

Immigration and Sustainability in Welfare Policies

by Veronica Merotta



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This report aims to analyse the trends and the perception of the evolving Italian welfare system, as it is increasingly more confronted with a structural and rooted presence of immigrants. The report first describes the general concerns of the Italian citizens over the future sustainability of the current Welfare system. Then, it moves to what is considered as the main pillar of the welfare system, i.e. the pension system. In order to give an accurate reflection on the future scenarios and the role of immigration in the welfare system, the analysis of the pension system is conducted by looking at the public expenditure on welfare services as well as Italy's demographic predictions. In conclusion, it shows the health conditions of the immigrant population by providing information on their use healthcare services and their perception of their health conditions in comparison with the one of native Italians.

1. A concern on welfare: are immigrants an advantage or a disadvantage?

There is an increasing concern that immigration could be a burden to the national welfare systems. Many countries have adopted protectionist measures in welfare policies by introducing discriminating requirements to the access to service based on the residence status and permit. The actions taken by Conservative British government led by Cameron are just one of the latest examples of containing social subsidies to immigrants. It is interesting to note, however, that in the British case restrictions are not to be applied to migrants coming from countries with strong migratory pressure, but to EU citizens. The package Cameron presented and urged the EU to adopt contains restrictions on access to social housing in the first four years of residence, restriction to tax benefits at the national level and to income subsidies, and the option of repatriation in case of long-term unemployment.

Studies on the public perception of the use of welfare services by immigrants confirmed the political assumption that immigrants are perceived as a burden to the public finances. Studies carried out in EU countries and in Canada highlighted that 50% of people believes immigrants receive money-wise more healthcare and welfare services than their tax contribution (Sole24ore, 13 June 2013).

A 2010 Euro-barometer studies published by the European Commission revealed that one out of two EU citizens (EU 27) believes that immigrants enjoy more welfare than contributing to it. This perception is in contrast with the widespread tendency prioritize austerity measures to

consolidate the public financial resources and reduce public deficit and public debt. This has often an impact on the budget allocated to social policies and, more specifically, to integration policies addressed to foreign citizens.

Some studies highlight quite the opposite tendency: the use of welfare services by immigrants remains below their share into society. The list below contains data on the public expenditure on social services to foreign-born Italian residents and the percentage covered by the immigrant population (Lunaria, 2013).

Table 1.1. – Total expenditure and expenditure covered by foreign-born citizens (in euros) (2011)

Expenditure item	Year	Total expenditure	Expenditure on foreign-born citizens	% on the total expenditure	% on the total expenditure (covered by foreign-born citizens)
Primary and secondary education	2011	54.777.000.000	4.848.414.000	8,85	32,43
Healthcare	2011	112.039.000.000	5.160.873.475	4,61	34,52
Pension	2010	258.447.000.000	1.350.820.000	0,52	9,04
Unemployment	2011	13.431.000.000	1.874.967.600	13,96	12,54
Social exclusion and protection	2011	1.836.000.000	73.440.000	4,00	0,49
Prisons	2011	4.034.000.000	1.457.887.600	36,14	9,75
City council expenditure on "immigrants and nomads"	2010	184.411.897	184.411.897	100	1,23
Total expenditure on foreign-born citizens.		444.748.411.897	14.950.814.572	3,36	100

Source: Lunaria (on the basis of Istat findings)

The item where a higher percentage of money is spent on foreign-born residents is prisons, with one third of the overall public expenditure being allocated to foreign-born prisoners. In the other cases the expenditure on immigrants is never higher than 15%. On the other hand, healthcare and education absorb a higher share of immigrant's money. Generally speaking, immigrants benefits from services worth 15 billion euros (3,4% of the overall public expenditure). This percentage becomes relatively little considering that immigrants represented 7.6% of the Italian population in 2011 (Lunaria, 2013).

Immigrants access welfare and healthcare services less than Italian nationals. In absolute terms, this is due to immigrants being averagely younger and healthier than Italian nationals.

Italians, on the other hand, use more healthcare and pension services as a result of the higher average age (ISMU, SIMM, ISS).

