity: state citizenship and the sense of belonging to a national community are becoming less and less relevant to solidarity, while concurrently more tolerance for the redistribution of funds must be created in the face of growing social diversification. A further difficulty is that immigrants tend to be, proportionally, more reliant on state welfare and the public increasingly perceives them as a group that largely receives social benefits (cf. Boeri et al. 2002).<sup>2</sup> This results in a tension because, as soon as foreigners take up permanent residence within its territory, it is in the public interest to include them in the welfare system in order to minimize problems arising from ethnic segregation and marginalization. At the same time, it is clear that the inclusion of migrants or groups who are not considered to “belong” could undermine the legitimacy of a social security system based on solidarity with one’s own community. A fundamental problem associated with all policies on immigration and integration is “to preserve the balance between the openness and exclusivity of the welfare system without endangering the universal consensus of the welfare state to protect the right to entitlements of both the native population as well as the various immigrant groups” (Faist 1998: 149). Consequently, the legitimacy and financing of the welfare state are implicitly tied to the control and limitation of immigration (Bommes and Halfmann 1998: 21; for further reading see also Banting 2000; and Banting et al. 2006).

The question of the connection between social heterogeneity and the solidarity of the welfare state has been extensively researched and discussed (Wolfe and Klausen 2000: 28). Here, the increasing diversity of societies is often seen as problematic because it is assumed that the willingness to show solidarity is dependent on whether social welfare is only available to the community that is linked by a common culture, language, and origin, or whether it will also extend beyond the boundaries of this core group. A sense of “us” and of a bond to the community is considered to be advantageous to all forms of social solidarity. It can, thus, be concluded that the increase in ethnic diversity and fragmentation are problematic for the continuing support of a welfare state. “If the ties that bind you to increasingly diverse fellow citizens are loosened, you are likely to be less inclined to share your resources with them” (Wolfe and Klausen 2000: 28). This is also tied to the assumption that immigrant societies are less capable of mobilizing social and moral resources to contribute to the welfare state because of their social heterogeneity (Banting and Kymlicka 2006).

This association has been researched at different levels, for example, in comparative analyses of different welfare states and within the context of prejudice and racism research. With the aid of macro indicators for 54 countries, Alesina and Glaeser (2004: 133ff) demonstrate that there is a negative correlation between “racial fractionalization” and the

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<sup>2</sup> Evidence for this is particularly impressive in the case of Germany (cf. e.g. Bauer 2002; Riphahn 2004): In 2004, the share of foreign social welfare recipients in Germany amounted to 8.7 percent. In the same year, the percentage of the German population receiving social welfare was 3.0 percent (Statistisches Bundesamt 2006). This discrepancy can be explained by the presence of social structures that disadvantage migrants, in particular, in the areas of education and linguistic competency. The increased dependence on social welfare systems is reflected in poverty statistics. In 2003, the poverty rate of immigrants was 23 percent compared with a rate of 14 percent among the German population. (Tucci and Wagner 2005).

level of social spending. Their correlation coefficient of -0.66 certainly implies a significant connection. The European countries, led by the Scandinavian states, emerged as both homogenous and generous welfare states. Latin American countries, such as Ecuador, Peru and Guatemala were in contrast particularly heterogeneous and weak welfare states. Although the analysis covers a large number of countries that are very dissimilar in social, economic and political terms, the main focal point is a comparison of the USA and Europe – with quite far-reaching conclusions. The authors believe that the ethnic diversity in American society is one of the chief reasons for the differences in the levels of social welfare spending in the USA and Europe:

“Europe is a continent filled with homogeneous countries. In many cases, homogeneity is a result of a concerted and often bloody work on the part of central government to build a national identity. As a result of this homogeneity, the opponents of the welfare state have found it difficult to demonise the poor as being members of some hatred minorities. In this way, homogeneity made redistribution easier and more natural” (Alesina and Glaeser 2004: 180f.).<sup>3</sup>

Corroborating this, Soroka et al. (2006) find a connection between the immigration rate and the rate of growth of welfare spending over time. Although public social expenditures did not decrease among welfare states the authors conclude that welfare spending rates in countries with higher immigration grow significantly smaller than in countries limiting immigration. Along the same line Sanderson and Vanhanen (2004) conclude from their research based on multiple regressions comparing the impact of macro indicators like GDP, ethnicity and the Human Development Index that ethnic heterogeneity works as a good predictor of welfare spending. They state that ethnic heterogeneity has a substantial negative effect on welfare spending (see also Sanderson 2004; and Vanhanen 2004).

In order to substantiate the relation between the level of immigration and solidarity, one can also draw on a comprehensive body of research on prejudice and racism (Pettigrew 1998; Pettigrew and Tropp 2000; Gang et al. 2002). The research reveals that there is a general tendency towards in-group preference because people are more inclined to concede rights and entitlements to their own group or to persons who are perceived as the same than to those regarded as different. Such strategies to secure privileges for the members of one’s own group can be found in many areas of life where there is competition for scarce resources and when different groups have to compete with each other, be it in reality or in public perception. Welfare institutions, responsible for the distribution of collective goods alleviate situations of risk or need, are naturally predestined to induce conflict between ethnic groups. When immigrants are incorporated into these systems, the circle of beneficiaries expands and seems to cause problems in particular when redistribution between the different groups actually does, or is perceived to, take place. Numerous studies confirm that social acceptance of foreigners and the extent to which they are granted rights is directly related to the “perceived

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<sup>3</sup> In the USA the expansion of the welfare state has been residual on account of the fragmentation of social structures along the lines of ethnicity, whereas during the course of nation building in European countries (ethnic) homogenization of the population took place which enabled them politically to implement much more comprehensive redistribution mechanisms. In a country like Sweden where 95 percent of the population share the same ethnic origins and religion there is little danger that state organized distribution will give rise to conflicts between different groups within society. Redistribution in these countries does not just occur within the group of state citizens but also within an ethnically homogenous ethnic group.

ethnic threat” that arises with the presence of ethnic minorities (Scheepers et al. 2002; Rajzman et al. 2003). In response to this perceived threat, be it the fear of growing competition on the job market or the risk to individual financial situations, the public majority distances itself from minority groups and desires the restriction of their social entitlements (Quillian 1995; Scheepers et al. 2002). In countries with high numbers of foreigners, the public majority is more likely to tend towards ethnic exclusivity by displaying negative attitudes than in countries with low numbers of foreigners. This thesis, however, is refuted by Rippl (2003), who establishes a connection, in the case of Germany, between higher numbers of foreigners and more positive attitudes within the population using data from the German General Social Survey (Allbus) (cf. also Rippl 2005). In a comparative study of 21 European countries Hooghe et al. (2006) found hardly any relation between migration or diversity and social cohesion at the country level. Similar results can also be found for Denmark, where the proportion of foreigners in the population is not associated with negative attitudes or resentment; a connection between the number of foreigners and public support for the welfare state as an instrument to ensure social security cannot be identified, even though foreigners avail of these benefits more often and, generally, for a longer period of time than the native Danish population (Larsen 2006).

Despite these somewhat contradictory results, the majority of empirical studies on the acceptance of welfare policies prove that the public differentiates between those of the same nationality and foreigners or ethnic minorities in their preferred awarding of welfare (Jäckle 2004). Within the hierarchy of who is considered deserving, foreigners are placed beneath native groups. (van Oorschot 2006; van Oorschot and Uunk 2007).<sup>4</sup> The study by Bay and Pedersen (2006) demonstrates how support for specific social welfare benefits greatly depends on the composition of the group receiving welfare. Their analysis reveals that a large number of those surveyed began to modify their initial positive opinion of social welfare systems when it was pointed out that these systems would also be open to non-nationals. However, the argument that greater heterogeneity affects the legitimacy of welfare measures does not just apply to immigration. This link is also relevant when one examines the general connection between the ethnic composition of a society and support for the welfare state. Martin Gilens (1999), in his controversial book *Why Americans Hate Welfare*, claims that the classic explanations for America’s rudimentary welfare system, such as its political culture with dominant values of individualism and a strong work ethic, or the general mistrust of the state, are not the real cause of why the American middle class is so sceptical of welfare. Rather, the answer lies in latent racism. Because the welfare state is perceived, above all, as an instrument that redistributes funds in favour of people of colour, that is, a group that is ethnically different from the predominantly white middle class, there is little interest in expanding the welfare state systems of contribution and redistribution. In the case of the US ethnic fragmentation makes it more difficult and can obstruct the growth of solidarity between different social classes because "the majority believes that redistribution favors racial minorities." (Alesina et al. 2001: 39). This is also reflected in the perception and valuation of

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<sup>4</sup> Van Oorschot and van Oorschot and Uunk examine the connection between “Deservingness” and the question to what extent are migrants are seen as less entitled to receive welfare benefits than other disadvantaged groups such as the elderly, sick people, and the unemployed. The authors actually identify an order of rank, according to which the public believes that the elderly deserve the most social benefits, whereas migrants are ranked right at the end of the scale.

the poor in the USA, who are often perceived as being people of colour and has even resulted in the spread of sceptical attitudes to welfare among materialistically disadvantaged members of the white population (Alesina and Glaeser 2004).

These theses and conclusions do not just provide significant information on the genesis and growth of different welfare systems, but are also pertinent to theories on the future of European welfare states faced with increasing immigration and expanding social inclusion. Will the growing heterogeneity of those that are included in the welfare system actually diminish its legitimacy and support? Alesina and Glaeser underpin this thesis and are accordingly sceptical of Europe's capability to meet the challenges of increasing heterogeneity: "As Europe has become more diverse, Europeans have increasingly been susceptible to exactly the same type of racist, anti-welfare demagoguery that worked so well in the United States. We shall see whether the generous European welfare state can really survive in a heterogeneous society." (Alesina and Glaeser 2004: 181). Thus, this raises the question of the long-term "survival" of the current welfare arrangements in the face of continuing high rates of immigration into West European welfare states.<sup>5</sup>

### **3. Research question, data, methods**

Against this background, we will investigate whether there is a real connection between the degree of heterogeneity and willingness to show solidarity in European countries. Can the argument applied to the USA–Europe comparison explain the differences between the European states? In order to answer this question, the following statistical analysis will correlate individual data from the European Social Survey (2002/2003) with aggregate data at country level. If we find evidence to support the thesis of dwindling solidarity, then the differences in the social heterogeneity of the countries should be reflected in the attitudes of the European population towards the welfare state and the inclusion of foreigners. To investigate this relationship we examine influence factors relevant to attitudes to foreigners, identified in previous studies, in combination with the actual proportion of foreigners (as a proxy for immigration) and the level of ethnic fractionalization. We conducted both bivariate comparisons and multivariate multilevel analysis and report the results consecutively.

