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Welfare and migration in the context of the European Union: Case study of the
Netherlands

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Welfare and migration in the context of the
European Union

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Introduction

With central and eastern European countries joining the European Union (EU) in 2004 and 2007, it has become easier for people from these countries to move to north-western European member states with a more developed welfare system.¹ In light of this, these EU enlargements have been met with increased political concerns about national welfare states (De Giorgi and Pellizzari, 2009, Kvist, 2004, Schmidt et al., 2018). For example, the UK experienced a substantial inflow of EU migrants from the new member states since 2004, and restricting migration and access of European migrants to the welfare system was one of the highest priorities surrounding the Brexit referendum (Blauberger and Schmidt, 2017, Kahanec and Pytlikova, 2017). Similar calls for policy change can be observed in other countries. For instance, in 2013, the interior ministers of Austria, Germany, the Netherlands and the UK wrote a joined letter to the European Commission asking for measures that would curb the “abuse” of the right to free movement and reduce “excessive strain on the social systems in the receiving societies”.² Furthermore, terms like “welfare abuse” and “benefit tourism” are regularly used in public and political discourses, and suggest that EU citizens move to other EU countries for the primary purpose of accessing benefits rather than working and contributing to the welfare system and society at large (Lafleur and Stanek, 2017, Blauberger et al., 2018).

Examples like these clearly illustrate a political tension between the right to freedom of movement of all EU citizens and generous welfare states. At the same time, a growing body of literature recognizes the importance of national labour markets and welfare state institutions for explaining different political responses to free movement within the EU (Bruzelius, 2018, Heindlmaier and Blauberger, 2017, Blauberger and Schmidt, 2014, Martinsen and Vollaard, 2014, Ruhs and Palme, 2018). These insights from the social policy literature suggest that member states have other means for protecting their welfare states besides national borders. However, empirical evidence on whether or not the abolishment of border restrictions actually increased pressures on more generous welfare systems across Europe is still scarce (Geddes and Hadj-Abdou, 2016, Schmidt et al., 2018).

¹ Although movements within the European Union are also referred to as ‘mobility’, in this paper we refer to ‘EU migration’ for EU citizens who migrate within the EU to acknowledge the special status of mobile EU citizens as compared to natives in terms of their welfare rights in another EU member state.

² Letter from Johanna Mikl-Leitner (Minister of the Interior, Austria), Hans Peter Friedrich (Minister of the Interior, Germany), Fred Teeven (Minister for Immigration, Netherlands) and Theresa May (Home Secretary, UK) to the EU Council Presidency and to Commissioners Viviane Reding, Cecilia Malmström and László Andor

A notable exception is a recent study by Martinsen and Werner (2018), who examined EU citizens' take-up rate of contributory and non-contributory benefits in Denmark and Germany over the years after the 2004 EU enlargement. In their study, EU migrants' take-up rate of non-contributory social assistance was higher than the take-up rate of contributory unemployment insurance for Germany, while the authors found the opposite pattern for Denmark. The authors argued that the dualized labour market of Germany likely resulted in higher shares of EU migrants relying on non-contributory (in-work) benefits, whereas EU migrants in Denmark seemed better integrated into the core of the labour market and welfare system. However, as their analyses focused on EU migrants in general without distinguishing between specific countries of origin, their findings cannot be directly linked to changes in migration patterns and migrant populations from the central and eastern European member states after EU-accession, nor to restrictions on the labour market that have been in place for such migrants over the studied period.

In this study, we add to this literature in an innovative way and aim to empirically investigate the consequences of the abolishment of border restrictions for national welfare states using the Netherlands as a case study. As one of the countries where concerns about welfare tourism after the EU enlargements of 2004 and 2007 were raised, the Netherlands presents a relevant case. Unique comprehensive data on migration flows and migrant populations from the Dutch population registers are used that allow this type of detailed analyses. We focus on EU migrants from Poland and Bulgaria over the years after these countries joined the EU, in 2004 and 2007 respectively. As Polish migrants obtained their status as EU citizens three years before Bulgarian migrants, including both countries in our analysis enables us to observe characteristics of recent migration flows and populations from new member states to the Netherlands at different stages since EU accession. Furthermore, as Poland and Bulgaria were subjected to transitional measures including limitations in migrants' labour market access, Bulgarian and Polish migrants gained access to the Dutch labour market at different points in time. Thus, a focus on these countries enabled us to investigate the impact of labour market restrictions on migration patterns and welfare access within a single destination country.

Welfare and free mobility within the EU

Public and political concerns about national welfare systems in the context of free intra-EU mobility resonate with a broader scholarly claim that welfare systems are intrinsically based

on a principle of closure, and that more inclusive and generous welfare systems are unsustainable in open economies of free movement (Nannestad, 2007, Ferrera, 2005, Freeman, 1986). In most countries, a trade-off can be identified between the openness of borders and migrants' welfare rights (Faist, 1995, Ruhs, 2013). Yet the European Union constitutes a case of 'exceptionalism' in this respect (Ruhs, 2015, Geddes and Hadj-Abdou, 2016): freedom of movement and equal treatment of EU migrants and natives *both* form fundamental rights enshrined in the Treaty on the Functioning of the European Union. Within the EU, national welfare states have become semi-sovereign and can no longer limit benefits and services to their citizens. Moreover, workers as well as economically non-active EU citizens are granted social rights that cannot be unilaterally restricted by member states (Bruzelius et al., 2014). If welfare is an important driver of migration, and its impact mainly regulated by border restrictions, one could expect increased welfare migration from the poorer member states in eastern Europe to the more developed welfare systems in western Europe after the EU enlargements (Martinsen and Werner, 2018, De Giorgi and Pellizzari, 2009, Kvist, 2004). Furthermore, even if migrants are primarily driven by a labour motive (*ex-ante*), welfare arrangements may become important if they are exposed to events like unemployment (*ex-post*) (Andersen and Migali, 2016). Public finances may therefore be affected by increased migration after the EU enlargements – regardless of the main driver of the migration decision.

