

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/325883843>

Immigration and the Welfare State in Comparison: Differences in the Incorporation of Immigrant Minorities in Germany and the United States

Article in *International Migration Review* · September 1997

DOI: 10.1177/019791839703100310

CITATIONS

6

READS

17

1 author:



[Hermann Kurthen](#)

Grand Valley State University

59 PUBLICATIONS 308 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Is Studying Abroad Still a Privilege? Exploring Access and Inequalities in the U.S. Midwest [View project](#)

**Immigration and the Welfare State in Comparison: Differences in the
Incorporation of Immigrant Minorities in Germany and the United States**



Hermann Kurthen

International Migration Review, Vol. 31, No. 3. (Autumn, 1997), pp. 721-731.

Stable URL:

<http://links.jstor.org/sici?sici=0197-9183%28199723%2931%3A3%3C721%3AIATWSI%3E2.0.CO%3B2-Y>

International Migration Review is currently published by The Center for Migration Studies of New York, Inc..

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/about/terms.html>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/journals/cmigrations.html>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

JSTOR is an independent not-for-profit organization dedicated to creating and preserving a digital archive of scholarly journals. For more information regarding JSTOR, please contact support@jstor.org.

Immigration and the Welfare State in Comparison: Differences in the Incorporation of Immigrant Minorities in Germany and the United States

Hermann Kurthen
University of North Carolina

"Immigration and the Welfare State in Comparison"¹ was the topic of a German-American conference at the Freie Universität Berlin (FUB), Germany, from December 12–14, 1996, sponsored by the German Marshall Fund of the U.S. and the German Institute of Economic Research (DIW). The organizers, Hermann Kurthen (University of North Carolina at Chapel Hill) in collaboration with Jürgen Fijalkowski (FUB-Forschungsstelle Arbeitsmigration, Flüchtlingsbewegungen und Minderheitenpolitik), and Gert G. Wagner (DIW Berlin, Socio-Economic Panel) brought together eighteen German and American experts for a frank exchange of ideas that crossed the borders of disciplines, such as sociology, political science, demography, economics, and law.

Such a broad approach seems timely considering the complexity of the issues at hand and the prominent response recent welfare reforms have evoked. Conference presentations and discussions centered on the question of how to reconcile immigration and the welfare state without questioning liberal citizenship regimes and securing continuing immigrant incorporation (meaning integration without assimilation). This *leitmotiv* implied a consensus among participants that in both countries controlled immigration, liberal admission criteria, welfare coverage of immigrants, and support for immigrant minority integration should continue because they are adequate, beneficial, and just. Assimilation, segregation and other forms of exclusion or the denial of migration are not feasible alternatives – rather they are recipes to foster political conflicts, social unrest, and cultural marginalization of immigrant minorities in the short and long run.

For a number of reasons, most developed Western societies today witness a fierce debate about what and how many social services a state should pro-

¹The conference proceedings are currently under review by University of North Carolina Press. The findings are expected to be in print in 1998 under the title *Immigration, Citizenship, and the Welfare State*, edited by Hermann Kurthen, Jürgen Fijalkowski, and Gert G. Wagner.

vide to immigrants. This happens against a background of intense global competition, a multiplication of migrant flows over the last decades, and an increasing number of migrants settling without considering naturalization because of expanded denizens rights. Besieged by a situation where immigration pressures continue to exist even in times of extraordinary job loss and considerable stocks of people in poverty or need of public support, which puts a heavy burden on public finances, governments believe that cutting social services at the expense of noncitizen residents or "less deserving" may help to ease fiscal burdens. Consequently some recent legal and political initiatives seek to encourage voluntary repatriation of undocumented immigrants by denying them welfare benefits and other support that allegedly attracted them to the host country in the first place and established a "culture of dependency." These developments have intensified debates about citizenship and naturalization rules, benefits and obligations surrounding immigration, and the cost of integration.