Our analysis offers several advantages over those conducted by Alesina und Glaeser: first of all, rather than just focusing on welfare expenditure, we use other indicators which are clearly relevant to the suggested correlations, namely attitudes to welfare redistribution and the inclusion of foreigners. With the help of these indicators, it should be possible to identify much stronger effects than were inferred from the measurement of the relationship between fractionalization and welfare expenditure. Secondly, we do not solely rely on the index of fractionalization<sup>6</sup> in order to portray societal heterogeneity, but examine the proportion of

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<sup>5</sup> By looking at net migration rates, it becomes clear that immigration in European Union member states is increasing. The net migration rate shows the difference between levels of immigration and emigration in a particular territory. A positive migration rate indicates that more people have entered a country than left it. In 1994, the net quota for the EU 15 was c 637,000 people. By 2004, however, the number of immigrants compared with emigrants increased to 1,808,000 per annum (European Commission 2007).

<sup>6</sup> We must note here that both the Index of Ethnic Fractionalization published by Alesina et al. (2003) and their Racial Fractionalization Index (Alesina and Glaeser 2004) give rise to serious problems regarding the source



foreigners too; as this more clearly reflects immigration patterns as well as current demands on society's ability to integrate. Finally, we do not just analyse aggregate data on particular countries but combine individual data with aggregate data to identify influence factors relevant to public opinion at both levels. The results of Alesina and Glaeser's analysis concerning European states have been examined from different scholars (Taylor-Gooby 2005; van Oorschot 2006; van Oorschot and Uunk 2007). However, these studies often consist of no more than a bivariate analysis or an evaluation of aggregate data. Van Oorschot and Uunk (2007) go beyond by employing multi-level comparisons using individual data at country level, but their study is restricted to informal solidarity with immigrants in European countries.

The analyses conducted within our study expand on current research in that they incorporate public opinion on the legitimacy of the welfare state, as well as attitudes to migrants. In this way, it is possible to investigate the legitimacy of the welfare state and the consequences of heterogeneity within a common context. As already mentioned, Alesina and Glaeser's study (2004) is based on a comparison of a large number of culturally, politically and socioeconomically dissimilar countries and is, therefore, faced with problems arising from the heterogeneity of the sample and the lack of control variables. Besides the Gross Domestic Product (GDP) as a control variable other or alternative factors are not taken into account by the authors. The researchers do reveal considerable links between welfare expenditure and ethnic fractionalization in their comparison of the USA and Europe but we know that the GDP, the strength of left-wing parties or specific features of political institutions are also relevant determinants of welfare state development.

### *3.1 Data and Methods*

The data set used in the statistical analysis is taken from the first round of the European Social Survey (ESS 2002/2003). The data from 16 European countries was included in the evaluation (Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom). For these countries data on different macro indicators was collected and added to the ESS data set. Depending on the regression model, the size of the samples varies from between  $N=26,438$  and  $N=26,495$ . The average sample size for each country consists of 1.650 respondents. The weighting used was the same as that applied in the data set of the ESS.

In Section 4, we first examine the results from comparative, descriptive analyses based on aggregate data. On one hand, the thesis proposed by Alesina and Glaeser (2004) is tested in the context of European countries by combining data on fractionalization and state welfare expenditure. Furthermore, data on public attitudes is compared with indicators for the social heterogeneity of the countries, and the results presented. Finally, in Section 5, individual data is linked with macro indicators in a multivariate analysis and examined in relation to our research topics. We focus on the analysis of two items as dependent variables, the support of

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data. The data sources used by the authors are, at times, indicators taken from encyclopaedias or different databases. Therefore, the indices are based to a great extent on aggregated secondary data that must be interpreted very carefully. To circumvent this problem, we will incorporate the proportion of foreigners in each country in our analyses to avoid misinterpretations from this possibly problematic data set and still examine the influence of increasing ethnic heterogenization on attitudes to immigrants.

governmental redistribution on the one side and attitudes towards the inclusion and equal treatment of foreigners on the other side.

The hierarchical linear model applied to the multivariate data analysis enables the inclusion of independent variables at both state and individual level. The effects of the variables can thus be estimated under consideration of the relevant level. Accordingly, attitudes to welfare distribution and the integration of immigrants can be related to sociodemographic factors at individual levels as well as to particular characteristics of each country. Effects of determinants such as education, gender, employment status, the proportion of foreigners, the rate of unemployment, or the distribution of income within a country can be directly compared with both general attitudes to the welfare state and specific attitudes related to immigration.<sup>7</sup>

The application of a multi-level analysis as a statistical evaluation procedure is valid in this case because a standard regression with artificial disaggregation of variables at country level would lead to an inaccurate calculation of standard errors. In the use of OLS regressions the standard errors were underestimated, and thereby the significance for the country variables (Hans 2006), which would mean that disparities between countries could be declared significant even when they were not (Snijders and Bosker 1999). A further advantage is certainly that variance of the dependent variables can be determined at both country and individual levels. To calculate the level of variance we have used a procedure from Snijders and Bosker (1994). The total variance is calculated as the Maximum-Likelihood-Ratio-R<sup>2</sup> described by Maddala (1985: 39).

The calculations are based on cohesive procedures applied to both dependent variables. First of all, a base model (Random-Intercept-Only or RIO model) is developed in order to determine the distribution of the variance between both levels. Additionally, a model based on individual variables is used to evaluate the relevance of sociodemographic influence factors (Model 1). The next model focuses on macro variables and initially includes ethnic fractionalization and the proportion of foreigners (Model 2).<sup>8</sup> We then take other macro-variables into account in order to find out whether they are stronger in explaining country variation. At this point, one must be noted that each of the remaining control variables will be added separately to the multi-level regression (Models 3–8). Due to the fact that with only 16 countries, the number of cases at the context level turns out to be minimal, it was not possible to create models with larger numbers of variables to avoid misinterpretations of the effects or variance. It was, therefore, not feasible to conduct direct comparisons of the models used in this evaluation.

### *3.2 Dependent variables*

For the descriptive statistical analysis, four variables were selected from the ESS to measure attitudes. We selected a general statement to assess opinions on the welfare state's

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<sup>7</sup> For a detailed overview of the macro indicators and a description of the variables see Appendix III.

<sup>8</sup> In these analyses we also use ethnic fractionalization as an explanatory variable in relation to the Alesina and Glaeser thesis. As has already been implied, the indices published by the authors are subject to certain methodological difficulties, which we have attempted to bypass in this research by applying the actual proportion of immigrants as a variable. In the regressions, we have entered both the Fractionalization index (Alesina et al. 2003) and the proportion of immigrants as a percentage of the total population in order to adequately portray the extent of social heterogeneity.

responsibility to redistribute income: “The government should take measures to reduce differences in income levels” (1). Two items were used to define the acceptance of immigrant inclusion and opinions on their legal situation; the support for an equal legal status for migrants was determined through the following questions: “People who have come to live here should be given the same rights as everyone else” (2) and “If people who have come to live and work here are unemployed for a long period, they should be made to leave” (3). The last item selected for the descriptive analysis enabled the examination of whether, in the eyes of the public, foreigners tend to make use of social programmes or whether they primarily contribute to their financing: “Most people who come to live here work and pay taxes. They also use health and welfare services. On balance, do you think people who come here take out more than they put in or put in more than they take out?” (4). Due to a lack of space, we have restricted the report on the multivariate analysis to two items of particular significance to our two main questions, the support of income redistribution and the support of inclusion of foreigners (here referred to as 1 & 2).<sup>9</sup>

### *3.3.1 Independent variables: individual level*

For selecting our independent variables at the individual level we have consulted studies on ethnic prejudice, because our primary interest is in understanding the attitudes towards the inclusion of foreigners. Education appears to play an important role in hostile attitudes to foreigners with the higher the level of education the lower the extent of prejudice and negative attitudes (Coenders and Scheepers 2003). Similar results are at hand with regard to the granting of social rights of foreigners. In addition, persons who are unemployed and those with politically conservative attitudes concede fewer social rights to ethnic minorities than the employed or the left-leaning respondents (Raijman et al. 2003). The level of education, the employment status as well as the political orientation, on a scale from left-wing to right-wing, are all entered into the analysis as explanatory variables. The level of education is measured using a seven-point ordinal scale, which is based on the UNESCO ISCED-97-Standard.<sup>10</sup> The employment status is coded as a dummy variable in the analysis. All respondents who had not worked within the seven days prior to the survey were counted as unemployed and compared with the remaining respondents. This facilitated an examination of whether the uncertain, at times precarious, status of unemployment influences attitudes on the duties of the welfare state or the legal situation of foreigners. Unemployed persons tend to have a more positive opinion of the welfare state in general; however, due to pressure to compete on the job market, they are also more inclined to think of other people in terms of competition and segregation. Political affiliation is measured using an eleven-point scale ranging from left-wing to right-wing at each extreme. High values represent conservative to nationalist affiliations whereas lower values indicate a more left-wing (socialdemocratic) political orientation. As classic control variables, gender and age are included in the analysis too, whereby the age variable is coded metrically and gender is dummy-coded. All these

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<sup>9</sup> The variables labelled with the indices 1-3 were measured using a scale starting with the value 1 (do not agree at all) to 5 (agree entirely). Variable 4 was measured on an 11-point scale, labelled at both extremes. High values indicate that migrants take more from the social system than they contribute financially; low values represent the opinion the migrants contribute more to the financing of the welfare state than they claim back.

<sup>10</sup> ISCED = International Standard Classification of Educational Degrees

variables have also been found relevant in the studies on general attitudes towards the welfare state which provides them with additional justification (e.g. Svallfors and Taylor-Gooby 1999; Mau 2003a).