Yet in contrast with this line of reasoning and what is often assumed, EU migrants are not granted access to the welfare system in the host country from the moment of arrival (Mantu and Minderhoud, 2016). According to the Free Movement Directive, EU migrants are not entitled to social assistance or unemployment benefits in the first three months after arrival. After this initial period, the equal treatment principle applies to EU migrants, including access to the welfare system. However, to legally reside in the host member state for more than three months, EU migrants must either work in the host member state or have sufficient resources for themselves and their family members not to become a burden on the welfare system. Claiming social assistance could be regarded as proof of lack of self-sufficiency, and in result may lead to losing the right to reside in the host member state, as well as the right to social benefits (Lafleur and Mescoli, 2018, Heindlmaier and Blauburger, 2017). Only after residing continuously in the host member state for five years, EU migrants obtain similar rights as nationals – including welfare rights – even if they have never worked. EU migrants' welfare rights thus are largely determined by the conditionality of welfare benefits in the destination country, as well as their labour market status.

Welfare access across Europe

Under the equal treatment principle, EU migrants and natives are subjected to similar eligibility criteria for accessing welfare. Yet whereas EU regulations are largely harmonized across EU member states, considerable variation exists in the way national governments have organized welfare (De Beer et al., 2001). The welfare systems of the different countries thus determine what benefits are available, who is entitled to them and under what conditions (Bruzelius, 2018). In an effort to summarize the main differences, Esping-Andersen (1990) distinguished between three ideal types of welfare regimes: the liberal, the corporatist and the social-democratic regime type. The *liberal* regime mainly provides means-tested social assistance, provided to those who are incapable of working or earn below the minimum income. The UK is typically mentioned as an European example of this type of welfare system. The *corporatist* regime links social insurance to individuals' employment history, wage and paid premiums. Continental European countries like France, Belgium and Germany approximate the corporatist welfare regime. In the *social-democratic* regime, relatively large shares of universal benefits are provided. The generous benefits are paid for through high general taxation. The Scandinavian countries are best described by this type of welfare system.

The typology of Esping-Andersen illustrates that the different national welfare models have different underlying principles of redistribution. In the social policy literature, scholars have therefore used these broad institutional differences – particularly the share of non-contributory benefits – to explain why some member states feel more vulnerable to intra-EU migration than others (Beaudoynet, 2015, Martinsen, 2005, Roos, 2016, Ruhs, 2015). For instance, EU citizens would have relatively easy access to welfare in the UK compared to countries with a corporatist welfare regime, as the British liberal welfare regime is largely non-contributory (Ruhs and Palme, 2018). Yet in practice, European welfare systems are more complex than the ideal types distinguished by Esping-Andersen. Corporatist welfare regimes typically also provide benefits unrelated to social insurance contributions, such as means-tested social assistance benefits. The Netherlands can be characterized as a 'hybrid' welfare regime (De Beer et al., 2001): it provides generous redistributive benefits that are typical for the socio-democratic regime, but also has an important social insurance component, like the corporatist regime. Rather than focusing on broad ideal types, in this study we therefore distinguish between specific welfare benefits and their eligibility criteria.

Labour market access and welfare

Debates on migration and the welfare state are often divided between “labour” and “welfare” views (Josifidis et al., 2014), and consider welfare benefits as an alternative to paid labour (Borjas, 1999). However, a sharp distinction between “labour” and “welfare” migration may not be warranted for intra EU-migration (Andersen and Migali, 2016). Although inactive individuals have the same rights as workers to reside in another member state, their residence permits do not directly translate into social rights. In addition, even for EU migrants who are or have been active on the labour market, access to most welfare benefits either depends on long-term residence, or on paid contributions.³ In other words, both the equal treatment principle and national eligibility criteria are at least partly dependent on EU migrants’ employment history in the host country. The interaction between welfare systems and labour market access thus is highly relevant for research on the link between welfare and intra-European migration.

EU migrants’ labour market access is particularly relevant in the context of the EU enlargements of 2004 and 2007, as EU member states could postpone the opening of their labour markets for migrants from the central and eastern European countries up to a maximum period of seven years (European Commission, 2011). Many countries used this opportunity to impose tight restrictions to labour market access of migrants from the new member states and opened their labour markets at different stages. Only Ireland, Sweden and the UK allowed immediate access to EU migrants from the member states that joined in 2004; for the countries that joined in 2007, transitional arrangements were in place in the UK as well (Kahanec et al., 2014). Although transitional measures were originally implemented to protect national labour markets, they also have important implications for EU migrants’ welfare access. In line with this, Kvist (2004) found countries with the least restrictions on labour market access – in particular the UK – to be the most active in adjusting their social policies to prevent a ‘welfare magnet’ effect. This points again to the importance of linking labour market and welfare access when studying intra-European migration.

