



Immigration, Work and Welfare

Towards an integrated approach

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policy network paper



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Towards an integrated approach

Europe's Immigration Challenge: Reconciling Work, Welfare and Mobility

This paper is drawn from the introduction of the new Policy Network edited volume by Jurado, E. & Brochmann, G. 'Europe's Immigration Challenge: Reconciling Work, Welfare and Mobility' (I.B.Tauris, 2013).

As the financial crisis continues to cast its long shadow over Europe, the view that immigrants compete unfairly for jobs and present an unsustainable burden on the European Social Model appears to be gathering support in some circles. At the same time, the 'right' type of immigrant has often been perceived as a potential cure for Europe's sluggish labour markets and ailing welfare systems – especially immigrants who are young, easily employable and who arrive without family. So far, efforts to solve this conundrum – as in the UK's points-based system – have focused on increasing the selectivity of the admissions process. In this book, leading immigration experts question the effectiveness of this approach. Besides efforts to regulate the flow and rights of immigrants, they argue that governments across Europe need to devise labour market, welfare and immigration policies in a more integrated fashion.

About the authors

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Immigration, Work and Welfare

As the global financial crisis plunged Europe into a prolonged recession in 2009, public attitudes to immigration, already sceptical during the economic upturn, hardened perceptibly. A Transatlantic Trends survey conducted in six European countries in the same year found that the number of people describing immigration as ‘more of a problem than an opportunity’ had increased by seven percentage points on the previous year, representing 50 per cent of the population.¹ While public attitudes are influenced by a multitude of factors, the crisis has evidently played a role, as the same survey found that families who experienced financial difficulties in the past 12 months tended to be more worried about immigration than those whose financial situation had stayed the same or improved. Today, although levels of hostility towards immigrants appear to have stabilised, anti-immigrant sentiment continues to stand at record levels in many European countries.²

For large sectors of the European public, at a time of high unemployment and budget constraints, Europe cannot afford to further open its doors to immigrants who will add to ‘low-pay job competition’ and present a ‘burden on our welfare systems’. At the same time, the ‘right’ type of immigrant has long been perceived by employers and governments as a potential cure for Europe’s sluggish labour markets and ailing welfare states – especially immigrants who are young and highly skilled and who arrive without family. Although the current economic downturn has somewhat stalled the ‘global battle for talent’, with a number of European governments increasing even the barriers to high-skilled immigration, there is a widespread perception that, in contrast to low-skilled workers, skills shortages in certain sectors of the European economy mean a growing supply of high skilled workers is required during the period of economic contraction, and will certainly be required during the recovery.

Governments have sought to resolve this dilemma by toughening their discourse on immigration while setting limits on the numbers and types of immigrants who cross our borders; that is, by introducing more selective immigration policies with ‘fast track’ entry for high skilled immigrants, while restricting the entry of those deemed ‘economic burdens’, including low-skilled migrants, family migrants and asylum-seekers. These skill-selective immigration policies have come in two main forms: immigrant-driven policies, where points are allocated to individual immigrants on the basis of particular attributes (usually a mixture of education, age and income); and employer driven policies, where employers must sponsor the application for the admission of a foreign worker.

So far, the UK is the only European country that has introduced an explicit ‘points-based system’, enabling high-skilled migrants to gain entry without sponsorship from an employer.³ Most other European countries, including Germany, Denmark and France, follow the second model and make residence permits available to immigrants who receive specific job offers with a yearly salary above a particular, pre-defined threshold. The EU has endeavoured to bolster these skill-selective immigration policies through the adoption in 2009 of a ‘Blue Card’ system, which aims to facilitate temporary access to the European labour market to highly qualified third-country nationals.⁴ In all of these cases the underlying logic is the same: if only governments could find ways of attracting ‘useful’ immigrants to our borders while keeping ‘unwanted’ immigrants out, Europe’s immigration conundrum would be solved.

One of the themes running through the new Policy Network book “Europe’s Immigration Challenge: Reconciling Work, Welfare and Mobility”, which we’ve edited, is that governments overestimate the control they have over the movement of people. In fact, the great majority of immigrants crossing EU borders, including EU citizens, people seeking international protection and irregular migrants, fall

1 See Transatlantic Trends: Immigration, 2009. http://trends.gmfus.org/files/archived/immigration/doc/TTI_2009_Key.pdf. The six European countries included in the survey are: Italy, Germany, France, Netherlands, Spain and the United Kingdom.