In Germany, a public backlash against asylum seekers, foreigners, and ethnic German resettlers has led to reform of the asylum law, a freeze on welfare benefits for refugees and resettlers, and heated discussion about the need to change Germany's citizenship regulations. In the United States, the capacity of American society to continue incorporating large numbers of immigrants has been called into question. Concern over the impact of legal and illegal migration on demographic composition, the low wage, high unemployment sector of the native population, on social services, local schools, property taxes, language standards, etc., has created considerable anti-immigrant resentment. In 1996 Congress passed and President Clinton signed legislation to deny federal welfare benefits to legal as well as illegal immigrants. In other words, both countries face the question of whether immigration remains compatible with their respective social standards, goals of immigrant integration, humanitarian responsibilities, economic expectations, and liberal democratic values.

While the United States and Germany have to confront seemingly similar problems on the outset, they pursue different strategies for the solution of their problems since they are characterized by a different institutional and social system, political culture, and dominant ideology. Germany represents a comparatively high-developed corporatist welfare state system or *soziale Marktwirtschaft* that offers resident aliens relatively generous access to its welfare to prevent social marginalization but still has considerable barriers for acquisition of citizenship, though recently eased for second generation immigrants. In the United States, immigrant incorporation is centered around the ideology of individual responsibility to work, "equal opportunity" in the labor market, and limited government intervention. The integration of immigrants into the economy and society has been largely left to the *laissez faire* of mar-

ket forces overriding state intervention. Nonetheless the American government has played a role by giving immigrants and their children relatively easy and fast access to legal citizenship and naturalization but has tightened access to welfare benefits considerably. In this respect the United States represents a pluralist and liberal capitalist immigration regime in contrast to the more corporatist and ethnoculturally defined nation-state of Germany. In other words: German "social integrationism" and American "pluralist laissez faire" represent two opposite models.

On the background of these institutional differences and similarities of problems, the Berlin conference focused on five themes to discuss the compatibility of immigration with given welfare standards, and the efficiency of citizenship policies to promote immigrant incorporation: How can the United States and Germany foster immigrant incorporation in the areas of (1) education, (2) labor markets, and (3) welfare? What is (4) the impact of political culture, citizenship rules, and prevailing ideologies on the current reformulation of the relationship between immigrants and native-born citizens, including the migrants' opportunities to promote their political and social interests? And, (5) how does the contemporary immigration crisis affect efforts to reform welfare systems, immigrant policies, immigrant behavior, and the actual flow of migrants?

Addressing theme 1, William Clark and Freya Schultz (UCLA/Santa Barbara) started the conference presentations with an examination of the unintended consequences of mass migration to California in recent decades, particularly the changing fertility patterns and the increasing likelihood of welfare dependency and poverty by age and gender. They pointed out that immigration research needs to draw more attention to long-term impacts of immigration on infrastructure and on specific localities where poverty and welfare dependency develop a critical mass that ignites in tensions and violence. Clark/Schultz demonstrated this finding with data that indicate a dramatic increase of demands for infrastructure and welfare support for the citizen-children of recent immigrants in highly urbanized areas that already suffer from poverty and dependency. In the opinion of Clark/Schultz, improving opportunities of immigrant offspring and providing sufficient education is at least as important as controlling immigrant flows. Without proactive incorporation policies, the failure to meet this challenge will most likely seriously affect natives and immigrants alike and cloud the future domestic prospects of America.

Denise D. Quigley (UCLA/RAND) drew attention to the issue of school-to-work transitions of both native U.S. citizens and immigrants along with their different employment and schooling patterns. She observed that the traditional pattern of full-time schooling followed by full-time employment has ceased to be the norm. Everywhere, "milling around" has become more com-

mon. The School to Work Opportunities Act of 1994 intended to better prepare students for high-wage jobs or further education. However, examining the education of immigrants and natives more closely, Quigley argued that immigrant youth may need different measures than native-born students because they hold jobs in different proportions and pursue postsecondary education in different patterns.