The Netherlands as a case study: background and methods of analysis

The social policy literature used differences in national welfare state institutions and labour markets within Europe to understand political responses to free movement (Ruhs and Palme,

³ Exceptions are universal benefits and in-work benefits VANDENBROUCKE, F. 2016. Social benefits and cross-border mobility. Sticking to principles may yield better practical results for everybody. *Tribune*. Notre Europe Institut Jacques Delors.

2018). However, a call for more restrictive measures may be based on actual or perceived welfare access of EU citizens (Roos, 2016). In this paper we aim to understand the consequences of the abolishment of border restrictions for national welfare systems. To do so we innovatively connect the national eligibility criteria regulating welfare access of one welfare state, the Netherlands, to empirical data on migration from new accession countries Poland and Bulgaria. We are particularly interested to see whether claims can be substantiated that the pressure on more generous welfare systems increased with the EU enlargements of 2004 and 2007 using the Netherlands as a case study.

EU migration after the EU enlargements

The EU enlargements of 2004 and 2007 have led to significant – and relatively new – east-west migration within Europe (Snel et al., 2015, Favell, 2008). Compared to other European countries, the Netherlands has received quite large numbers of labour migrants from eastern Europe after the enlargements (Snel et al., 2015). Although Polish and Bulgarian migrants already came to the Netherlands before joining the EU, their numbers significantly increased after accession. Especially Polish migration became numerically much more important; this group de facto became the largest immigrant group arriving in the Netherlands in the past decade (for an extensive statistical portrait of intra-EU migration to and from the Netherlands between 2003-13, see author reference hidden for review). Similar to other European countries (see e.g., Favell and Nebe, 2009), also in the Netherlands this resulted in concerns about the potential consequences of these flows including concerns about welfare migration (Kremer and Schrijvers, 2014). As these public debates mainly focused on post-accession migration from the new EU member states, our study includes the two largest groups coming to the Netherlands: those from Poland and Bulgaria.

The Dutch welfare context

The Dutch welfare state offers three main benefits that provide an alternative to income from paid labour: unemployment benefits, social assistance and old-age pensions. First, and similar to corporatist welfare regimes, unemployment benefits in the Netherlands are based on social insurance contributions tied to the employment history of the individual. The level of the unemployment benefit is 75 per cent of the former salary for the first two months, and thereafter 70 per cent (Rijksoverheid, 2018b). If an individual has been employed for at least 26 weeks in the last 36 weeks before becoming unemployed, he/she will receive three months of unemployment benefits. Depending on the number of years an individual has worked, the

duration can be extended to a maximum of 38 months. Neither self-employed nor unemployed individuals pay contributions for unemployment benefits in the Netherlands, and as such they do not build up rights for this type of welfare. Second, social assistance (*Bijstand*) in the Netherlands provides those without sufficient means a minimum income to cover basic needs. The amount of the minimum income a person receives depends on his or her family situation. People living together receive 100 per cent of the net minimum income (together), single persons receive 70 per cent, and single parents receive 70 per cent as well as a child budget (Rijksoverheid, 2018a).⁴ Finally, the state pension of the Netherlands (*AOW*) is a universal benefit, which can be received by all individuals above retirement age, regardless of their employment history and nationality. For every year that a person lived and/or worked in the Netherlands from the age of 15 onwards he/she is entitled to a two per cent of the public pension allowance (Verzekeringsbank, 2018). The legal retirement age used to be 65 (but has been increased stepwise since 2013), meaning that those who lived and/or worked in the Netherlands since the age of 15 have built up their full pension by the time they reach retirement age. Within Europe, Dutch pensions are considered to be fairly generous, and make up a large share of total social expenditure of the government (OECD, 2016).

Labour market access

Between 2007 and 2014, Polish and Bulgarian migrants experienced different access to the Dutch labour market due to transitional arrangements adopted by the Dutch government. In the Netherlands, EU migrants from the new member states needed a special work permit to work for an employer over the first years after EU accession. For Polish migrants, the transitional arrangements were in effect the first three years after Poland became EU member in 2004 (i.e., until May 2007). After Bulgaria joined the EU in 2007, Bulgarian migrants had restricted access to the Dutch labour market for seven years (i.e., until January 2014). Because Polish and Bulgarian migrants obtained their status as EU citizens and access to the Dutch labour market at different points in time, these groups are particularly interesting for investigating the impact of the EU enlargements on the Dutch welfare state.