In terms of tax contributions, it could be argued that immigrants pay more than what they receive. Assessing the impact of immigrants on the fiscal system of a host country for migration is not easy, as it involves issues like what expenditure items to include and what model to adopt. There are models that build on different elements: 1) models that consider the immigrants' net fiscal situation in a given year, 2) models that consider the evolution of the immigrants' fiscal situation over time, 3) models that try to assess the immigrants' role on the State finances in terms of burdens and benefits. There are many studies that try to analyze economic impact of immigrants, according to different perspectives. These studies show how the State benefits from migrants' participation to the GDP (UnionCamere; OCSE). According to UnionCamere, immigration contributes to the GDP by 13%, i.e. 178.5 billion euros. According to the OECD studies the impact of immigrants on the welfare in the OECD countries is not very significant as it accounts for 0.5 to 1% of the GDP. The same studies show that immigrants contribute to the GDP of the host country by 0.9% (Sole24ore, 13 June 2013). In other words, the fiscal impact never exceeds 0.5% of the national GDP positively and negatively.

2. Predicting the migratory flows and their impact on the welfare system

The reforms of the pension system have raised the retirement age. The new pension regime entered into force on 1 January 2012 – the benefits accumulated as of 30 December 2011 are now calculated on the basis of the contribution paid throughout the working activity (contribution system) and no longer on the average salary earned over the last years of work. The old age retirement is 62 for employees, 63 and 6 months for self-employed persons and freelancers. Women's retirement age will be increased to 66 years by 2018, which corresponds to the current old age retirement threshold of men and women working in the public sector. Workers are also required to have paid contributions for at least 20 years. In order to opt for an early retirement, workers are required to have paid contributions for 41 years and one month (women) or for 42 years (men). The pension is reduced by a given percentage in case the worker claims it before turning 62 years old.

Pension is the main welfare service provided in Italy. Compared to the EU average (in purchasing power parity terms), Italy spends more on pensions and less on any other item (Table 1). A recent study carried out by EMN Italia, the Italian Ministry of home affairs and Idos (2014) showed that 61% of the public expenditure per citizen in Italy is allocated to welfare services (as opposed to 46% in the EU20). The share of money spent on social exclusion is almost absent in Italy and very low in the EU (1.6%). Public expenditure on unemployment and support to families and minors are half of the EU average (3% vs 6.1% for unemployment, 4.6% vs 8.2% per support to families and minors). Money spent on health and disability in Italy is 6% less than the EU average (31.5% vs 37.9%).

Table 1.2. – Italy and EU28: the costs of social security services (2010)

Area	Italy – expenditure per citizen (in purchasing power parity terms)		UE 28 – Expenditure per citizen (in purchasing power parity terms)	
	<i>in euro</i>	%	<i>in euro</i>	%
Family/Minors	328	4,6	552	8,2
Unemployment	212	3,0	411	6,1
Social exclusion	18	0,3	105	1,6
Illness/health and disability	2.259	31,5	2.546	37,9
Elderly	4.365	60,8	3.109	46,2
Total	7.182	100	6.723	100

Source: EMN on the basis of Eurostat/ESSPROS data

This comparative table shows that Italy spends less than the EU average on non-pension welfare services that are more likely to be used by immigrants – younger, healthier and enjoying less pension benefits than the Italians. Only 3% of the immigrants residing in Italy are older than 65 (ISTAT, 31 December 2011) and it is likely that the immigrant population will remain averagely young for many years. They will account for 4.3% of the retired population in 2020 and 6% in 2025 (Migrazioni EMN Italia, Ministry of home affairs, Idos, 2014).

Immigrants are registered in the INPS¹ database as actively working rather than retired, unemployed or on labour mobility. However, the growing foreign-born labour force did not correspond to a higher employment rate and this increased the unemployment rate. This trend has been recorded both at the national and the regional level in Lombardy (ORIM 2014). Between 2007 and 2012 the number of foreign-born labour force has increased by 300.000 units (from 1.221.000 to 1.550.000) while the number of foreign-born retired people has doubled (from 25.800 to 56.500) and the number of foreign-born unemployed people has increased by five times (da 10.100 a 55.000). This analysis proves that albeit considerably active in the labour market, immigrants will slowly become more dependent on the welfare in terms of pension, unemployment and mobility subsidies demanded.

A future scenario: an ever ageing population and an increasing need for welfare. The study conducted by Istat aims to provide a future scenario by considering the demographic change that will take place in the upcoming fifty years (ISTAT 2011). The Italian population will increase slightly and steadily and will start decreasing in the final years (2065) as a result of a negative balance of 11m units (28.5m births vs. 40m deaths), while the migration balance will remain positive by 12m units (18m arrivals vs. 6m departures) and will compensate the negative balance. The population will age - the average age will get from 43.5 years to 49.7 in 2065. The number of people older than 65 (now 20%) will reach 33%. The working population (15-64) will decrease steadily and get from 65.7% to 56%. The ratio between active (14-64) and inactive population (>65) will increase by 20% and reach 60%. Non-foreign citizens will get from 7.5% to 22-24% in 2065.