### 3.3.2 *Independent variables: macro-level*

In accordance with our key questions, the first independent factor of interest to us is the extent of social and ethnic heterogeneity. We define this using both the proportion of foreigners (as a percentage of the total population) and the index of social fractionalization (Alesina et al. 2003)<sup>11</sup> in order to avoid misleading results that can arise if just one measurement is applied. We will also investigate the effects of these variables on support for the welfare state and willingness to include foreigners in correlation with other factors, as it is possible that other determinants play a greater role than social heterogeneity (Hvinden 2006). The analysis draws on available research on determinants of welfare development and support for welfare institutions. Therefore, we can control the effect of each country's economic wealth in the form of GDP (per capita/purchasing power parities) (Wilensky 1975). The strength of left-wing parties in the government is still considered a classic factor to measure the degree of welfare state expansion (Korpi 1983; Esping-Andersen 1985; Taylor-Gooby 2005). Therefore, the level of participation of left-wing parties in the government will be incorporated into the analysis as a percentage of the total number of seats in cabinet. (Armingeon et al. 2006). To examine a possible long-term effect of the participation of left-wing parties in the cabinet we computed the arithmetic mean of the relevant data for the years between 1990 and 2002 and included it in the regression analysis. The state structure is controlled by the 'Index of Federalism', distinguishing between federal and unitaristic organization according to the constitution and the degree of decentralization (Lijphart 1999).

Specific to the questions on legitimacy and willingness for inclusion are the control variables of the Gini-Index and unemployment rates (United Nations Development Programme 2004). However, as far as inequality is concerned, the relationship is not very clear. One could expect that the tendency towards social exclusion will be higher in countries with greater disparities in the distribution of wealth than in countries with less uneven distribution. The public in countries with greater material inequality is more inclined to mistrust "others". Therefore, the uneven distribution of wealth should have a negative effect on public attitudes towards foreigners (see also: Uslander 2002; Rothstein and Uslander 2005). On the other hand, one can assume that very "equal" countries are more vulnerable towards increased heterogeneity. In other words, with a smaller Gini-Index the openness towards foreigners could be less pronounced. The unemployment rate (as a percentage of the total workforce) allows one to assess whether tensions on the job market lead to more negative attitudes in different countries. We have also included a classification of welfare regimes as we believe it is related to different forms of inclusion and entitlement (cf. Bonoli 1997; Mau 2003b). Welfare systems are subject to various risks caused by heterogeneity. Access is possibly easier in more universal systems than in social insurance systems financed by

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<sup>11</sup> Alesina and Glaeser (2004) use both the "Index of Ethnic Fractionalization" and the "Index of Racial Fractionalization" in their analyses. The documentation on the data does not allow a reproduction of the results nor can they be applied to new calculations, especially in the case of the latter index. Therefore, we have backed up our analyses with the Index of Ethnic Fractionalization from Alesina et al. (2003), which provides better documentation.

contributions, which anticipate longer periods of contribution before claims for benefits can be made.<sup>12</sup> At the same time, generous welfare states are more likely to be confronted with the problem that a greater number of immigrant groups can partake in the welfare state's collective wealth. It is also expected that these *welfare magnets* must anticipate higher rates of immigration on account of their high level of welfare expenditure. Previous literature has shown us that different patterns in attitudes can be identified in different welfare state regimes (cf. Svallfors 1997; Arts and Gelissen 2001). The welfare regime typology used in this analysis expands on existing research from Esping-Andersen and Leibfried, and differentiates between social democratic, liberal, conservative and Mediterranean welfare systems (cf. Esping-Andersen 1990; Leibfried 1992).<sup>13</sup> The continental conservative regime will serve as reference category.

In the following section, the results of the bivariate comparative analysis of European countries will first be discussed, providing the groundwork for the multivariate analysis.

#### 4. Descriptives

The descriptive analysis begins with the question whether the inclusion of foreigners and foreign ethnic groups is met with much reservation. A high proportion of the public in many European countries feels that too many people of foreign nationality live in their country and that immigration should be restricted by the state (Boeri et al. 2002). The immigration influx in the nineties contributed to the widespread opinion that “the boat is full,” in reference to problems of integrating foreigners and the perceived increased competition for jobs. Our analysis of data from the ESS (2002/2003) shows that willingness for inclusion within the autochthonous population is limited. The percentage of people who speak out in favour of granting the same legal rights to immigrants as enjoyed by the native population ranges from 46.4 percent in Switzerland to 86.1 percent in Sweden (Figure 8, Appendix I). Respondents in most countries except for Portugal and Italy tended to believe that immigrants profited more from the welfare system than they actually contributed financially. Additionally, a significant percentage of the population in all countries supported the idea that foreigners who immigrate to another country to find work, should leave that country again if they are unemployed for a longer period (Figures 9 & 10, Appendix I). Overall, the data do

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<sup>12</sup> Diane Sainsbury (2006) analyzes welfare states, drawing on insights from the debate on welfare regimes, to investigate the existence of immigration policy regimes. Examples are provided by the USA, representing the liberal regime, in which benefits are linked to need; Germany, as the conservative corporatist regime with social services depending on work history, and Sweden with its system of universal welfare. Complementary to this well-known classification of states as welfare regimes, it is also possible to recognize immigration policy regimes, which grant different social rights to immigrants. Sainsbury describes the ideal-type represented by Germany as an *exclusionary immigration policy regime*, which links rights with ethnicity (*ius sanguinis*). The USA and Sweden, in contrast, serve as prototypes of *inclusive immigration policy regime*, although the former connects rights with place of birth (*ius soli*) and the latter with place of residence (*ius domicilii*).

<sup>13</sup> The classification used here is based on available data and the countries included in ESS. The countries were classified as follows: *Socialdemocratic*: Sweden, Norway, Finland, and Denmark. *Conservative*: Belgium, Germany, France, Italy, Luxembourg, the Netherlands, Switzerland. *Liberal*: Great Britain, Ireland. *Latin Rim*: Portugal, Spain, Greece

not indicate a universal rejection of all immigrants, but it does reveal that there are certain reservations about the full inclusion of immigrant groups.

According to the argumentation put forward by Alesina and Glaeser (2004), it must be possible to establish a connection between welfare expenditure and ethnic fractionalization in a comparison of European countries. Figure 1 displays this relationship and implies that the association between the level of expenditure and ethnic divisions is rather weak. In fact, it reveals that there is a slightly negative relation between public welfare spending as a share of GDP and both the proportion of foreigners to the total population (-0.12), as well as ethnic fractionalization (-0.20). Two outliers, in terms of their proportion of foreigners, are Switzerland and Luxembourg; when removed from the analysis, the results show a positive relation of 0.26 between welfare expenditure and the percentage of foreigners in the remaining countries. The correlation between welfare spending and ethnic fractionalization shows the same tendency, decreasing to -0.07.

Figure 1:

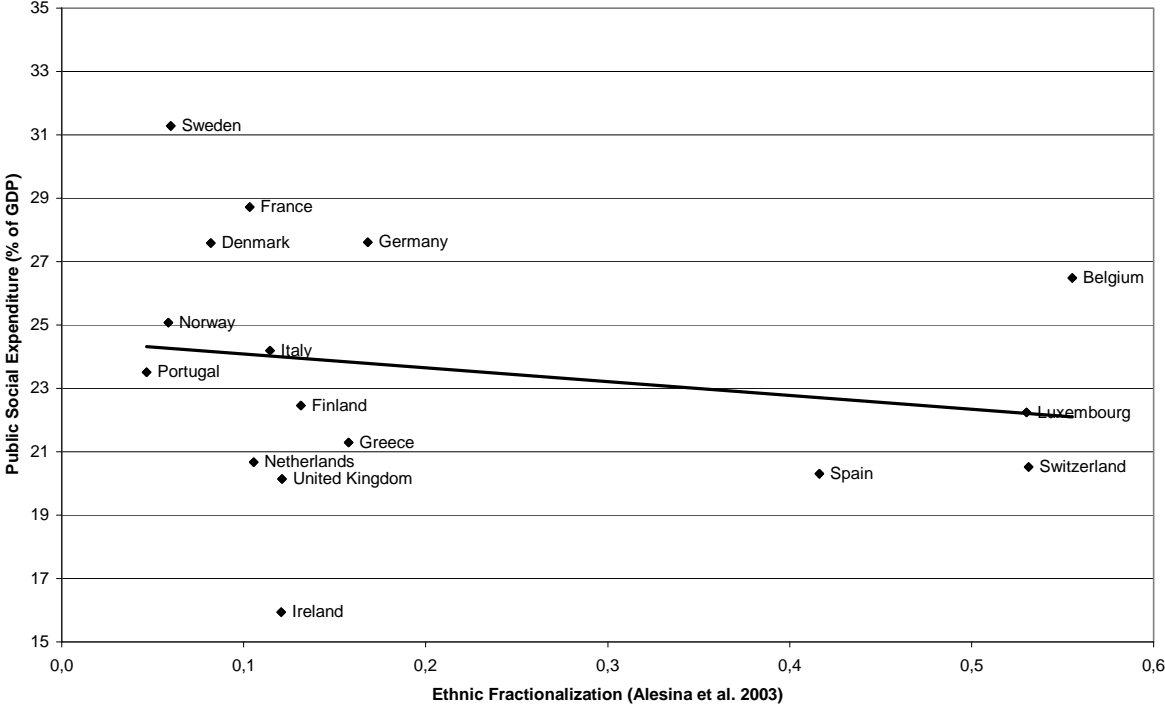
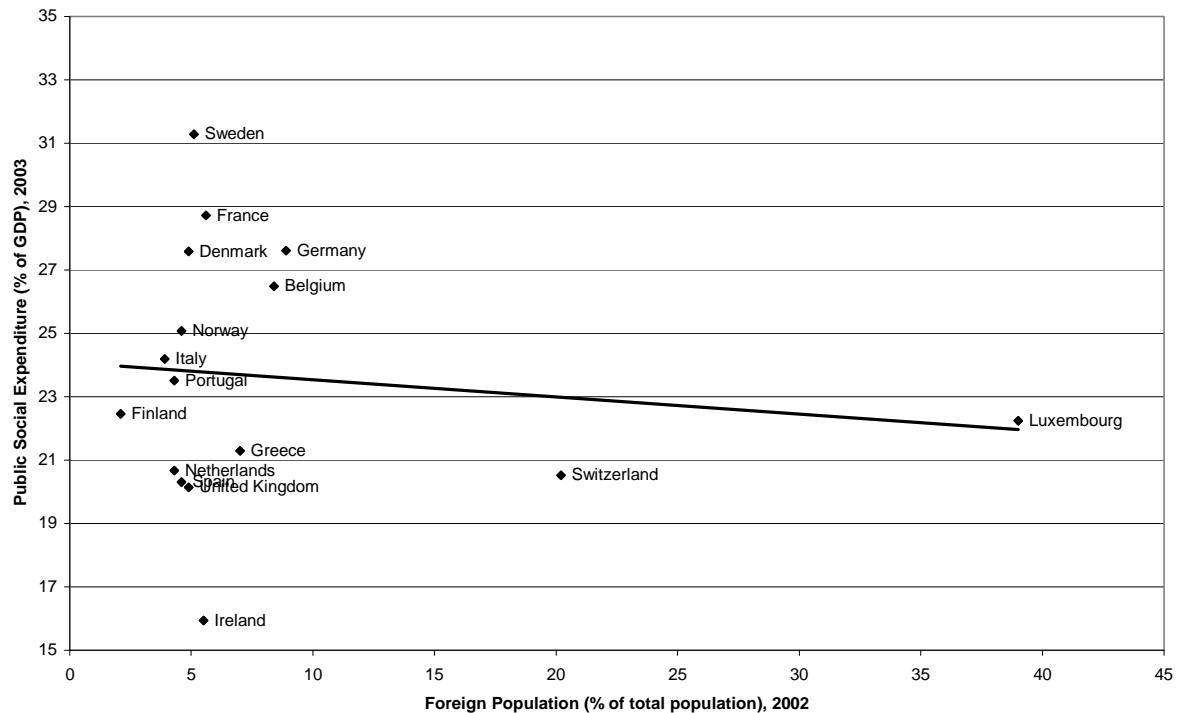