Although Polish and Bulgarian migrants are often documented to be mainly concentrated in more elementary occupations, particularly industry and production, construction and agriculture for Polish migrants, and cleaning and catering for Bulgarian

⁴ The Dutch government adjusts the minimum income twice a year for it to match the average contractual wage development in the governmental and market sector. Over the years under study, the gross monthly amounts varied from 1.154,50 euro in 2001 to 1.578,00 euro in 2015 EUROSTAT 2018. Monthly minimum wages - bi-annual data. Publications Office of the European Union: Eurostat.

migrants (Dagevos, 2011, Gijsberts and Lubbers, 2013), more recent studies show more heterogeneity (e.g., Van Ostaijen and Scholten, 2018). For example, migrants are both low, medium and highly skilled (Engbersen et al., 2013, Van Ostaijen et al., 2017), and particularly recent Polish migrants (arriving between 2013 and 2015) find jobs in the higher segments of the labour market (Gijsberts et al., 2018). Considering their access and situation on the Dutch labour market, Polish and Bulgarian migrants often occupy different positions. Whereas Polish migrants mostly work for an employer (Gijsberts et al., 2018), Bulgarian migrants are more often self-employed. This is likely the result of the transitional arrangements: self-employed workers do not need a work permit in the Netherlands if they formally register in the Netherlands or their home-country. Gijsberts and colleagues (2018) revealed a similar pattern among Polish migrants who came to the Netherlands before the transition period ended for Poland in 2007: around a quarter of these migrants is still self-employed today.

Analytical approach

When studying the link between migration and welfare in the context of the EU enlargement of 2004 and 2007, three aspects could potentially result in an increased pressure on the Dutch welfare state. First, the age at migration of those arriving as welfare use is linked to life course stage. People are generally a net burden on the welfare system when they are in state-financed education, net contributors when they are working, and once again a burden when they are retired or require expensive medical services (Dustmann et al., 2010, Legrain, 2008). An increase in the shares of Poles and Bulgarians entering the Netherlands above or below working age after the EU enlargements could therefore increase pressures on the Dutch welfare system. Second, the Dutch welfare system could be burdened if Polish and Bulgarian migrants of working age more often rely on welfare benefits after the EU enlargements. This particularly applies to residence-based social assistance, which can be accessed without prior contributions (Roos, 2016, Ruhs, 2015, Martinsen and Pons Rotger, 2017). Third, pressure on the Dutch welfare system could increase if Polish and Bulgarian migrants stay in the Netherlands for longer since the EU enlargements. After all, the welfare rights of EU citizens increase with the time spend in the destination country.

To investigate whether any of these three patterns occurs, we analyzed aggregated population register-based social statistics from Statistics Netherlands. Data are partly derived through the online database Statline (Statistics Netherlands, 2017), and partly from the research report ‘Migrantenmonitor’, which captures migrants’ labour market status from 2007 onwards (Statistics Netherlands, 2015, Statistics Netherlands, 2013). Statistics Netherlands derived these statistics from the system of social statistical datasets (SSD), a system of interlinked and

standardized registers and surveys. The SSD covers a broad range of demographic and socio-economic subjects, including age, labour force participation, social security and migration. It is the most important source for official statistics in the Netherlands which includes the full legally residing population of the country (Bakker et al., 2014). European citizens are obliged to register in the Netherlands when their expected stay in the Netherlands exceeds a minimum of three months (Gijsberts and Lubbers, 2013). National reports revealed that not all Polish and Bulgarian migrants in the Netherlands register (e.g., Van der Heijden et al., 2013). However, having a residence registration in the destination country i.e. the Netherlands is crucial to successful settlement and the ability to access social rights (Bruzelius, 2018). In other words, migrants need to register in the Netherlands to gain access to Dutch welfare arrangements. The share receiving welfare in the Netherlands within the total migrant populations studied here is therefore likely an overestimation.

Results

Size and age composition of migration flows

Figure 1 describes the migration flows from Poland and Bulgaria to the Netherlands between 1995 and 2016 in absolute numbers. We observe a direct increase in the immigration rates from both countries after the EU enlargements, even though transitional arrangements initially restricted labour market access for Polish and Bulgarian migrants. Whereas 2,234 Polish migrants entered the Netherlands in 2003, this number more than doubled to 5,162 when Poland joined the EU in 2004. Similarly, the number of Bulgarian migrants steeply increased from 473 annual entries in 2006 to 4,840 in 2007, when Bulgaria joined the EU. After the labour market restrictions were abolished for Poland in 2007 and Bulgaria in 2014, we however observed only a very small increase in immigration for both countries. Figure 1 further reveals that most migrants from Poland and Bulgaria arrived in their early working ages: in the year of EU accession, 53 per cent of the Polish migrants were between 25 and 45 years old. For Bulgarian migrants, this was 62 per cent. Whereas old-age pensions typically make up the largest share within welfare expenditure by the government (OECD, 2016), these figures indicate that recent Polish and Bulgarian migrants are too young to receive the universal state pension shortly upon arrival. Unemployment benefits and social assistance thus are the most relevant welfare arrangements for these groups. For both countries only a marginal share (not more than two per cent annually) of persons who migrate to the Netherlands at ages are above

the legal pension. Although these older migrants can access the Dutch old-age pension after legally residing in the Netherlands for more than three months, they are unlikely to have built up Dutch pension rights before arrival – as these rights are related to years of residence and/or work in the Netherlands. Therefore, these older migrants are only entitled to a very small portion of the full state pension, and as such are unlikely to put much pressure on the Dutch welfare system.