Using data of the German Socio-Economic Panel (GSOEP) study, Gert G. Wagner (Technical University Berlin and DIW) analyzed the educational progress of immigrant children in Germany. In contrast to Quigley, Wagner concentrated on the interaction of preschool-school transition with subsequent secondary education, a research dimension neglected so far. His surprising finding of a strong significance of early preschool success on subsequent school advancement, particularly of immigrant children, confirmed the importance of early proactive measures to avoid a channeling of second generation immigrants into an ethnic underclass, as Clark/Schultz had warned. A strong engagement for education on local, regional and state levels taking into account special needs of immigrant children can avoid huge follow-up costs. The integration rhetoric of policymakers should be measured as to how seriously they take these challenges of education.

Addressing theme 2, labor market integration and attainment of immigrants was the subject of Michael Hurst and Barry R. Chiswick's (University of Illinois at Chicago) examination of differences between natives and foreign-born men in terms of employment, joblessness, and use of unemployment benefits. On the basis of U.S. microcensus of 1990 data they found employment greater among foreign born, and unemployment lower among naturalized citizens and those fluent in English. Foreign-born immigrants also receive less unemployment benefits because of much lower probability of receiving any benefits. The optimistic findings about employment of immigrants confirm earlier research by Chiswick and others. Immigrant unemployment appears to be short-term transitional adjustments, not unlike those experienced by the native-born new entrants and reentrants to the labor market. Hurst and Chiswick's finding suggest that immediate and unconditional labor market access without state interference helps immigrants to adjust rapidly and to acquire necessary skills, information, and knowledge to make a decent living in the short run and integrate socioeconomically in the long term without relying on public assistance.

In Germany, the state traditionally has more influence in regulating the contractual employer-employee relationship and labor markets. The term "corporatism" reflects this fact as well as the comparatively tight security net that protects workers in a comprehensive and universal way from market contingencies and inappropriate infringements by individual employers or interest groups. The German welfare system also includes measures to provide

workers with the necessary means to overcome undue hardships by offering training, short-time work, job-creation schemes, apprenticeships, etc. Since these activities are universally applied, it is expected that labor migrants and German natives derive equal profit from these measures.

Stefan Bender (Institute for Employment Research, Nürnberg) and Wolfgang Seifert (Humboldt Universität Berlin) used GSOEP data to analyze intergenerational mobility patterns among Germans and foreigners. They demonstrated that the initial concentration of immigrants at the bottom of the labor market decreases over time, and that second generation foreigners find themselves more frequently in positions that require higher job qualifications, albeit not with the same frequency as native-born Germans. The immigrant's attendance in the German school system and apprenticeship training serve as main reasons for improved upward mobility, confirming the findings of Wagner. Likewise, risks of unemployment and downward social mobility associated with job changes vary little between immigrants and native-born Germans, as long as individuals have finished the "dual" educational system. Thus, the German labor market is not segmented in ethnic terms, although differences exist among national groups – for example between Turks/Greeks who occupy the lower ranks, while former Yugoslavs fare disproportionately well.

Marc Szydlík (Freie Universität Berlin) further differentiated the analysis pursued by Bender/Seifert and hence relativized their findings. Szydlík inquired whether employees occupy a position suitable to their qualification, or whether they are overqualified. In other words, upward mobility cannot be deemed entirely genuine if it only reduces the "mismatch" of qualifications and actual job positions. According to American data from the Panel Study of Income Dynamics (PSID) and the German SOEP, vocational training and job mismatch is a common phenomenon in both countries affecting majority and, in particular, minority populations. Among U.S. minorities 31 percent are overqualified in comparison with 25 percent of white respondents. In Germany, 45 percent of immigrants with job training or university degree fill a position that meets their qualifications, compared to 70 percent among German respondents – a difference with important implications for individual income. But the second generation of labor migrants outperforms the first, even though their opportunities are still lower in comparison to their German peers. Szydlík's findings question the assumption of the superiority of the German corporatist model in comparison with the American market model. However, more longitudinal studies are needed, in addition to cross-sectional comparisons, to prove long-term impacts of markets, governments, and educational opportunities on the labor market performance of immigrants.