Figure 2:



One can expect the relationship between attitudes to the welfare state and both fractionalization and the percentage of foreigners to come out much clearer as it is a more direct measure. The level of welfare state expenditure can only be indirectly related to public support for redistribution, and other important variables that obscure the implicit relationship have to be taken into account too. The analysis of attitudes should show more clearly that countries with greater heterogeneity find it harder to mobilize support for welfare state redistribution. Figures 3 and 4 depict this relationship. The conjectured effect is very weak, and attitudes to state measures to limit inequalities do not appear to be particularly dependent on ethnic fractionalization (-0.04) or the percentage of foreigners living in a country (-0.14).

When looking at attitudes regarding the support of income redistribution by the welfare state in Germany and the United Kingdom only weak differences can be observed. In both countries approximately 60 percent of the population support the idea of income redistribution by the government. At the same time, the stock of foreigners differs vastly with Germany (8.9 percent) having almost twice as much foreigners among its population than the United Kingdom (4.9 percent) in the year 2002. However, the UK also scores lower on the ethnic fractionalization index (UK: 0.12; Germany: 0.17) indicating higher ethnic homogeneity than in German society (Alesina et al. 2003). If we look at the proportion of the population which is foreign born as a measure for ethnic diversity the relation remains almost the same (Germany 12.8 percent; UK 8.6 percent) (OECD 2006) while there is no systematic variation in attitudes towards the welfare state. Even though all measures of ethnic diversity differ there are no substantial differences with reference to attitudes towards the welfare state.

Figure 3:

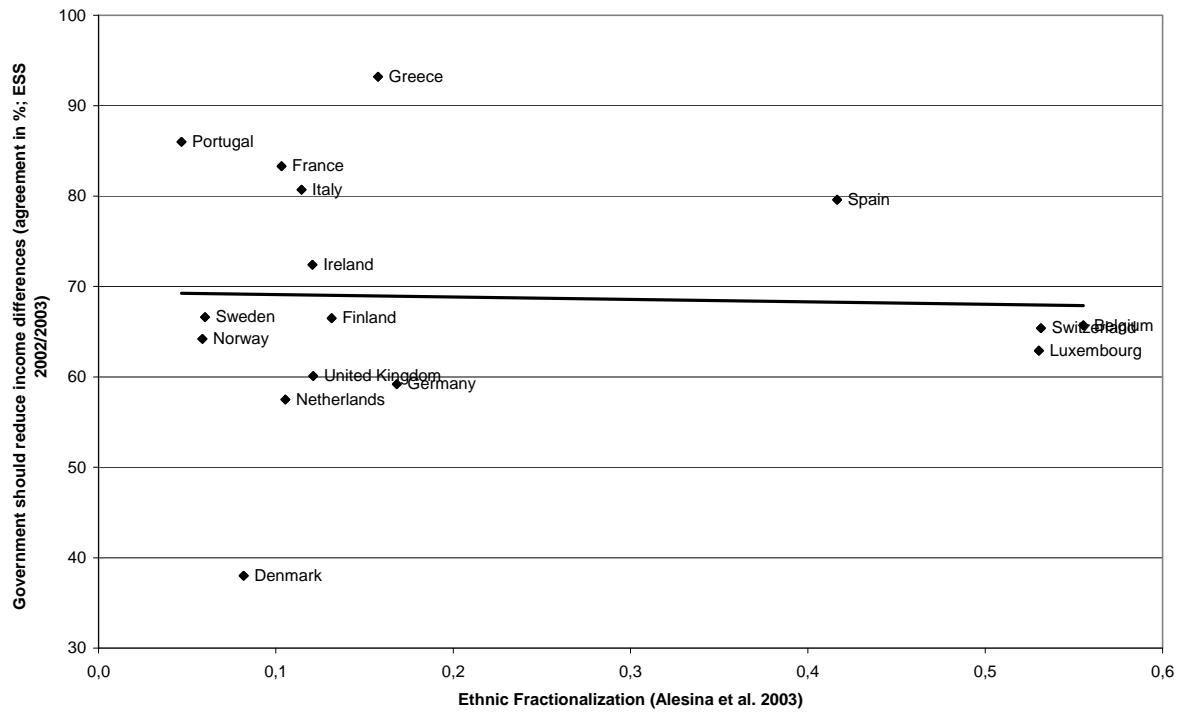
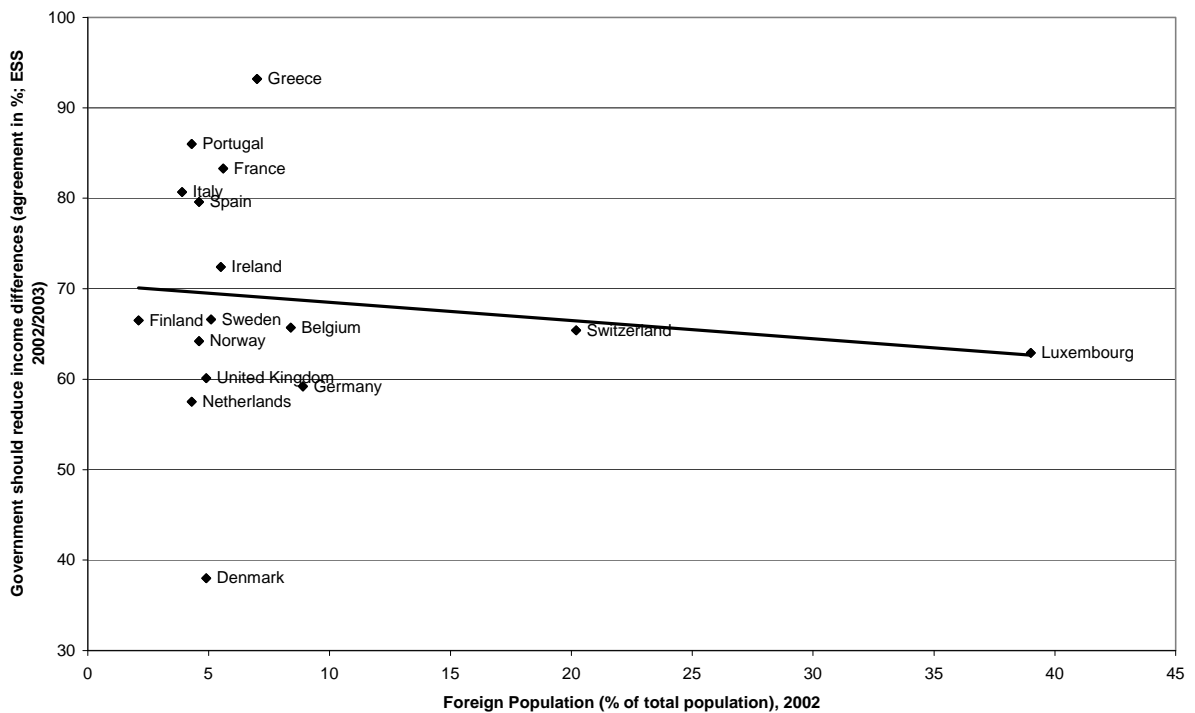


Figure 4:



The third stage of the analysis examines whether other negative effects of ethnic heterogenization exist that are not directed at the welfare state in general but at the inclusion of foreigners. We draw on a series of items covering attitudes towards foreigners, especially the willingness to accept their social inclusion. Now we turn to the description of the



relationship between these items and the share of foreigners. It can be assumed that rejection and support for an exclusive welfare state is more probable in countries with large numbers of foreigners. When the influx of immigrants taking up residence in a country increases, then the potential for conflicts over distribution also grows. Various studies have adopted the thesis that mass immigration increases ethnic competition as an important explanation of attitudes to foreigners (cf. Scheepers et al. 2002). Even from this perspective, the presence of immigrants does not seem to have a strong effect on attitudes to inclusion in the welfare state. The correlation coefficient of -0.18 shows a weak connection with the question of immigrants' rights (figure 5). The correlation between the extent of ethnic fractionalization and this statement (not shown) is clearly higher but turns out to be also comparatively low, once the outliers Belgium, Luxembourg and Switzerland are removed from the analysis. The connection between the size of the foreign population and acceptance of the statements "unemployed foreigners should leave the country" ( $r$  -0.14, figure 6) and "foreigners receive more from the welfare state than they contribute" ( $r$  -0.07, figure 7) can also be described as weak.