FIGURE 1 ABOUT HERE

Labour market status

Next, we investigate whether Polish and Bulgarian migrants in the working ages increasingly relied on the Dutch welfare system rather than income from paid labour after their origin countries joined the EU in 2004 and 2007 respectively. Figure 2 shows the labour market status of the Polish and Bulgarian working age populations in the Netherlands between 2007 and 2014 as reported by Statistics Netherlands' *Migrantenmonitor* (Statistics Netherlands, 2013, Statistics Netherlands, 2015). Over the studied years, most Polish and Bulgarian migrants in the Netherlands were of working age (between 85 and 95 per cent). Polish migrants have had full access to the Dutch labour market since 2007. Within the working age population, by far the majority of Polish migrants worked (around 87 per cent) of whom only a small share (around four per cent) was self-employed. Although a substantial share was unemployed, the share of unemployed Poles receiving welfare benefits remained quite low and ranged from two to four per cent of the Polish migrant working age population. Since 2012, unemployment benefits (*WW*) formed the main type of welfare received by this group, which is related to their former labour market participation and rights that were accumulated.

Patterns are slightly different for the Bulgarian migrant population in the Netherlands. Over the studied period, the share of Bulgarian migrants who worked in the Netherlands ranged from 37 per cent of the working age population in 2007 to 52 per cent in 2014. Furthermore, of those who worked a relatively large share was self-employed, reaching up to 60 per cent in 2012. Transitional arrangements restricting Bulgarian migrants' access to the Dutch labour market during the first seven years after EU accession are likely responsible for these figures. To remain the right to reside in the Netherlands, EU migrants should either work in the country or have sufficient means to provide for themselves or their family members the first years upon arrival. This is reflected in our data where we observe that, despite an increase in the number

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

Overall, the data presented in Figure 2 show that the welfare uptake of Poles and Bulgarians in the Netherlands remained rather low over the period following the EU enlargements. These findings show that the abolishment of border restrictions not necessarily increases pressure on the welfare system in the host country, likely because of European and national eligibility criteria regulating welfare access. Furthermore, the type of welfare benefits mainly accessed by unemployed individuals appears related to their access to the Dutch labour market. In the context of labour market restrictions, EU migrants are less likely to build up rights to contributory unemployment benefits, which for the Netherlands appeared to result in a higher reliance on non-contributory social assistance benefits.

FIGURE 2 ABOUT HERE

Length of stay: return and onward migration within the first five years upon arrival

Figure 3 displays the share of Polish and Bulgarian migrants who moved to the Netherlands between 2001 and 2014 yet left within the first five years after arrival based on data from Statistics Netherlands. For the years 2011 and onwards, information on return and onward migration rates was included up to the most recent years available. As described above, EU migrants' welfare rights in the Netherlands all are to some extent related to individuals' length of stay. However, our data (figure 3) do not show that Polish and Bulgarian migrants stayed for longer in the Netherlands after the EU enlargements. On average, around one third of the Polish migrants left the Netherlands within the first two years after arrival. When Poland joined the EU in 2004, this proportion dropped, to increase again to previous levels in the years to follow. A different pattern can be observed for Bulgarian migrants. After EU accession in 2007, the proportion of Bulgarian migrants who left the Netherlands within the first two years after

arrival initially slightly increased from 24 to 26 per cent. Figure 2 indicates that particularly the share of those who left within the first year went up. In the years to follow, the share of migrants leaving within the first two years kept rising, to reach percentages above 50 per cent from 2011 onwards. In 2014, the share of migrants who left after the first year was much lower compared to previous years, possibly due to the ending of labour market restrictions for Bulgarian migrants. As more recent data are not available yet, it remains to be seen how this development evolves.

FIGURE 3 ABOUT HERE

Discussion

Over the past decade, public and scientific concerns have been raised about how open borders and extended welfare rights of migrants will place a burden on more generous welfare systems within the enlarged EU (e.g., Greve, 2014, De Giorgi and Pellizzari, 2009). At the same time, scholars have argued that EU regulations and national administrations still provide member states sufficient scope to let EU citizens first ‘earn’ their citizenship rights (e.g., Schmidt et al., 2018, Kramer et al., 2018, Bruzelius, 2018). Our study contributes to this debate by empirically investigating migration patterns and welfare uptake of migrants from Poland and Bulgaria after joining the EU (in 2004 and 2007 respectively) using the Netherlands as a case study. Innovatively, we studied these two migrant groups within a single welfare system and labour market, yet under different conditions in terms of labour market access.

First, we reasoned that pressures on the welfare system not just depend on the number of immigrants, but also on their life stage. Although the number of immigrants from Poland and Bulgaria sharply increased after these countries joined the EU in 2004 and 2007 respectively, the vast majority was in the early working ages, a life stage in which individuals typically contribute more to the welfare system than they receive in benefits. Second, we expected that the type of benefit mattered, because social assistance – as opposed to unemployment benefits – can be accessed without prior contributions. Our findings illustrate that the type of welfare used by EU migrants from the new member states crucially depends on their access to the labour market in the destination country. Dutch unemployment benefits are contribution-based, and therefore can only be accessed after former employment in the Netherlands. As labour market access was restricted for Bulgarian migrants over the studied period, this likely explains a higher (but still small) usage of social assistance compared to unemployment benefits for this group. However, in the absence of restrictions of labour market