2 Transatlantic Trends: Immigration, 2011. http://trends.gmfus.org/files/2011/12/TTImmigration_final_web.pdf.

3 Variations on this points-based system have long existed in the USA, Canada, Australia and New Zealand.

4 The EU’s ‘Blue Card Directive’ establishes common broad criteria – based on a minimum salary level – to qualify for admission. However, it has been criticised as too limited in scope, in particular, for its failure to ensure coordination between Member States in the setting of specific admissions criteria. See for example Cerna, L. ‘The EU Blue Card. A Bridge Too Far?’ Paper prepared for the Fifth Pan-European Conference on EU Politics Porto, Portugal 23–26 June, 2010.

outside of, or manage to avoid, immigration controls. However, the book's main underlying concern is that current efforts to select immigrants according to their value to the economy underestimate the complexity of the relationship between migrant flows, labour markets and welfare systems. The value that immigrants bring to an economy, and the impact they may have on employment and public services, depends not only on the numbers and characteristics of the immigrants themselves, but also on the labour-market and welfare structures they enter.

While European countries share a common vision of society that combines sustainable economic growth with a high level of social security (the so-called 'European Social Model'), they use very different combinations of labour-market and welfare instruments to achieve this end. The result is what observers have described as three different European social models. First, a social-democratic or 'Nordic' model, featuring high levels of taxes, social expenditures and universal welfare provision, along with coordinated collective bargaining, strong labour unions and well-regulated labour markets, which ensure compressed wage structures. Second, a liberal or 'Anglo-Saxon' model, which has much looser employment protection legislation; a patchy, decentralised bargaining system; weaker unions; and work-first-oriented, residual welfare policies, resulting in comparatively high disparities in wages. And third, a conservative or 'Continental' model, where insurance-based benefits and strict employment-protection legislation for labour-market 'insiders' are combined with a strong 'male bread-winner' tradition. Although union membership is in decline in most countries, unions and collective bargaining systems remain strong in Nordic and several continental countries, where social partners are often included in processes of political decision-making and implementation.⁵

These different social models are today confronted with multiple challenges. Principal among these are the process of demographic ageing and the decline of manufacturing in favour of a service economy – two developments that, alongside surging unemployment, have added to government welfare expenditure at a time when increased globalisation and European integration have arguably reduced government capacity to finance this spending by raising taxes. The result has been a wave of reforms aimed for the most part at the partial liberalisation of employment protection regulations, intended to raise the flexibility and effectiveness of Europe's sluggish labour markets. Other reforms have included welfare cuts and 'activation' measures aimed at reducing the number of welfare dependants and increasing employment and revenues. The current European debt crisis and the EU response to it have exacerbated such trends by forcing countries to adopt further retrenchment measures in order to stabilise spiralling budget deficits.

Immigration is a factor in these economic and political convulsions. Although a number of European countries have been net importers of labour since the 1960s, for many others, high levels of inward migration are a relatively new phenomenon. The large outflows of migrants from the 10 new accession countries following the 2004 and 2007 rounds of EU enlargement represented an important landmark in this respect, raising fears about Eastern European workers taking jobs, undercutting wages and undermining labour protections in the old member states. In their efforts to manage these welfare and migration challenges, the 'semi-sovereign welfare states'⁶ in the EU/EEA are strongly interdependent. The EU's multi-level governance system includes an expanding body of European regulations governing social and labour-market policy and a 'dual' migration system. This 'dual' migration regime provides EU and EFTA nationals with the right to free movement across internal borders (31 EU/EFTA countries) and is gradually developing common policies towards third-country nationals.⁷ The resulting divergence between the rights of EU nationals and third-country nationals implies a close interplay between EU internal and external migration flows and policies, where those countries who receive most EU migrants (like the UK and Norway) will tend to adopt stricter policies vis-à-vis third-country nationals, while those who receive few EU migrants will seek to attract more third country immigrants.⁸

5 In fact, the literature distinguishes other models as well, including a 'Mediterranean' and an 'East European' model, but these are essentially variants of one of the three main models mentioned here. See especially Esping-Andersen, G. *The Three Worlds of Welfare Capitalism*. Cambridge: Polity Press, 1990. See also Hall, P. and Soskice, D. (eds). *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, 2001; and Sapir, A. 'Globalisation and the Reform of European Social Models'. *Bruegel Policy Brief*, Issue 2005/01, November 2005.