Relative to theme 3, Welfare, the accusation that immigrants are increasingly becoming public charges is one of the hotly debated issues that triggered

the current debate about continuing levels of immigration, particularly in the United States. Opponents of present immigration policy claim that immigrant minorities have developed a "culture of dependency" and question not only immigration and minority integration policies but also the concept of the modern welfare state. Left and liberal supporters of immigration argue primarily from moral, humanitarian and other ethical considerations and counter that critics use a dangerous populist and ethnocentric rhetoric to blame politically weak immigrants and minorities for widespread economic insecurity and uncertainty among the native-born population. Supporters of immigration and the welfare state agree that reforms are needed (in particular to curb undocumented immigration). They believe that rather than focus narrowly on the limitation of immigrant numbers and their access to welfare benefits, public debate should discuss issues of welfare use in the wider context of immigrant integration, including immigrants' positive societal contributions (as taxpayers, consumers, citizens, etc.). Because fiscal costs and contributions of immigrants are such a highly politicized issue, careful attention by social science research is needed.

Frank D. Bean and Jennifer Van Hook (University of Texas at Austin) analyzed U.S. immigrants' use of Supplemental Security Income (SSI), a program for poor elderly, disabled, and blind individuals that has been singled out as an example of an "overused" program. In reaction, policymakers have attempted to lower SSI reciprocity levels by simply banning eligibility among noncitizens. However, this solution seems to address the wrong constituency because there is little evidence that immigrants act in ways that constitute widespread abuse of the SSI program. Bean/Hook concluded that the impact of restricting eligibility among immigrants would result in only a small decrease in the federal budget allotted to social welfare programs. But potentially such cuts could have a large adverse impact on state and municipal budgets and on immigrant persons in need.

A reason for the confusion in the public and among policymakers about the cost of immigrants' welfare use and the benefits of immigration are the widely differing financial estimates (ranging in the United States for example, from a \$25 billion annual surplus to a \$42 billion deficit) that result from different conceptual and accounting methods, populations counted, levels of analysis, and data access. Dita Vogel's (Universität Bremen) presentation addressed some of the problems of measurement and interpretation of intra-national and crossnational research. She found that outcomes of scientific studies heavily rely on a number of choices available to researchers: the focus of research (social policy, fiscal or redistributive impacts of migration), the type and number of transfers payments selected for analysis, and the definition and internal differentiation of eligibility groups, in particular that of immigrants and their offspring.

Acknowledging methodological limitations but also the need of a crossnational comparison, Hermann Kurthen (University of North Carolina at Chapel Hill) used German SOEP and American PSID panel data from 1984 to 1992 to analyze welfare benefits receipt and contributions among natives and foreign-born in the context of overall patterns of social mobility, earnings, and employment. Kurthen maintained, as did Bean/Van Hook, that the public debate in Germany and the United States about the undue cost of immigrants' welfare is not warranted by empirical data. Although in both countries welfare receipt of immigrants has significantly increased in the 1990's, it is not the individual abuse but a lack of labor market incorporation and, in particular, high unemployment that has increased immigrants' risk to be in need of means-tested support. Kurthen also confirmed findings presented by Seifert/Bender and Szydlik about differences in socioeconomic position, mobility and earnings disparities between natives and immigrants in Germany and the United States. But in contrast to the United States, Germany represents the European tradition of broader guarantees for the collective social and economic welfare. This policy is reflected in its more egalitarian income distribution, its distinctive industrial relations system, and a more comprehensive social safety net. These features of German society benefit immigrant minorities by setting lower limits to economic inequality and opportunity structures. Kurthen concluded that any measure that helps immigrants become fully integrated into the labor market and the educational system will decrease fiscal burdens of the welfare state. A policy, however, that concentrates only on drastic welfare cost cutting may in the short run keep welfare expenses at bay, but it will most likely not contribute to immigrant integration. Rather it will damage social and cultural cohesion and in the long run create "negative" integration costs reaching out from antiriot, anticrime and antidrug measures to the penitential and justice system. In the end such policies will probably be more expensive than the payment of modest welfare benefits and continuing immigrant incorporation measures in education and labor markets.