When looking again at Germany and the UK as exemplary cases no clear-cut differences emerge. The percentage of people agreeing with our key statements differs significantly for only one of three items, namely the legal inclusion of foreigners. The statement that long-term unemployed immigrants should leave the country is supported by a slightly higher share of respondents in the UK. In the UK 52.5 percent of the respondents and in Germany 49.8 percent of the respondents support the idea of foreigners leaving the country when they become unemployed for a longer period. This finding corresponds with the outcome for the question about whether immigrants take more out of the welfare state than they put in. In both countries the majority of respondents think that foreigners take more out than they actually contribute, but the Germans are a little more likely to think this way (arithmetic mean: UK 1.12, Germany 1.22). Nevertheless, as far as the legal inclusion of foreigners is concerned, we find differences. When asked whether or not foreigners should be granted the same rights as the native population, 67.3 percent in Great Britain and 59.6 percent in Germany agreed that they should do.<sup>14</sup> With Germany having a higher share of foreigners, of foreign-born people and a higher fractionalization level, the support for the legal inclusion of foreigners turns out to be weaker than in Great Britain. However, as we will argue further below, various other determinants could be responsible for this outcome as well, especially when taking into account that the results for the other items measuring attitudes to foreigners do not differ significantly between both countries.

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<sup>14</sup> In a recent survey conducted in Spring 2007 by the University of Bremen among the German population even higher resentments came up. When asked this question only 54.8 percent of the Germans were willing to grant foreigners the same rights as everyone else.

Figure 5:

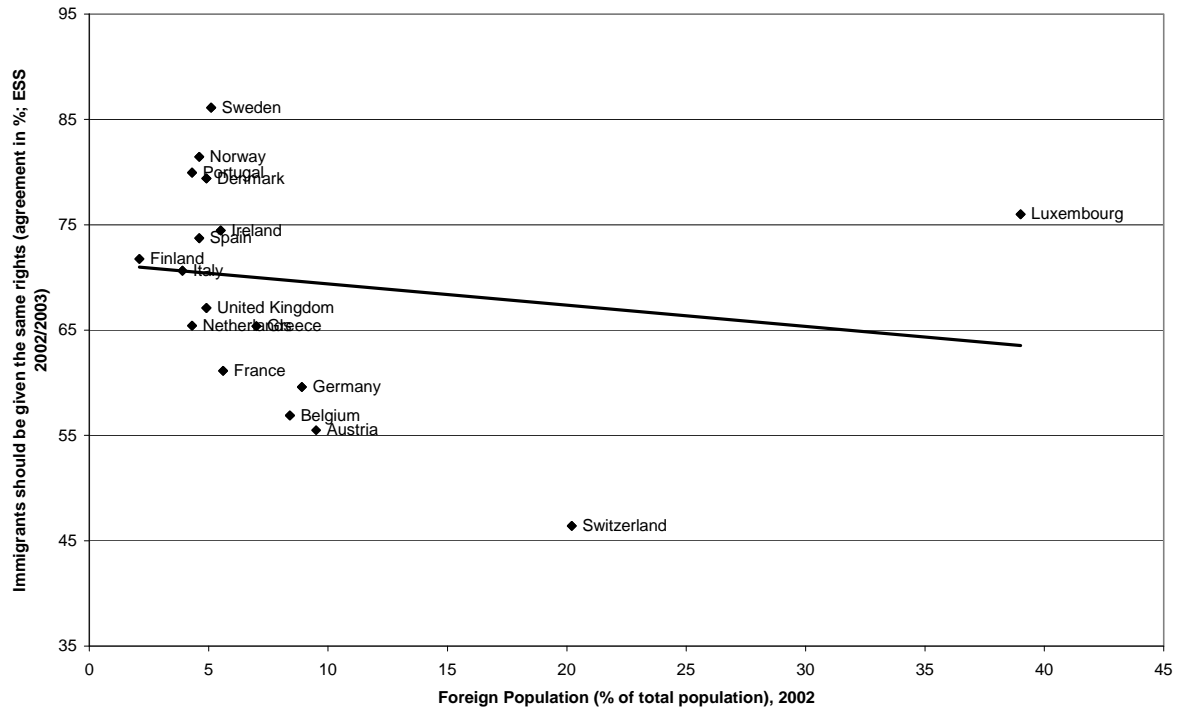


Figure 6:

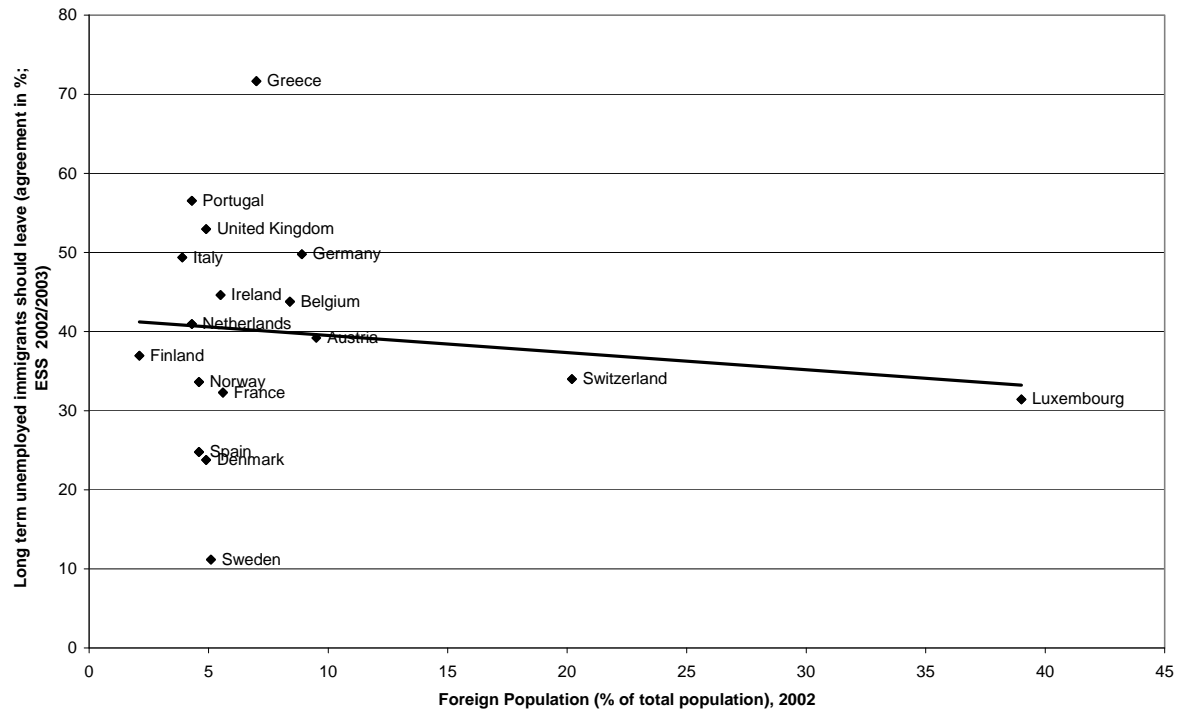
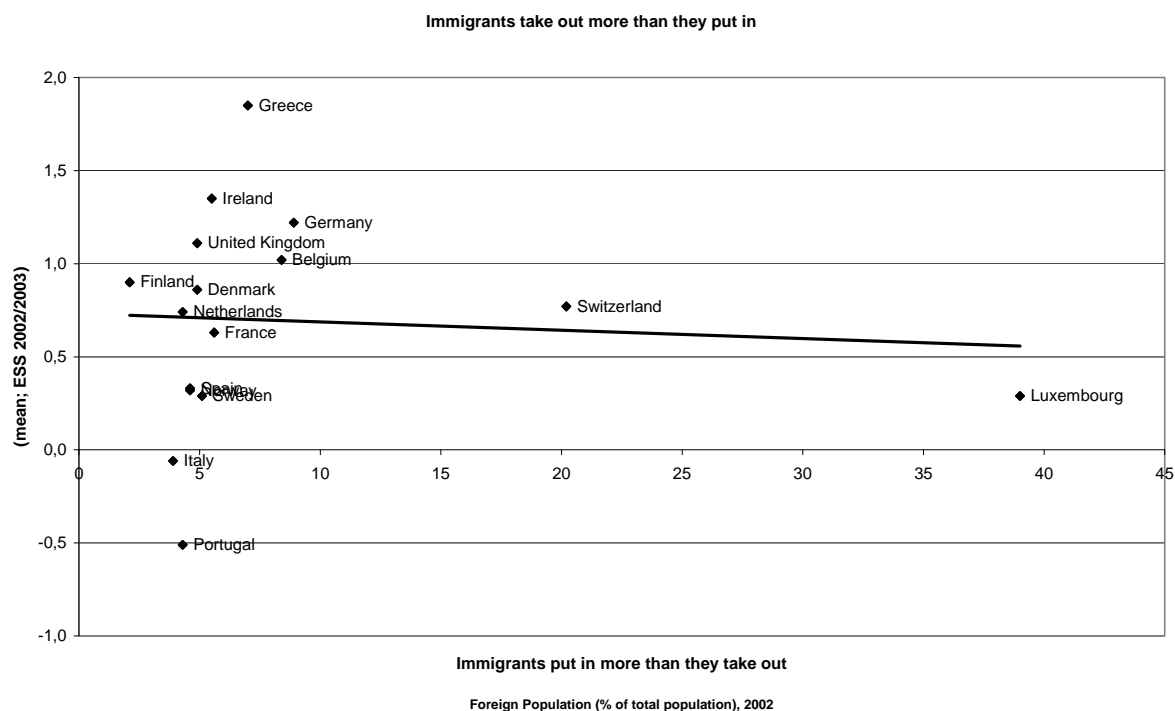


Figure 7:



A further aspect is to determine whether the survival of more “expensive” welfare states is particularly threatened by increasing immigration. These countries are considered attractive destinations for immigrants because they offer numerous welfare benefits that are open to migrants too.<sup>15</sup> It can, therefore, be surmised that *high spenders* are particularly at risk due to the fact that the demands on their welfare services may be proportionally much greater than in other welfare states due to high immigration rates. In brief, our concern is to ascertain if there is decline in the willingness for social inclusion, measured by the question on whether immigrants should be granted the same rights as state citizens, when social spending rises. To investigate this, we examined the correlation between the level of welfare spending and the acceptance of equal social rights for immigrants. The association proved to be slightly positive with a value of  $r = 0.17$  (not shown). In high spending states, we did not find that public antipathy to legal inclusion was more widespread than in countries with low state welfare expenditure. In fact, in these countries immigrants are often regarded more positively. Analogous to this result, other studies have confirmed that there is a positive correlation between high welfare spending and informal solidarity with immigrants (van Oorschot and Uunk 2007). It is thus possible to question the notion that the *high spenders* among Europe’s welfare states are particularly at risk of losing public solidarity because of increased migration.