6 Leibfried, S. and Pierson, P. 'Semi-Sovereign Welfare States: Social Policy in a Multi-tiered Europe'. In S. Leibfried and P. Pierson (eds) *European Social Policy: Between Fragmentation and Integration*. Washington, DC: The Brookings Institute, 1995.

7 In addition to the above-mentioned 'Blue Card Directive', adopted by the EU in May 2009, the EU has recently also adopted the so-called 'Single Permit Directive', which provides a common set of rights for all non-EU workers that have already been admitted but have not been provided long-term resident status. The EU is currently debating two further Directives, one on seasonal workers and another on intra-corporate transfers of non-EU skilled workers. For an overview of the EU's evolving policy towards third-country nationals see Olsson, P.H. *Giving to Those Who Have and Taking From Those Who Have Not – The Development of an EU Policy on Workers from Third Countries*. Formula Working Paper, no. 34, 2012.

8 According to EU free movement rules, Member States shall in principle give primacy to intra-EU labour migration, and third country labour migration is only warranted if vacancies cannot be filled by EU/EEA-citizens. For a comprehensive overview of the EU's 'dual' migration regime, and the migration dynamics it has generated, see Boswell, C. and Geddes, A. *Migration and Mobility in the European Union*. Basingstoke: Palgrave Macmillan, 2010.

In his pioneering essay on Migration and the Political Economy of the Welfare State, published in 1986, Gary Freeman warned about the corrosive effect of ‘mass immigration’ on the European welfare state.⁹ He argued, first, that immigrants would undermine the position of native workers by doing work and accepting wages below European standards. Second, he warned that, by increasing cultural diversity within European states, immigration would erode the normative consensus on which generous welfare systems are based. More than 25 years after the publication of his essay, Freeman’s arguments continue to resonate strongly with European political elites and public opinion alike. While a number of authors have found evidence to support Gary Freeman’s claims, which he revisits in the Policy Network volume, a growing body of researchers have highlighted problems with his argument. These researchers recognise the challenges that immigrants present to the sustainability of European welfare systems. However, they argue that Freeman’s analysis overlooks the ‘institutional repertoires’ of the welfare state which structure the impact of immigration and diversity.¹⁰

In what follows, we summarise the work of authors who have investigated the way immigration interacts with the ‘institutional repertoires’ of the welfare state in a selection of countries with different social models. In doing so, they acknowledge that immigration flows, labour markets and welfare systems influence each other in a multitude of ways and cannot be analysed in isolation.

Migration and the ‘Rescue’ of the European Social Model

It is useful to start with a brief discussion of the effects of intra-EU migration on the current challenges facing EU social models. While EU migrants in principle enjoy equal treatment in the labour-market and social-security systems of other Member States, this right is not extended to workers ‘posted’ by European enterprises to work temporarily in another member state. For these workers, host countries can only require enterprises to comply with a core list of nationally defined working conditions, which recent judgments of the European Court of Justice have interpreted as an exhaustive, maximum list, including minimum rates of pay set by legislation or extended collective agreements. While acknowledging the impacts that increased migration and the posting of workers is having on the labour markets of EU Member States, including changes in company hiring practices which make it harder for trade unions to ensure proper conditions, recent analysis (by Jon Erik Dølvik) situates these changes within a more general restructuring trend taking place in EU Member States over the past 15 years.¹¹ This includes more project-based organisations, outsourcing and contractual flexibility, leading to increased segmentation and sharper divisions between the labour-market ‘core’ and ‘periphery’. The interplay between growing intra-EU labour transfers, the erosion of labour-market regulations and high unemployment tends to accentuate such dualist dynamics in several sectors of the European economy.

The challenges presented by the interplay between generous social benefits, high minimum standards in the labour market and low skilled migration have been explored by Grete Brochmann and Anne Skevik Grødem.¹² As Brochmann and Skevik Grødem explain, the Norwegian welfare state is universalist in the sense of requiring comparatively short residence and/or employment periods for immigrants to gain access to most social benefits, including social assistance, disability, unemployment and sickness. Norway is also characterised by a well-regulated labour market, in particular, a compressed wage structure, the result of strong trade unions and coordinated collective bargaining. For decades, this system was praised for helping Norway maintain some of Europe’s lowest unemployment rates. Today, however, many are questioning its sustainability in the face of growing numbers of immigrants.