access, we found unemployment benefits to become more important than social assistance among unemployed Polish migrants receiving welfare. Finally, as the welfare rights of EU migrants in the host country build up over time, return migration may even be more important than migration per se in determining the consequences for national welfare states. Regardless of the migration reason, public finances may be affected by increased migration if sufficiently high benefit levels prevent return migration in case of unemployment or other social events (Andersen and Migali, 2016). We therefore investigated whether Polish and Bulgarian migrants' length of stay in the Netherlands increased after EU-accession. The share of migrants who left the Netherlands within the first years after arrival appeared rather high for both groups. About a fifth of the Polish and a third of Bulgarian immigrants left the Netherlands within a year. After accession to the EU, in 2004 for Poland and 2007 for Bulgaria, return rates even seem to have increased initially to stabilize again. These findings are in line with survey data in the Netherlands indicating that many European migrants do not reside for longer periods but that Bulgarians are even more likely to leave than Poles (Gijsberts and Lubbers, 2015). This can partially be explained with the relatively higher levels of intermarriages with Dutch among Polish migrants (Kleinepier et al., 2015). Kurekova (2013) also suggested that the short-term nature of migration from the new EU member states is potentially related to the restricted welfare rights in the destination country, which makes many of these migrants stay more institutionally connected to the welfare regime in their origin country. In any case, for our study years these findings show the importance of not just immigration but also emigration for the groups and their potential use of welfare arrangements.

Overall, our findings on Polish and Bulgarian migrants to the Netherlands do not support the political and scientific discourse that in absence of border restrictions intra-EU migration increasingly put pressure on generous welfare systems. Empirical evidence from more migrant-centred studies have indicated that many EU migrant citizens are unlikely to claim their social rights due to barriers such as a lack of information about entitlement to rights or language skills (Bruzelius et al., 2017, Ehata and Seeleib-Kaiser, 2017). Our study adds to these explanations that recent EU migrants typically not even meet the eligibility criteria of welfare benefits at arrival, and often leave before gaining full access to the welfare system. This is in line with the reasoning that generous welfare systems are largely resilient to increased migration after the EU enlargements due to preconditions that prevent easy access to welfare as well as the life stage and length of stay of these migrant groups (Kramer et al., 2018; Schmidt et al., 2018). Nevertheless, our findings also suggest that restrictions on the labour market prevent migrants from building up contributory unemployment benefits, resulting in a greater

reliance on non-contributory social assistance among those who become unemployed and receive a welfare benefit.

Although EU migrants from the new member states are often grouped together in research on the relationship between migration and the welfare system (e.g., Martinsen and Werner, 2018), it is noteworthy that the two groups considered in this study may actually capture very different types of migrants: Polish migrants are by and large in paid employment whereas the majority of Bulgarians are either self-employed or not having any income (from employment and benefits). This suggests that the latter group is much more comprised of those who come to the Netherlands without a stable employment perspective and therefore are also more likely to return when not being able to gain any employment perspectives after one year. The economic situation in Bulgaria (one of the poorest EU member states) may encourage a move abroad that would in all cases be an improvement in life conditions. The labour market restrictions that applied for this group until 2014 kept them out of the formal economy but may have resulted in more informal economic activities (that are obviously not captured in our register data) explaining the large share of migrants among this group who are not in employment but also not receiving benefits. Polish migrants on the other hand seem to arrive in a context where employment is already secured. Thus, migrants may not so much think of welfare in the destination as such but much more compare their situation in the origin country to that elsewhere. Further research would therefore benefit from a comprehensive and comparative analysis of different European countries on how decisions to stay, return or move onwards are shaped via welfare at origin and destination. In addition, qualitative data could shed more light on the ways in which migrants from different origin countries in the EU make their decisions.

In this study, we argued that welfare usage of mobile EU citizens after settlement not necessarily indicates that the welfare system in the destination country motivated their move abroad. At the same time, low welfare usage by EU migrants as found in this study also does not prove that welfare is irrelevant to their migration decisions. First, it is possible that EU migrants *do* consider the welfare system in the destination country, but have limited information on welfare arrangements, or are not aware of the eligibility criteria attached to them. Qualitative studies indeed signal that EU migrants from the new member states are not always fully or adequately informed about their welfare rights in the destination country (e.g., Alho and Helander, 2016, Ehata and Seeleib-Kaiser, 2017). Similar findings are reported for migrants from outside of the EU (third country nationals) who often also have no or limited knowledge on welfare arrangements and related eligibility criteria (Renema et al., 2017).

Alternatively, welfare arrangements may play a role in migration decisions, but not in the shape of a ‘work or welfare’ trade-off. After all, returns from the labour market are likely higher than those from welfare benefits for active EU migrants, whereas inactive EU migrants are initially not eligible for welfare in the host country. Rather, welfare benefits could form a supplement to income from paid labour, for instance through family or housing benefits, or may be perceived as a safety net to protect against loss of income. In turn, instead of an independent magnet effect, welfare systems may affect migration decisions together with other factors, such as labour market characteristics. Such alternative mechanism deserves more attention in subsequent studies on the role of welfare systems in migration decisions. Finally, instead of focusing on a ‘magnet’ effect of generous welfare arrangements in the destination country, Bruzelius and colleagues (2017) argue that the welfare system in the origin country may shape the ability to settle in another member state. They suggest that it remains extremely difficult for economically inactive EU migrants to access minimum subsistence benefits during the first five years after moving to another member state. These migrants are therefore initially dependent on the ‘export’ of benefits from their country of origin.