<sup>15</sup> Borjas (1999) examines the USA to test the thesis of *welfare magnets* and comes to the conclusion that there is a connection between immigration rates into specific federal states and the level of social benefits provided by those states (for interstate welfare migration in the United States see Peterson and Rom 1990). In the case of Europe, it is possible to reproduce these results using data from EHCP. As De Giorgi and Pellizari (2003) show, migrants’ decisions do largely depend on the level of social benefits offered by the destination country but also on unemployment rates and wages.

The previous description was able to show that in our comparison of European states we only found weak evidence to support the theory of a negative link between social heterogeneity and welfare state solidarity. The bivariate analyses of all sixteen countries as well as a deeper investigation of attitudes in Germany and Great Britain corroborate this finding. Our results correspond with analyses conducted by Taylor-Gooby (2005), which apply social expenditure as a dependent variable. In his comparisons of both 21 and 22 countries based on aggregate data, he demonstrates that the validity of the fractionalization theory sinks when the USA is omitted from the analysis. Our analysis of European welfare states confirms this both in terms of the proportion of foreigners in individual countries as well as ethnic fractionalization. Furthermore, the bivariate analysis using data on attitudes to both the welfare state in general and to immigrants also clearly demonstrates that it is not possible to identify particularly strong links. When particular cases are removed from the sample this becomes even more apparent. By omitting Switzerland, Belgium and Luxembourg from the analysis, the results revealed a more positive link to the opinion towards welfare distribution and the integration of immigrants among the European population.

## **5. Multilevel analysis**

The preceding analyses were based on aggregated data that did not include further intervening factors. Hence, we cannot say whether the existing effects reported in the descriptive section emerge out of differences between countries, e.g. different composition of the social structure or by other possibly influential macro indicators that could have an effect on attitudes to welfare state redistribution in general or ethnic minorities in particular. To avoid misinterpretations of these descriptive findings we now use the methodologically more advanced approach of multilevel modelling. The overarching goal is to shed light on the influence of social heterogeneity on the support of the welfare state and the willingness to accept the inclusion of foreigners. At the same time we control for various other influential factors on the individual and the macro level.

At first we report the results of the analysis of the item scrutinizing the approval of governmental responsibility to redistribute income (Table 1). The intraclass correlation coefficient of the random intercept-only model yields that a maximum of 20.4 percent of the explained variance can be explained by the contextual part of the model. Hence, the explained variance within the countries is higher than the explained variance between the countries albeit both levels contribute a significant share. When looking at the effects of the variables of the individual level (Table 1, Model 1) it becomes clear that especially men and higher educated persons tend to demand a decrease in the governmental effort to redistribute income. In contrast persons with leftist political attitudes tend to plea for more efforts to minimize income inequality. Both age and the employment status do not have a significant effect on the statement. When adding both indicators of social heterogeneity in the next step (Table 1, Model 2), ethnic fractionalization has a significantly positive influence, indicating a positive evaluation of redistribution by the welfare state in highly fractionalized societies.<sup>16</sup> This

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<sup>16</sup> Due to the fact that our data regarding both indicators of social heterogeneity includes outlier countries with comparably high rates of social diversity we computed all models successively excluding these countries

finding does not correspond at all with the results of Alesina and Glaeser, who expect a drop in the legitimacy of the welfare state in the case of increasing or high social diversity. Confirming this, a study of Kuhn (2006) could not find any negative correlations between ethnic fractionalization and support of the welfare state when comparing different Swiss cantons. The stock of foreign population, however, has a weak negative effect. In countries with a higher share of foreigners people tend to plea less for a strong welfare state, though the effect is not particularly strong. In models with only one of the two indicators of heterogeneity (not shown here) the effects are similar to those of model 2.

*Table 1: Responsibility of the government to reduce income differences – ML-Regression*

	Random Intercept Only	Model 1 (Level 1)	Model 2 (For. Pop. and Fract.)
<i>Constant</i>	3.729 *** (.039)	4.517 *** (.123)	4.743*** (.153)
Level 1: Individual variables			
- <i>Gender (1=male)</i>		-.152 *** (.023)	-.151*** (.023)
- <i>Age</i>		.001 (.001)	.001 (.001)
- <i>Educational level</i>		-.110 *** (.011)	-.108*** (.010)
- <i>Left-right-scale</i>		-.091 *** (.013)	-.095*** (.014)
- <i>Employment status (1=unemployed)</i>		.226 * (.104)	.239* (.110)
Level 2: Country variables			
- <i>Foreign Population (% of total population)</i>			-.054*** (.008)
- <i>Fractionalization</i>			.961*** (.197)
Model log-likelihood	-39196.71	-38258.92	-38279.35
Within-country variance	1.036	.967	.965
Between-country variance	.266	.241	.211
Explained variance	- Level 1 - Level 2 ICC: 20.4%	7.2%	9.6% 20.5%
Maddala ML-R <sup>2</sup>		6.8%	7.2%
Cases <i>n</i>	<i>n<sub>i</sub></i> <i>n<sub>j</sub></i>	26438 16	26438 16

**Source:** ESS 2002/2003, own calculations. Note: unstandardized coefficients; significance levels: \* p<.05; \*\* p<.01; \*\*\* p<.001; standard error in parentheses.

Y: Government should take measures to reduce differences in income levels. (Likert Scale 1-5)

(Luxembourg, Belgium, Switzerland) from the sample. Though, it turned out that the coefficients partially vary and thus depend to some extent on the composition of the sample, there was no clear sign confirming Alesina and Glaeser.

When including additional macro-indicators (see Appendix II, Table 3) the effects of heterogeneity remain significant in most of the cases, but the strength of the effects decreases. Additionally the share of explained variance on the country level increases when adding macro-indicators. That indicates that other factors matter more in explaining welfare state support. Especially in the case of the unemployment rate and the index of federalism the share of explained variance on the context level increases from 20.5 percent to 74.8 percent and 90.2 percent respectively. We also find significant effects of the Gini-index. Hence, larger social inequality and a strained situation at the labour market can be assumed as a determinant of the support of welfare state redistribution. Likewise a positive relation exists for countries with a strong left party government participation during the 1990s. The populations of countries traditionally led by left parties are more likely to positively judge income redistribution through the welfare state.<sup>17</sup> Negative effects are to be found in relation to the index of federalism. According to our results centralist countries generate a more positive evaluation of the welfare state. As a further result we find a strong negative effect for liberal welfare regimes and a somewhat weaker negative coefficient for social-democratic regimes. For the latter it could be that the already existing redistributive measures “tame” the demand for more. The Latin rim cluster, however, has a positive effect, indicating that people in these countries are very much in favour of state intervention in the income distribution. The inclusion of the regime types weakens the effect of fractionalization substantially.

We carry on by scrutinizing the attitudes towards foreigners using the same analytical strategy. For the matter of space we restrict the analysis to the central issue whether immigrants should get the same rights as citizens of the receiving country. At the individual level (see table 2) age as well as education both have a significant influence. With growing age people are less willing to grant immigrants with the same social rights. The positive effect of education indicates that a higher level of education evokes more agreement with this statement. Again persons with left-wing political background show less prejudices against foreigners. On the country level model 2 reveals only a negative effect of the stock of foreigners, whereas ethnic fractionalization is not significant. Here it seems that the higher the percentage of foreigners living in the respective country the less the support for equal rights to foreigners. Again the separate examination of the hierarchical model for both indicators of heterogeneity does not lead to different results.

When controlling for further macro-indicators (see Appendix II, Table 4), we find a more ambiguous outcome compared to the attitudes towards welfare state redistribution. On first glance, the effects of the classic macro-indicators are not that clear-cut and striking. The weak effects when controlling for social heterogeneity can be taken as an indication that the classical welfare state indicators do not contribute much to the explanation of the attitudes towards the inclusion of foreigners. Although the support for welfare state redistribution can be explained by these indicators quite well this does not apply to this item. Especially the models including the GDP and the participation of left-wing parties perform rather weak. Looking at the coefficients, the income distribution (Gini index), federalism and the welfare regimes turn out to have a significant effect, while the GDP, the share of left parties and the unemployment rate do not.

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<sup>17</sup> This effect remains when extending the observation period for the cabinet composition variable up to 1976 (the time every country in our sample became a democracy).

*Table 2: Immigrants should get the same rights – ML-Regression*

	Random Intercept Only	Model 1 (Level 1)	Model 2 (For. Pop. and Fract.)
<i>Constant</i>	3.677 *** (.024)	4.131 *** (.106)	4.350 *** (.116)
Level 1: Individual variables			
- <i>Gender (1=male)</i>		.032 (.035)	.031 (.035)
- <i>Age</i>		-.005 *** (.001)	-.005 *** (.001)
- <i>Educational level</i>		.043 *** (.013)	.045 *** (.012)
- <i>Left-right-scale</i>		-.067 *** (.011)	-.068 *** (.011)
- <i>Employment status (1=unemployed)</i>		-.063 (.076)	-.051 (.072)
Level 2: Country variables			
- <i>Foreign Population (% of total population)</i>			-.042 *** (.004)
- <i>Fractionalization</i>			.018 (.080)
Model log-likelihood	-39304.12	-38792.96	-38737.12
Within-country variance	1.040	1.002	.998
Between-country variance	.084	.118	.058
Explained variance - Level 1		0.5%	6.2%
variance - Level 2	ICC: 7.5%		31.8%
Maddala ML-R <sup>2</sup>		3.8%	4.2%
Cases <i>n</i>	<i>n<sub>i</sub></i>	26495	26495
	<i>n<sub>j</sub></i>	16	16

**Source:** ESS 2002/2003, own calculations. Note: unstandardized coefficients; significance levels: \* p<.05; \*\* p<.01; \*\*\* p<.001; standard error in parentheses.