9 Freeman, G. P. ‘Migration and the Political Economy of the Welfare State’. *The Annals of the American Academy of Political and Social Science*, 485/1 (1986): 51–63.

10 See in particular Bommes, M. and Geddes, A. (eds). *Immigration And Welfare: Challenging the Borders of the Welfare State*. New York: Routledge, 2002; Banting, K. and Kymlicka, W. (eds). *Multiculturalism and the welfare state. Recognition and Redistribution in Contemporary Democracies*. Oxford: Oxford University Press, 2006; and Crepaz, M. M. *Trust beyond Borders. Immigration, the Welfare State, and Identity in Modern Societies*. Ann Arbor: University of Michigan Press, 2008.

11 Dølvik, J.E., ‘European Movements of Labour: Challenges for European Social Models’. In E. Jurado and G. Brochmann (eds) *Europe’s Immigration Challenge: Reconciling Work, Welfare and Mobility*. London, 2013.

12 Brochmann, G., & Grødem, A.S., ‘Migration and Welfare Sustainability: The Case of Norway’. In E. Jurado and G. Brochmann (eds) *Europe’s Immigration Challenge: Reconciling Work, Welfare and Mobility*. London, 2013.

As Brochmann and Skevik Grødem point out, such a model may end up attracting the type of immigration (low-skilled, low productivity) which can challenge the basic structure of the model itself. On the one hand, Norway's compressed wage structure makes it difficult for low-skilled migrants to access the labour market. On the other hand, for low-skilled migrants who increasingly have to compete for low-paid work, Norway's generous benefits can create disincentives for low-skilled workers (who often include immigrants) to enter the labour market – the so-called 'welfare-trap'. Such dynamics can in the longer term undermine the high participation rates required to fund the extensive welfare system.

Giuseppe Sciortino¹³ similarly explores the interrelationship between immigration flows, employment outcomes and a conservative welfare system. By relying on social insurance, Italy's welfare state makes social benefits dependent on previous work performance and is therefore strongly worker-oriented. In his analysis, Sciortino identifies a mutually reinforcing relationship between immigration and Italy's conservative welfare system, one that is helping to sustain a welfare regime that is increasingly at odds with Italy's changing social reality. As more and more women join the labour market, the system's emphasis on monetary transfers over the provision of services has created an insatiable demand for unskilled foreign labour to provide the childcare and long-term care services to private households that the state is unable to afford. While the informal interplay between Italy's conservative welfare regime and unskilled immigration flows enables Italian society to function in the short-term, Sciortino warns that it has constrained the ability of Italian policymakers to plan the flows of new workers, and has helped to delay the adoption of labour-market and welfare reforms needed in order to ensure the long-term competitiveness of Italy's economy. Indeed, with foreign labour over-represented in the low-skilled, low-wage jobs which most Italian citizens continue to spurn, there has been little incentive to reform the ever sharper divisions between Italy's labour market 'core' and 'periphery'.

Mirroring this, the relationship between immigration and the UK's 'liberal' social model is explored by Martin Ruhs and Bridget Anderson.¹⁴ In their work, Ruhs and Anderson show how the weakly regulated construction industry in the UK has resulted in a predominance of temporary, project-based work, informal recruitment and casualised employment and an over-representation of migrant workers.

This in turn has helped to encourage employers to pursue low-cost, low-productivity corporate strategies, which has eroded their incentive to invest in long-term training. In his overview of the factors which shape employer preferences toward migration, Georg Menz makes a similar point, contrasting vocational training in the UK, which relies on individualised, company-specific skills and 'on the job training' with Germany's comprehensive education and training system, which produces highly specialised 'sectorally portable' skills capable of sustaining Germany's high-value-added export strategies.¹⁵ For Menz, these contrasting systems go a long way in explaining why German employers have lobbied hard for Germany's immigration policy to focus entirely on highly skilled, high-wage labour, while British employers maintain a more 'liberal' approach, lobbying government to open immigration routes for both high-skilled and low skilled workers.