To conclude, even in the context of free mobility, EU migrants’ welfare access in the destination country depends on the one hand on European and national eligibility criteria, and on the other hand on migrants’ life course characteristics, length of stay and labour market status. This has important implications for future studies investigating the link between welfare and intra-European migration. First, our study reveals that merely comparing the size of migration flows provides insufficient information to assess the consequences of the right to freedom of movement for national welfare systems. Instead of treating migrants as a collective group, variation within intra-European migration flows in terms of personal characteristics such as life stage, labour market position and length of stay should be acknowledged (Schulzek, 2012). On a similar note: also the gendered nature of migration and the role of welfare needs more attention in future studies. Second, our findings demonstrate how the right to reside and access to social rights in another member state is still largely tied to economic status, despite expansions of freedom of movement and social rights on the basis of EU citizenship (Bruzelius et al., 2017). This contradicts the claim that national governments are directly accessible to EU migrants in the context of free mobility within the EU, and implies that figures on EU migrants’ welfare usage should not be explained as a proxy of ‘welfare migration’. Finally, whereas previous studies often grouped EU migrants together in their analyses, our findings illustrate important variation between migrants from different countries of origin. Thus, future research investigating the link between welfare and intra-European migration should not only consider

whether people move towards countries with a generous welfare system, but also who moves and how the situation at origin, including welfare, shapes their migration decisions.

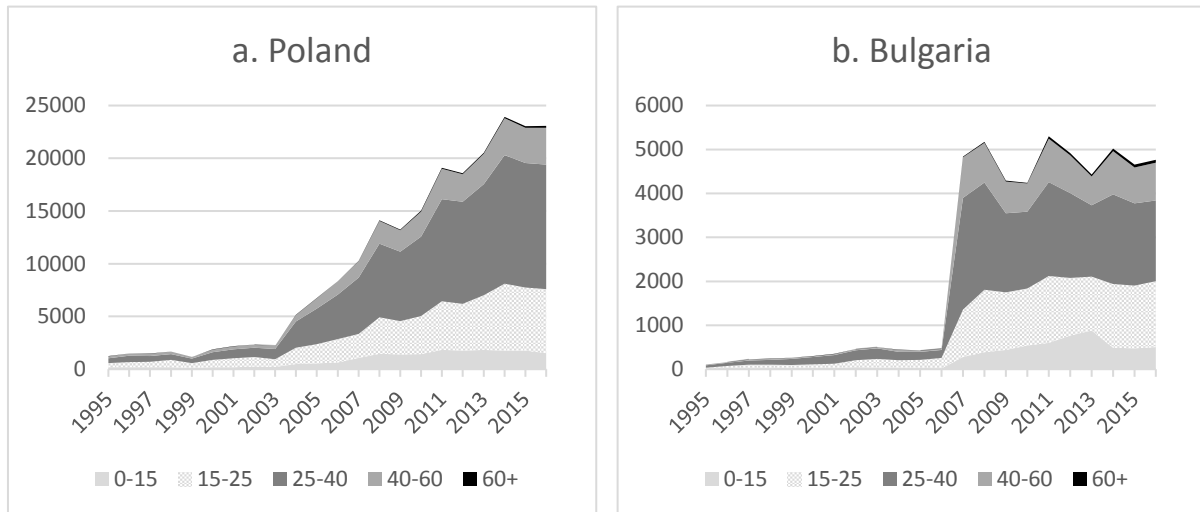


Figure 1: Size and age composition of migration flows to the Netherlands 1995-2015, absolute numbers. Source: Authors' Calculations based on Statistics Netherlands' StatLine Database (2017)