Y: Immigrants should be given the same rights as everyone else (Likert Scale 1-5).

It can be noted that the agreement for the inclusion of foreigners is higher in countries with larger social inequality. When looking at model 4 we can also see that the effect of the coefficient for the share of foreign population decrease when controlling for the Gini index. Countries with higher inequality seem to be less prone to reservations vis-à-vis the inclusion of foreigners. The negative coefficient of the index of federalism, however, indicates a greater acceptance of the inclusion of foreigners in unitary countries. When looking at the results for the welfare regimes (Appendix II, Model 8) it becomes clear that the agreement with the item is particularly low for the liberal regime. Social democratic countries and the Mediterranean welfare regimes show a positive effect compared to the conservative countries. Also here, the control for welfare regimes weakens the fractionalization effect substantially. As low spenders, the Southern European welfare states seem to exhibit less opposition to the inclusion of foreigners. The Scandinavian welfare states as relatively generous, tax-financed

and homogeneous welfare states are not particularly sceptical as far as the inclusion of foreigners is concerned. This stands in contrast to widespread assumptions which see these countries particularly at risk of losing ground due to immigration.

## **6. Discussion**

Our initial question was whether increasing social heterogeneity would negatively influence public opinion on the welfare state and thus undermine its legitimacy. By analyzing data from the ESS, we have been able to demonstrate in both bivariate and multivariate analyses that this correlation is not as clear as often assumed. Also when looking at the data of Germany and the United Kingdom this outcome can be confirmed. We surmise that a whole series of important effects weaken or, indeed, fully negate the proposed relationship. Especially the fractionalization index has hardly affected the welfare state support or the attitudes towards foreigners in the expected way. It seems that societies which are relatively heterogeneous are neither more negative as far as the redistributive activities of the welfare state are concerned nor more prone to object to the inclusion of foreigners. On the contrary, in many instances the effect was positive. In explaining this finding we would follow van Oorschot and Uunk's (2007: 234) suggestion that "living in a culturally diverse country may have a socializing effect that is conducive to the understanding of 'others', and teach people to deal and live with them without feeling threatened."

As far as our second indicator for heterogeneity is concerned, the percentage of foreign population, we could indeed find a negative effect on both the support for welfare state redistribution as well as the support for the inclusion of foreigners. With regard to the first item, the effect was lessened by the inclusion of other macro-variables indicating that the effect is partly mediated through these factors, but also showing that their explanatory power is comparatively strong compared to the proportion of foreigners. The number of foreigners matters but is outweighed by factors like federalism, unemployment rate or the welfare regimes. If we ask directly for the relation between attitudes towards equal rights for foreigners and the percentage of foreigners there is a weak negative association, while other classic factors apart from the regime typology do not play a great role. Interestingly, the people in social-democratic countries are more in favour of granting equal rights to foreigners compared to the respondents in liberal or conservative regimes. At the individual level, age, level of education and political orientation had a considerable influence on attitudes to immigrants. People with higher education as well as those who described themselves as left-wing were more inclined to view foreigners positively. Gender and employment status of respondents played a negligible role.

By and large, our findings are consistent with the results of other studies on informal solidarity and the universal trust in different types of welfare states. They also come to the conclusion that the thesis of the threat to European welfare states through immigration is exaggerated (Halvorsen 2007; van Oorschot and Uunk 2007). Further confirmation is provided by the research of Keith Banting and Will Kymlicka which examines the "corroding effect" of multicultural policies on welfare state development (Banting et al. 2006; see also Crepaz 2006). The authors do find some evidence for a connection between policies on the



protection and recognition of minorities on the one hand, and the level of state expenditure and redistribution on the other. However, they claim that it is not particularly strong in comparison to other classic determinants of the welfare state. Above all, federal and decentralized political structures that are closely linked to social, ethnic and religious heterogeneity are negatively associated with the level of welfare spending. However, we know from historical-institutional analysis that there are European examples (e.g. Belgium) of expansive welfare states that have developed despite considerable cultural and social heterogeneity (Banting 2000). The explanation for this development lies in democratic concordance strategies to incorporate different groups into the political process, which made it possible to overcome deep ethnic and cultural cleavages. Compensation, consensus orientation and negotiation enabled the development of a comprehensive welfare system despite a high degree of ethnic, cultural and social fractionalization.

To sum up, our results show that the inclusion of foreigners in the welfare system is not without problems. However, the analysis also demonstrated that public attitudes are not just a simple reflex reaction to the degree of fractionalization or the level of foreigners residing within a country. They are mediated institutionally, i.e., key factors are whether inclusion is institutionally organized and whether social benefits schemes have been so constructed that they reinforce or weaken conflicts over redistribution. Conceptually and empirically it also makes a difference whether we are dealing with an attempt to institutionalize the welfare state in a heavily divided society or whether increasing numbers of foreigners are immigrating into an existing welfare system (Goul Andersen 2006). Public discourse and the politicization of the immigration issue should also not be underestimated. We can see considerable differences between the states in this regard too, for example, between Denmark and Sweden. With the (additional) effect of these factors, it is possible that conflicts between the *Ingroup* and the *Outgroup* may escalate which could then influence the overall support for the welfare state. In general, however, one can surmise that the effect of societal heterogeneity on the welfare state's ability to sustain its legitimacy is limited, and that other factors play a more significant role such as institutional factors and the politics of interpretation.

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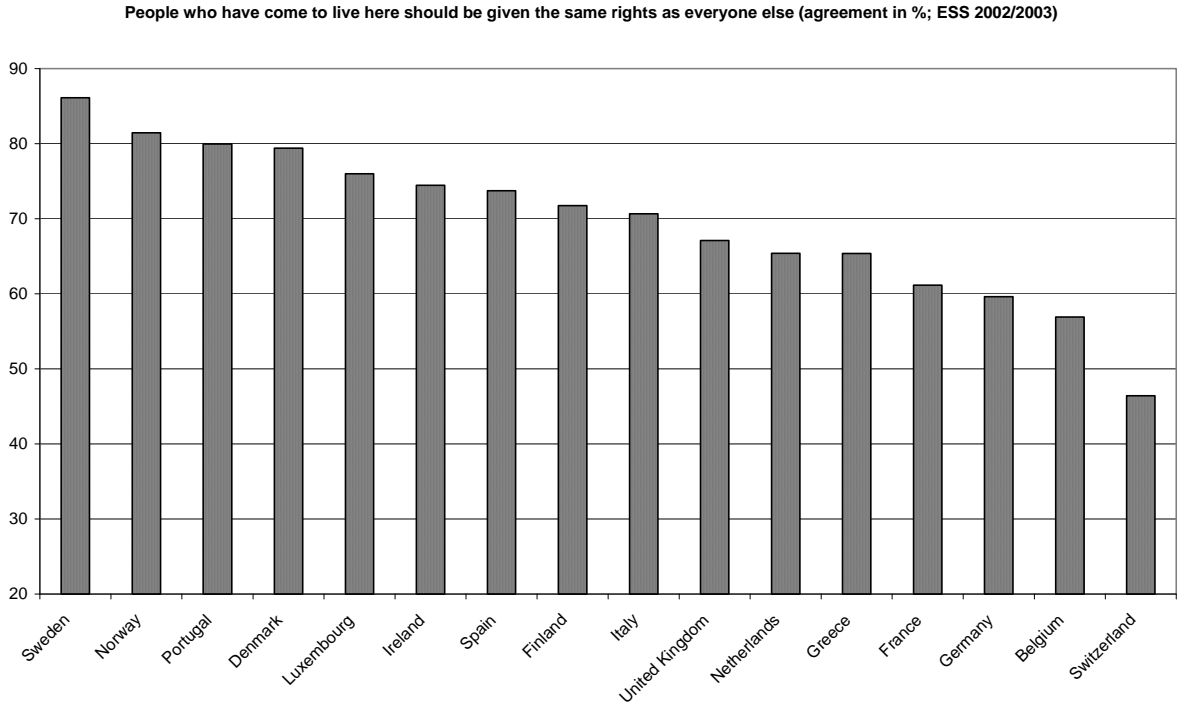
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**Appendix I**