¹ INPS is the Italian National Institute for retirement.

Immigration is not the solution to the sustainability of welfare: immigration is currently playing a key role in the Italian pension system by filling the gap between working and retired population. However, this role is unlikely to last forever. Young and healthy immigrants will age and demand healthcare and pension services. In the long term immigration will not grow sufficiently to maintain the balance between the Italian retired population and the active immigrants. Therefore, the benefit of immigration on the welfare system is to be considered temporary and does not constitute a long-term solution to the welfare sustainability.

Immigrants will not be the solution to the welfare system and will undermine its conditions to sustainability. Once they reach the retirement age, immigrants residing and working in Italy will be facing a tough situation. Those who will opt for retiring in Italy will receive a very low pension. This will also happen to the Italian-born workers who, unlike their parents, will not have accumulated a considerable amount of benefits due to the lack of working stability in their life. Immigrants will even receive a lower pension as they will have received a lower salary throughout their life (25% less than the one of Italian-born workers, EMN, 2014), accumulated less benefits accumulated and failed (in many cases) to meet the threshold of 20 years of contribution.

This trend will be widespread and will increase the number of people living in poverty, and should therefore be on top of the current political agenda.

Many immigrants will decide go back to their country of birth. According to a research by ORIM (ORIM 2014), the number of immigrants willing to leave Italy is increasing. It could also happen that immigrants decide to maintain the Italian nationality to access healthcare services in Italy, that is still considered to provide safer and more advanced services than in their home country (Gilardoni, D'Odorico, Carrillo, 2015).

Many factors will have an impact on the future of welfare. The scenarios presented in the previous paragraphs build on the current situation and try to make demographics forecasts based on the greatest spectrum of variables. However, the future sustainability of the welfare system also depends on external factors and trends that can hardly be predicted. The future pillars of welfare will be determined by the next political decisions on social care, distribution of public expenditure and inclusion/exclusion of immigrants from social, healthcare and pension services.

3. Health conditions and health perception of foreign-born citizens

3.1 Health conditions

The immigrant population is young and healthy. Compared to Italian-born citizens, immigrants access less healthcare services. Hospital stays are usually less costly in the case of immigrants, probably due to their illness being less severe. Immigrants use healthcare services for reproductive reasons (pregnancy, birth-child, abortion), work-related reasons (accidents) or reasons related to the lower socio-economic conditions (respiratory diseases, infectious and neurologic diseases, malnutrition, psychic disorders etc.) (Agenas, 2013).

The health conditions of children of immigrants coming countries at high migration rates (hereinafter PFPm) is worse than children of immigrants coming from developed countries

(hereinafter PSA), and reinforce the gap in the health conditions between the two groups. Children of PFPM are hospitalised more often for infectious and parasitic diseases than children of PSA. The neonatal mortality is higher in PFPM, although the gap has lately narrowed. This disadvantage might be due to the poor hygienically conditions and the exposure to poverty and social exclusion children grow up in (Agenas, 2013).

Significant differences exist between the reproductive health conditions of women coming from PFPM and PSA. According to a survey conducted in Emilia Romagna, an Italian Region (Agenas, 2013), women from PFPM are far more exposed to danger throughout pregnancy than women from PSA and their attitudes endanger their own health. PFPM women lack medical assistance throughout their pregnancy and make high use of abortion. Indicators of the quality of pregnancy healthcare of PFPM women (number of medical check, week of gestations at the first check, number of ultrasound sessions, invasive checks prior to childbirth) are lower than those of PSA women.

3.2 The system to access services

Cases of urgent hospitalisation are particularly high among non-registered immigrants. The access to emergency healthcare services mirrors the limited knowledge foreign-born citizens have on the local healthcare services and the way to access it. In particular, Tunisian men and Moroccan women represent most of the emergency healthcare requests (ISTAT 2011-2012). Non-stop assistance service is one of the services mostly used by immigrants, namely young people aged 25-34 living in Southern Italy (ISTAT, 2011-2012). This trend could be due to the lack an adequate migrant-friendly offer – multilingual communications and leaflets, cultural mediators etc – as well immigrants' communication problems (language) (Tognetti Bordogna, 2004). On the other hand, the economic crisis has led to an increase in the use of emergency healthcare services as opposed to ordinary health options, that have been replaced by household and traditional remedies (Lombardi, Merotta, Pasini, Pullini, 2014). Addressing all these issues would lead to a considerable improvement in accessibility to and use of healthcare services (Pasini, 2012).