The contrast between Germany and the UK also serves to highlight another important linkage between immigration and Europe's different social models. It is not only the low-cost strategies pursued by employers in the UK's deregulated labour market that explains the greater influx of low-skilled migrants into the UK. The UK's 'minimalist' social security system, where benefits in kind, such as the provision of long-term care, childcare and public housing, are means-tested also means that low-skilled migrants simply represent less of an economic 'threat' than they might in Norway or Germany. Isabel Shutes has provided a stark warning of the effects that such a system can have on both the quality of public services and the employment conditions of public service workers.¹⁶ In her

13 Sciortino, G., 'Immigration in Italy: Subverting the Logic of Welfare Reform?'. In E. Jurado and G. Brochmann (eds) *Europe's Immigration Challenge: Reconciling Work, Welfare and Mobility*. London, 2013.

14 Ruhs, M., & Anderson, B., 'Responding to Employers: Skills, Shortages and Sensible Immigration Policy'. In E. Jurado and G. Brochmann (eds) *Europe's Immigration Challenge: Reconciling Work, Welfare and Mobility*. London, 2013.

15 Menz, G., 'European Employers and the Rediscovery of Labour Migration'. In E. Jurado and G. Brochmann (eds) *Europe's Immigration Challenge: Reconciling Work, Welfare and Mobility*. London, 2013.

16 Shutes, I., 'Long-Term Care and Migrant Labour in the UK'. In E. Jurado and G. Brochmann (eds) *Europe's Immigration Challenge: Reconciling Work, Welfare and Mobility*. London, 2013.

analysis of the UK's long-term care sector, Shutes shows how the wages and employment conditions of workers in private sector long-term care services tend to be lower than the wages and conditions of workers in long-term care services managed by public or not-for-profit institutions.

For Shutes it is no coincidence that foreign labour is over-represented in private sector long-term care, since foreign workers are often more willing to work longer shifts for lower wages as a result of the precarity of their immigration status. She concludes that it is the interaction between the UK's welfare arrangements for older people – which have undergone considerable privatisation in recent years – and the UK's immigration rules that creates sub-optimal employment outcomes for immigrants and, ultimately, downward pressures on wages and conditions for all workers in the sector.

Turning our attention to the efforts of countries belonging to the three different social models to implement skill-selective immigration policies, in his detailed analysis of the connections between irregular immigration and the underground economy in Southern European countries, Emilio Reyneri has shown that the quota systems that prevail in these countries, based on employer sponsorship of individual immigrants prior to their arrival, are rendered useless.¹⁷ These quotas are unable to meet the strong demand for low-skilled labour stemming from Southern European countries' reliance on low-skilled labour intensive sectors, especially agriculture, construction and domestic care for private households, which the local workforce refuses to carry out. As Reyneri explains, workers in these sectors are normally hired on the basis of personal attitudes and face-to-face selection, and vacancies are therefore difficult to fill using a quota system, where employers must sponsor individual workers before they cross the border on the basis of a CV and other formal requirements. The weakness of existing channels for recruiting low-skilled foreign labour in Southern Europe is a large part of the explanation for the large stock of irregular migrants that exist in these countries.

Focusing on the social-democratic ('Nordic') model Emily Cochran Bech and Per Mouritsen likewise show that attempts to restrict family migration in order to 'rescue' the Danish welfare state may be having a number of perverse effects.¹⁸ In 2010, Denmark's family migration policies – already some of the most stringent in Europe – were tightened further with the introduction of a new exam and point system requiring the foreign-resident spouse to have 'integration-relevant qualifications', including Danish language competency, education qualifications and work experience, with further language and civic requirements imposed on the Danish-resident spouse. In the short-run, the new policies did substantially reduce the number of family migrants entering Denmark. However, the authors show that the policies did not increase the number of interracial marriages and there is evidence that they may be dissuading economic migrants from settling in Denmark. More perversely, they come into conflict with international and European human rights conventions, which limit state autonomy in legislating family migration rules regarding refugees, EU migrants and even third-country nationals living within a state's territory. As a result, Denmark's selective approach to family migration may end up affecting only the family reunification requests of Danish citizens, with the people whose family reunification Danish legislators want to influence remaining beyond reach.