*Figures: Attitudes towards foreigners*

*Figure 8*



*Figure 9*

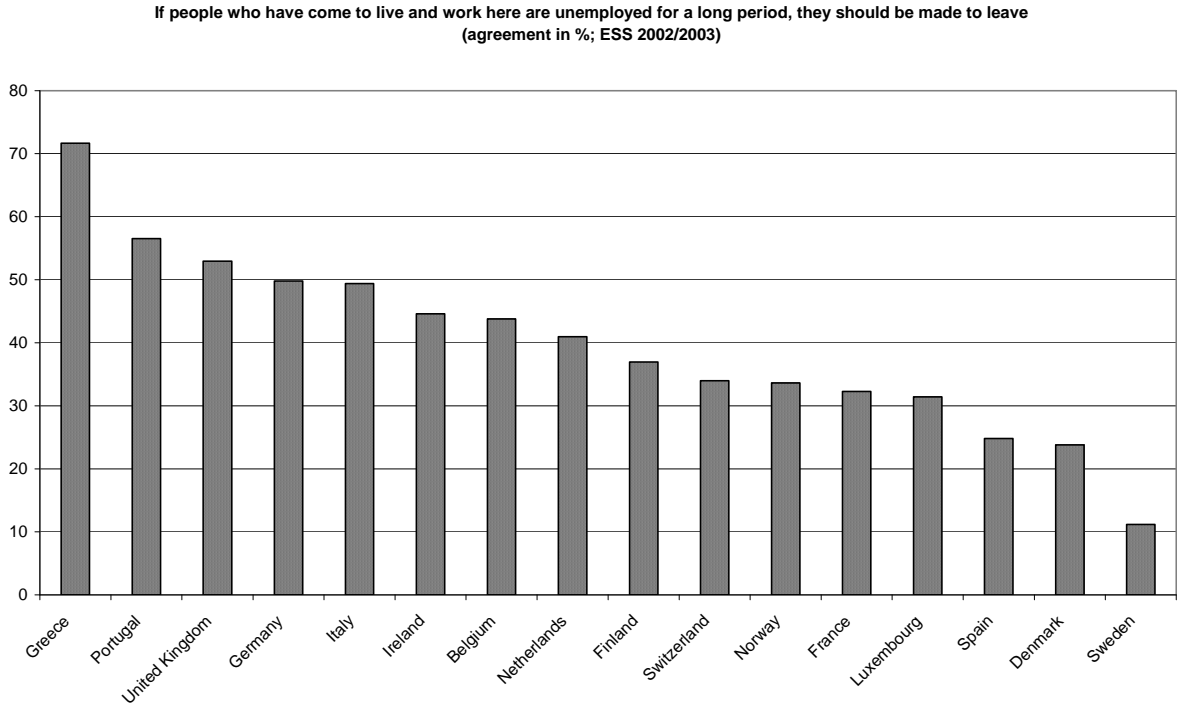
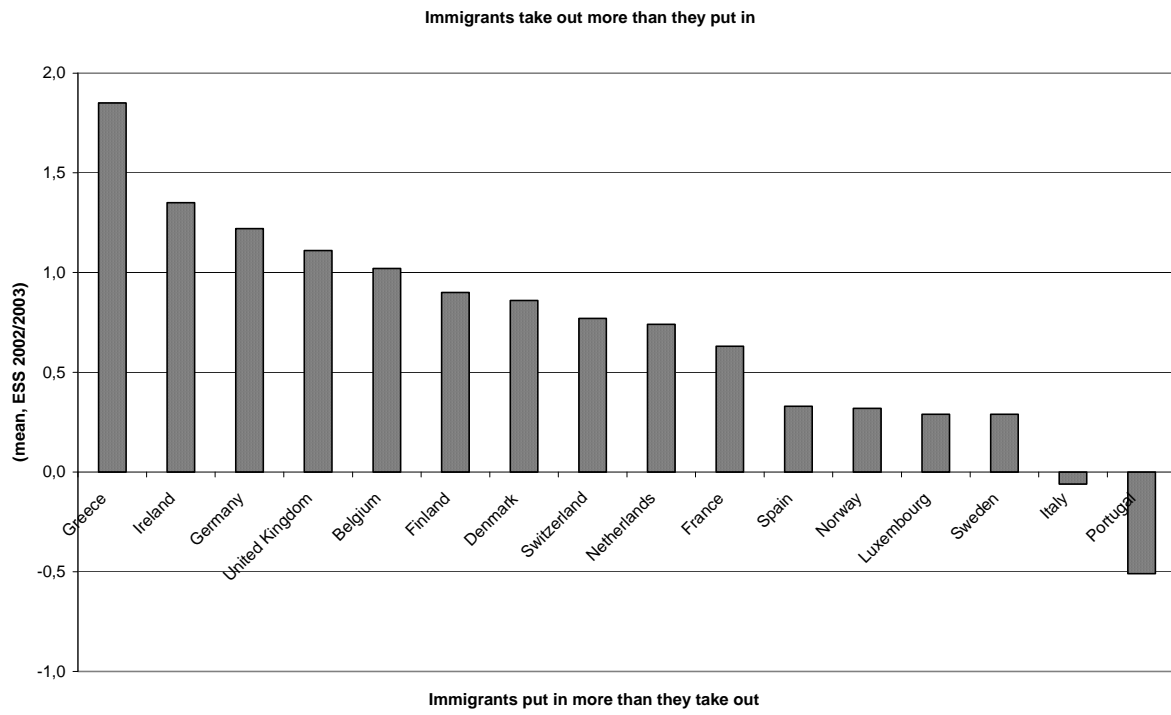


Figure 10



## Appendix II<sup>18</sup>

Table 3: Responsibility of the government to reduce income differences – ML-Regression

	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
<i>Constant</i>	5.398 *** (.144)	3.242 *** (.213)	4.247 *** (.097)	4.967 *** (.093)	4.261 *** (.118)	5.022 *** (.083)
Level 2: Country variables						
- <i>Foreign Population</i> (% of total population)	-.040 *** (.008)	-.041 *** (.007)	-.039 *** (.001)	-.013 *** (.002)	-.050 *** (.004)	-.046 *** (.006)
- <i>Fractionalization</i>	.707 *** (.141)	.792 *** (.199)	.859 *** (.175)	.391 *** (.030)	.292 *** (.063)	.147 * (.067)
- <i>GDP (per capita, PPP)</i>	-.000 *** (.000)					
- <i>Gini-Index</i>		.048 *** (.005)				
- <i>Left government</i>			.010 *** (.001)			
- <i>Index of Federalism</i>				-.208 *** (.005)		
- <i>Unemployment rate</i>					.086 *** (.008)	
Welfare regime (ref.cat.= Conservative)						
- <i>Social democratic</i>						-.146 *** (.045)
- <i>Liberal</i>						-.354 *** (.030)
- <i>Latin Rim</i>						.313 *** (.042)
Model log-likelihood	-38191.72	-38129.68	-38123.11	-38095.22	-38117.08	-38100.04
Within-country variance	.962	.958	.957	.954	.956	.955
Between-country variance	.244	.135	.204	.026	.066	.089
Explained variance - Level 1	7.4%	16.0%	10.8%	24.7%	21.4%	19.8%
Explained variance - Level 2	8.3%	49.0%	23.2%	90.2%	74.8%	66.4%
Maddala ML-R <sup>2</sup>	7.3%	7.8%	7.8%	8.0%	7.8%	8.0%

**Source:** ESS 2002/2003, own calculations. Note: N=26.438; unstandardized coefficients; significance levels: \* p<.05; \*\* p<.01; \*\*\* p<.001; standard error in parentheses

<sup>18</sup> For tables 3 & 4 the coefficients for the individual level variables are omitted since they are only subject to minor changes across the different models. Please consider tables 1 & 2 (model 1 & 2) for the effects of the individual level variables.



*Table 4: Immigrants should get the same rights – ML-Regression*

	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
<i>Constant</i>	4.448 *** (.169)	4.030 *** (.117)	4.305 *** (.118)	4.484 *** (.104)	4.349 *** (.117)	4.359 *** (.117)
Level 2: Country variables						
- <i>Foreign Population</i> (% of total population)	-.058 *** (.006)	-.029 *** (.003)	-.041 ** (.004)	-.030 ** (.004)	-.042 *** (.004)	-.030 *** (.006)
- <i>Fractionalization</i>	.707 *** (.117)	.060 (.066)	.008 (.085)	.369 *** (.045)	.017 (.078)	-.131 * (.067)
- <i>GDP (per capita, PPP)</i>	-.000 (.000)					
- <i>Gini-Index</i>		.007 * (.003)				
- <i>Left government</i>			-.001 (.001)			
- <i>Index of Federalism</i>				-.025 *** (.005)		
- <i>Unemployment rate</i>					.000 (.002)	
Welfare regime (ref.cat.= Conservative)						
- <i>Social democratic</i>						.069 *** (.016)
- <i>Liberal</i>						-.097 *** (.009)
- <i>Latin rim</i>						.219 *** (.018)
Model log-likelihood	-38751.62	-38730.31	-38735.60	-38733.06	-38737.12	-38733.95
Within-country variance	.999	.997	.998	.997	.998	.998
Between-country variance	.054	.066	.057	.039	.058	.016
Explained variance - Level 1	6.5%	5.5%	6.3%	8.0%	6.2%	10.0%
variance - Level 2	36.3%	22.4%	32.7%	54.1%	31.7%	80.7%
Maddala ML-R <sup>2</sup>	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%

**Source:** ESS 2002/2003, own calculations. Note: N=26.495; unstandardized coefficients; significance levels: \* p<.05; \*\* p<.01; \*\*\* p<.001; standard error in parentheses

## Appendix III

### *Definitions and sources of variables*

#### Dependent variables (ESS 2002/2003)

1. "The government should take measures to reduce differences in income levels."
2. "People who have come to live here should be given the same rights as everyone else."
3. "If people who have come to live and work here are unemployed for a long period, they should be made to leave."
4. "Most people who come to live here work and pay taxes. They also use health and welfare services. On balance, do you think people who come here take out more than they put in or put in more than they take out?"

The response ratings of the variables labelled 1, 2 & 3 were given on a five-point Likert-scale ranging from 1 (disagree strongly) to 5 (agree strongly). For the descriptive part both categories indicating agreement were combined resulting in the percentage of respondents agreeing with the statement. Variable 4 was given on a scale with 11 values (ranging from +5 to -5) labelled at both extremes. High ratings on the scale indicate that respondents think that immigrants take more out than they put in the welfare state, low ratings indicate the opposite. For the descriptive part the arithmetic mean was used to compute correlations of this variable. For the multivariate analysis only items 1 and 2 were used as dependent variables.

#### Macro indicators

- Cabinet composition as % of total cabinet posts; weighted by days, 1990-2002. Arithmetic mean of the share of seats of the cabinet by leftwing parties (social democratic and other left parties). (Armingeon et al. 2006).
- Standardized unemployment rate (in percent of the total civilian labour force, 2002) (OECD 2007a: 245).
- Stocks of Foreign Population (in percent of the total population 2002, France 1999, Greece 2001, (OECD 2006).
- GDP per capita (2002, Purchasing Power Parities in US-Dollar) (United Nations Development Programme 2004: 139).
- Public social expenditure (2003, in percent of the GDP), (OECD 2007b).
- Index of Federalism (Lijphart 1999). Federal structure according to the constitution and degree of decentralization (min.=1, max.=5).
- Gini-Index, various years (United Nations Development Programme 2004: 188). The Gini index measures inequality over the entire distribution of income or consumption. A value of 0 represents perfect equality, and a value of 100 perfect inequality.

- Index of ethnic Fractionalization, various years (Alesina et al. 2003). This index uses racial and linguistic characteristics of ethnic groups in a country to provide a measure for the diversity of a society (min.=0, max.=1).
  
- Welfare regime  
The countries included in the analysis were dummy-coded:
  - Conservative: Belgium, Germany, France, Italy, Luxembourg, the Netherlands, Switzerland (reference category)
  - Latin Rim: Portugal, Spain, Greece
  - Liberal: Great Britain, Ireland
  - Social democratic: Sweden, Norway, Finland, Denmark