Communication and red-tape are the major issues preventing immigrants from accessing healthcare services. The ISTAT study highlights that communication can become a true obstacle to the full access to and use of healthcare services by immigrants. 14% of immigrants older than 14 report having experiences difficulties in explaining their symptoms to doctors, while 15% finds it difficult to understand what doctors say. Understanding and expression issues are higher among women and people older than 55 (ISTAT 2011-2012).

Red-tape represents a disincentive to accessing healthcare services. 12% of immigrants older than 14 report having difficulties in carrying out the tasks required to access services. In particular, the issue relates to Chinese people (20%), Indians (19%), Moroccans (18%) and Philipians (15%). The issue of language decreases as the time immigrants spend in Italy increases, although red-tape issues remain (ISTAT 2011-2012).

Time schedule to access healthcare services are incompatible with the working schedule. One issue is the time schedules of healthcare services (info points, clinics), that are often incompatible with the working. According to a recent survey by ISTAT, 16% of immigrants older than 15 report having difficulties in taking medical checks and examination as they overlap with their

working hours. This issue is more often reported by men (20%), namely Moroccan nationals, and women (13%).

Family guidance units ("consultori familiari") are more used by PFPM women than PSA women. These services are organized in a multi-ethnic perspective – presence of linguistic interpretation, multilingual information etc.) and are an important point of contact between the host country and immigrants, namely on family planning (Agenas 2013).

3.3 The self-perception of health status

Foreign-born citizens have a better perception of their own health status than Italian-born citizens. Although the data above highlights a gap between the health status of PFPM and PSA, foreign-born citizens show a better perception of their health status compared to Italian-born citizens².

Almost 9 out of 10 immigrants consider their own health condition to be good or very good, compared to 8 Italians out of 10. Chinese and Indians are the most positive ones. Poles are the most positive group of EU immigrants, and Chinese and Indians are the most positive group of non-EU immigrants (9 out of 10 people). Ukrainians and Moroccans are less positive than the average.

The older the people, the higher their perception of an inferior health status. As both Italians and immigrants grow older, the positive perception of the personal health status decreases. In terms of gender, men from all ages are usually more positive about their status than women. As of 55 years old, negative perception increases both for men and for women to reach almost positive perception.

Negative perception of health status is higher among immigrants from Southern Italy. 88% of immigrants residing in Northern or Central Italy assess their own health status positively, against 85% of immigrants from Southern Italy (84% of women). In particular, the positive perception of mental health is lower.

The higher the level of education, the more positive the perception of personal health status. This correlation is greater among people older than 45, with 60% of immigrants with minimal education considering their own health status positively, against 77% of those who completed at least higher education.

The level of personal and professional satisfaction and the perception of the personal health status are strictly correlated to the awareness of "goals". Generally speaking, people with higher education are expected to be more aware of what good working and health conditions actually are and learn what they lack to reach the highest level of satisfaction. However, the ISTAT survey cited in the previous paragraphs proves quite the opposite. Among immigrants, a higher level of education does not correspond to a higher awareness of wealth standards. This might be due to the issue of definition, as concepts like "wealth", "health" and "satisfaction" are really culture-dependent and differ between the host country and the home country.

² Data is taken from ISTAT surveys, where no distinction is made between PFPM and PSA and where the distinction between Italian-born and foreign-born citizens is used.

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www.epicentro.iss.it/argomenti/migranti/migranti.asp

INPS, Istituto nazionale di Previdenza Sociale
www.inps.it/portale/default.aspx

ISTAT, Istituto Nazionale di Statistica

www.istat.it/it/

ORIM, Osservatorio regionale per l'Integrazione e la Multiethnicità

www.orimregionelombardia.it/

SIMM, Società italiana di medicina delle migrazioni

www.simmweb.it

The ISMU Foundation is an independent research centre funded in 1992 promoting research and training activities on migration, integration and the ever-growing ethnic and cultural diversity of contemporary societies.

As an independent scientific body, it proposes itself as a service provider open to the collaboration with national and European institutions, local administrations, welfare and health-care agencies, non-profit organisations, schooling institutions, Italian and foreign research centres, libraries and documentation centres, international agencies, diplomatic and consular representations.

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