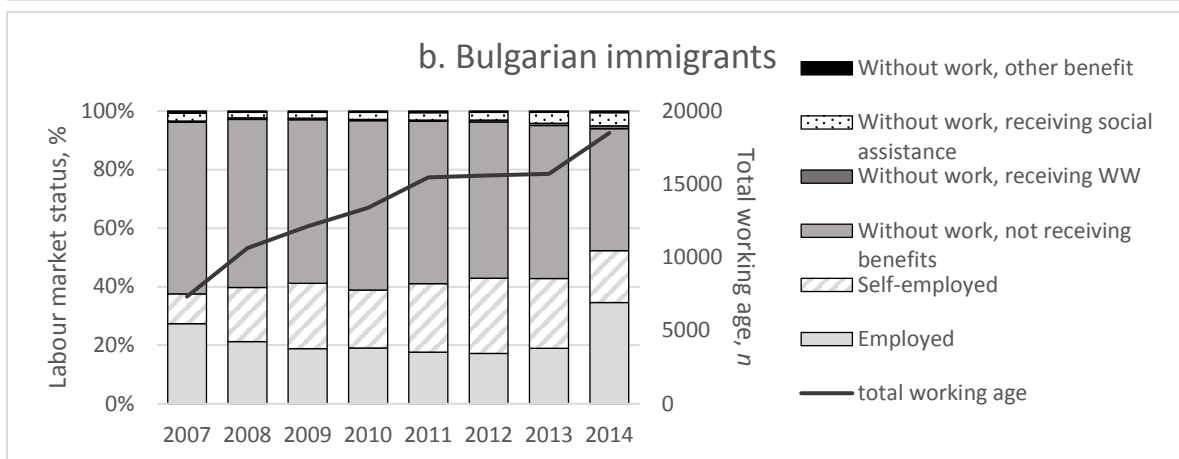
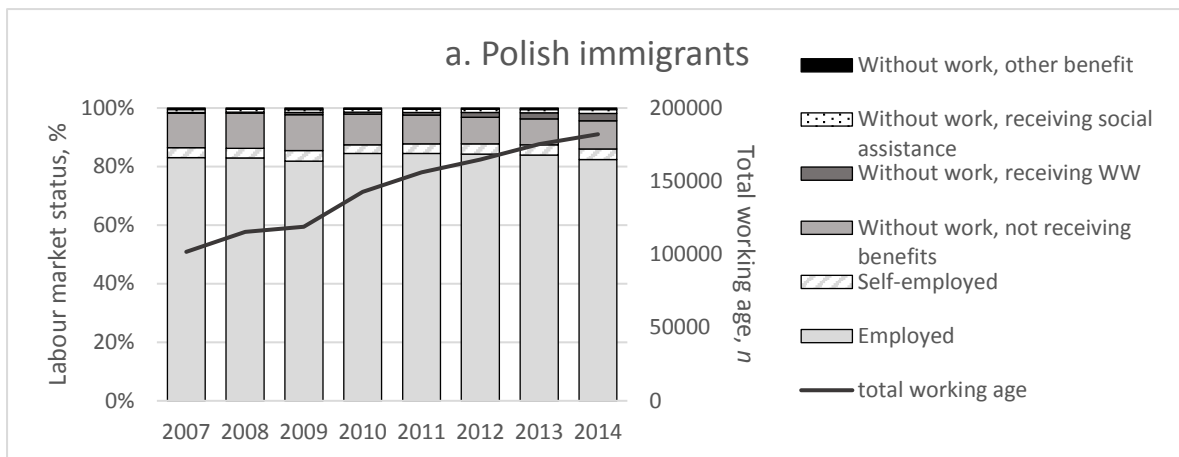


Figure 2: Labour market status and size of Polish and Bulgarian immigrant groups in the working ages residing in the Netherlands, 2007-14.

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

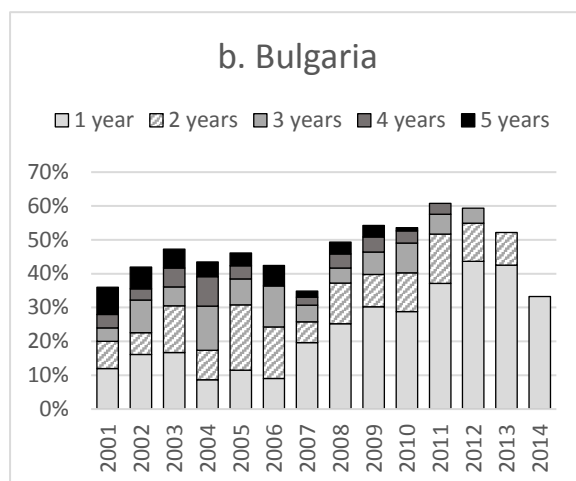
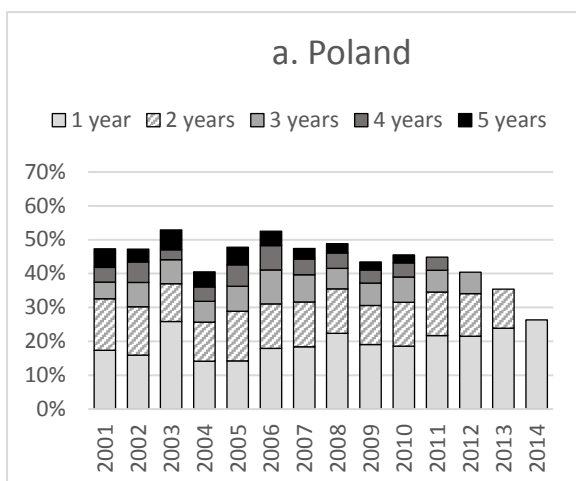


Figure 3: Share of migrants leaving the Netherlands within the first five years by year of arrival, 2001-14.

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

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

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This study empirically contributes to the debate on consequences of the abolishment of border restrictions for national welfare states within the EU. The role of national welfare arrangements and labour markets has often been overlooked in these discussions. Using large scale population data from the Netherlands as a case study, we analyze the migration patterns and labour market status of Polish and Bulgarian migrants after these countries joined the EU. Innovatively, we study these two migrant groups within a single welfare system and labour market, yet under different conditions of labour market access. Our findings do not support the political and scientific discourse that pressures on generous welfare systems increased due to the 2004 and 2007 EU enlargements. Nevertheless, our findings also show that restrictions on the labour market prevented migrants from building up contributory unemployment benefits, resulting in greater reliance on non-contributory social assistance among those who became welfare-dependent.

The Netherlands Interdisciplinary Demographic Institute (NIDI) is an institute for the scientific study of population. NIDI research aims to contribute to the description, analysis and explanation of demographic trends in the past, present and future, both on a national and an international scale. The determinants and social consequences of these trends are also studied.

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