Even in the UK, with its more sophisticated points-based system, policymakers have been unable to ensure that immigration policies are fit for purpose. As Bridget Anderson shows, only those immigrants who qualify to enter under Tier 1 (high-skilled migrants) can do so on the basis of points, without sponsorship from an employer. All other immigrants who enter under Tier 2 (skilled) or Tier 3 (low-skilled) must have a 'certificate of sponsorship'.¹⁹ Anderson shows how this bureaucratic and complex system of control, which makes skilled and unskilled foreign workers dependent on their employer for legal status, is perversely responsible for the state losing control over migration. Caught between inflexible immigration rules, such as the prohibition on moving from one employer to another, and a labour market that is weakly regulated, unskilled foreign workers in the UK easily

¹⁷ Reyneri, E., 'Irregular Immigration and the Underground Economy in Southern Europe: Breaking the Vicious Circle'. In E. Jurado and G. Brochmann (eds) *Europe's Immigration Challenge: Reconciling Work, Welfare and Mobility*. London, 2013.

¹⁸ Cochran Bech, E., & Mouritsen, P., 'Restricting the Right to Family Migration in Denmark: When Human Rights Collide with a Welfare State Under Pressure'. In E. Jurado and G. Brochmann (eds) *Europe's Immigration Challenge: Reconciling Work, Welfare and Mobility*. London, 2013.

¹⁹ Tier 3, however, has remained closed since the launch of the new immigration system.

descend into illegality. In doing so, they not only exacerbate the precarity of the foreign workers; by combining with the UK's weakly regulated labour market, they also undermine the position of the native-born workforce by creating a 'race to the bottom' in wages and employment standards in segments of the labour market which rely on high shares of migrant labour.

Policy Implications

The efforts of each country analysed in this book to implement skill-selective immigration policies are constrained, and often undermined, by their failure to take into account the actual dynamics of the welfare systems and labour markets they are embedded in. Besides efforts to improve admissions policy, governments need to give greater consideration to the way that labour-market regulation and welfare policies influence not only demand for foreign labour, but also the economic and social incorporation of immigrant and non-immigrant groups. When thinking about the strategies that governments should adopt, it is clear that there can be no one-size-fits all solutions. The challenges that emerge from the interaction between immigration, labour markets and welfare systems are specific to each social model and the solutions to these must therefore be tailored to the particular situation each country is in, while taking into account their common embeddedness in EU institutions and regulations.

Europe requires innovative immigration policies which recognise not only the demand for skills in different sectors of the economy, but also the impact that immigrants can have on important labour-market and welfare institutions. In certain countries, like Italy, where small scale, often low-productivity industries dominate the labour market, one option could be to open up more channels for low-skilled labour to prevent employers from having to recruit migrants 'off the books'. In other countries, like Norway, where comparatively high minimum wages and productivity requirements can make it hard for migrants to gain access to employment, a greater emphasis on language, skill formation and vocational training seems necessary to strengthen the employability of the new migrant labour force. In the UK, immigration policies need to be complemented by measures that ensure immigrants, especially the less skilled, more rights and protection in order to prevent their dependency on often-abusive employers and a growing precarity of immigrant labour.

Labour-market policies will also need adjustment in light of the growing levels of immigration. Most importantly, measures are required to ensure a proper wage floor and a minimum set of employment protections for all workers. In some countries, such as Norway, these institutions exist but are being subject to erosion by employer circumvention, enforcement problems and the difficulties which trade unions often face in striking agreements and organising in companies predominantly hiring migrant labour. For trade unions, their increasingly diverse constituencies require innovative approaches to promote recruitment and influence in the multi-ethnic service sector in particular. In other countries, such as the UK, with fragmented bargaining systems and liberalised employment protection, the rise in casual, low-paid work among migrants accentuates the case for re-embedding and re-regulation of the labour market. In conservative welfare regimes, such as Italy's, where labour markets are segmented between a set of 'core' workers, who enjoy high levels of protection, and those on the 'periphery', who do not, the challenge is to find proper ways of overcoming this segmentation.

For the ailing European welfare systems, the rise in immigration represents both opportunity and challenge. In order to reap the benefits of an increased supply of migrant labour, there is a need for comprehensive approaches, linking immigration policies with social and labour-market policies. This is as true for countries with social democratic welfare models as it is for countries with conservative or liberal welfare systems. Variations in the degree of and basis for welfare coverage – universal,

insurance-based or means-tested – are less important than the ability of governments to develop social services and benefit systems that are capable of enhancing labour-market participation and skill formation and creating minimum wage setting systems that ‘make work pay’. As long as these pre-conditions are in place, immigration can contribute to ‘double gains’ by providing both the labour and revenues needed to sustain the European welfare states.

Europe’s Immigration Challenge is published by I.B Tauris and can be purchased [here](#).