Section 4 concentrated on the integrative effect of citizenship policies and political cultures. Gregg O. Kvistad (University of Denver) dealt with the question of whether expanded social denizenship can compensate for a lack of political rights. He invoked T. H. Marshall's classic essay on aspects of citizenship to argue that full membership in a modern community cannot occur without political rights, that without political rights an individual's civil and social rights are vulnerable, and that full membership in a community is a product of political struggle and institutional reform and not bureaucratic largesse. Turning to Germany, he argued that the nineteenth century roots of the German welfare state had less to do with the extension of full community membership than with the effort of the state to control its subjects.

Similarly, while generous welfare benefits are currently available to the Federal Republic's foreign residents, restrictive citizenship and naturalization laws (though recently reformed) have made the acquisition of political citizenship rare and frequently onerous for "ethnic non-Germans." This has prevented large numbers of people living in Germany from experiencing the democratic expansion of the "superstructure of legitimate expectations" – as German citizens have done in the past thirty years – that Marshall regards as experience of full membership in a community.

Recognizing the fact that Germany has become *de facto* an immigration society, Jürgen Fijalkowski (Freie Universität Berlin) also pointed to the need to reform German citizenship and naturalization regulations. But he maintained that a country's ability to deal with the political integration of immigrants has to respect nation-specific sociopolitical cultures and prior experiences with immigration. In this vein, Fijalkowski distinguished two main immigration integration paths: the individualist market approach and the communitarian state approach. Germany falls into the welfare state category with a strong communitarian orientation regarding citizenship and naturalization. He further expanded Kvistad's evaluation by putting it into the larger context of the ongoing European harmonization and unification process; he argued that under circumstances where globalization of exchange and intensified transnational mobility is matched by decreasing governing capabilities of the traditional nation-states, the real test for each of the two different incorporation models is in regaining governance capacities on a higher supranational level. Fijalkowski envisions a postnational supranational "grand" immigration integration path in contrast to the traditional "small" one on the nation-state level. In the former, all member-state citizens ideally gain freedom of movement and access to common supranational citizenship rights and comparable welfare entitlements. But Fijalkowski concedes that this is only possible on condition of the development of a supranational common political culture of pluralism and tolerance, and only after successful mutual adjustments of the public economies and national welfare systems, as currently intended by the European Union.

Herbert Dittgen (St. Antony's College, Oxford) in his comparison of ideological conceptions of immigration drew attention to the significance of national myths embedded in political cultures. The formulation of immigrant policies and citizenship law is more or less consciously connected with national identity, collective memories, and public expectations about diversity, unity, and liberties. These ideas and expectations, however, are changing. The reference to national traditions is highly ambiguous since traditions are constructed and interpreted according to the specific cultural and political demands of the time. Nevertheless, if one takes these issues of the collective self-understanding in the United States and Germany seriously, it becomes

clear that any present and future legal changes of immigration policies, citizenship law, and naturalization expected to be long lasting and effective have to be accompanied by a political will and intellectual efforts to change public discourse and attitudes referring to national myths and ideologies.

To this complex and complicated picture about how to change citizenship and immigration policies, Barbara Schmitter-Heisler (Gettysburg College) added a critical overview of current research. Summarizing current comparative literature on immigration and immigrant incorporation literature, Schmitter-Heisler came to the conclusion that there is a surprising absence of comprehensive comparative models that allow researchers to engage in more systematic comparisons. As an alternative she proposed a multidimensional model developed by Portes, which identifies twelve different contexts of incorporation and three levels of reception: the level of government policy toward different immigrant groups (*e.g.*, refugees, asylum seekers, and legal immigrants), the level of civic society and public opinion, and the characteristics of ethnic communities. Each level is seen relatively independent of the others. Whereas much of the existing literature focuses on the reception level, Schmitter-Heisler called attention to the examination of independent effects of "civic society and public opinion" and "immigrant community" levels. She concluded that greater state penetration in Germany creates more linkages between levels but fewer contexts for immigrant incorporation, restricting foreigners' range of opportunity structures. The United States on the other hand has proved less receptive than often assumed, despite relatively easy access to political citizenship. Because of a lack of immigrant incorporation policies and the dominance of market forces, immigrants in America face social inequalities and economic risks unknown to foreigners in Germany.

The fifth conference session critically evaluated current policies that deal with immigration, citizenship, and welfare reform. While contributions in sessions 3 and 4 had already offered some insight into current dynamics of immigrants' welfare use and the ideological or theoretical problems surrounding citizenship, presentations in this panel focused more on policy processes. Nora V. Demleitner (St. Mary's University School of Law, San Antonio, Texas) described in more detail the American drive to drastically restrict welfare benefits even for permanent legal residents, starting with the passage of Proposition 187 in California and continued by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. By comparing prevailing attitudes and different strategies taken by the Mexican-U.S. border states Texas and California, Demleitner explained why immigrants lacked the power to change predominant views and to resist the deprivation of their rights in the political arena. Her conclusion echoed that of Kvistad insofar as she stressed that the composition, political cohesiveness, participation in public affairs, and relative voting strength of immigrant communities

have a strong impact on the outcome of current welfare reform. But from a comparative perspective, Demleitner sees Europe's policy of immigrant integration, *i.e.*, limited voting rights and more extensive welfare rights for residents, as an example from which the United States could learn to avoid further erosion of immigrant rights.

Thomas J. Espenshade and Gregory A. Huber (Princeton University) also examined the effects of retrenchment in the U.S. welfare legislation on immigrants and refugees. In addition to Demleitner's detailed description of political factors behind the full-blown national assault on all immigrants irrespective of their legal status, Bean/Van Hook's disclosure of the American policymakers' intention to cut SSI means-tested benefits and to tighten eligibility criteria among noncitizens to serve balanced budget objectives, and Kurthen's warnings against the long-term effects of reforming public finances at cost of the weakest members of society, Espenshade/Huber characterized current U.S. welfare reform policies as the result of a convergence of three trends: established anti-immigrant sentiments, the fiscal imperatives of balanced-budget conservatism, and the ascendancy of dependency politics to exclude the "undeserving" poor. With little or no voice in the electorate and trapped by the forces of budgetary opportunism and political expediency, immigrants have become, according to Espenshade/Huber, an increasingly attractive target for many policymakers for providing windfall gains for the federal treasury. This bodes not well for future policies of integration.

Vincent N. Parillo (The William Paterson College, New Jersey) on the other hand, aired a more positive note while putting current policy changes and attitudes into a larger historical framework. Analyzing changes in public opinion about immigration and diversity in Germany and the United States over time, Parillo suggested that immigrants' "alienness" in the eyes of the native-born is a historical as well as transitory phenomenon, all the more the assumed homogeneity of host societies is a myth and rather an ethnogenetic phenomenon evolving over time. More optimistically, Parillo concluded that current resentment in Germany and the United States will subside once the overall positive effects of immigration on the receiving country and for the public become visible. Immigrants bring considerable human, economic, social and cultural capital which can benefit the host society and the relations between the receiving country and the country of origin.

James F. Hollifield (Southern Methodist University) also discussed the interaction of long-term and short-term factors on the current configuration of immigration policies and migration flows to the United States and Western Europe. He reviewed how noneconomic factors and normative, political ideas about government intervention became embedded in policies to control migrant flows that originally reflected business cycles. Hollifield explained U.S. immigration policy and flows since the 1960's by the development of a fragile congressional coalition between liberal and human rights advocates

and economic conservatives in favor of opening up international markets. As the cold war waned – along with American hegemony – it became more difficult to sustain these open-door policies, and the so-called rights-market coalition broke up. For policymakers it became harder to sell free trade and admissionist immigration policies on the basis of rights (a more just and open world order) or markets (greater efficiency in labor markets). Instead, welfare and immigration reform came on the agenda. Politicians now are forced to be more sensitive to the distributional (as opposed to the allocational) consequences of immigration. However, Hollifield ended on an optimistic note. He outlined a scenario where current changes in legislation and policy could reverse present trends again and lead to a new liberal period of American immigration policy.

The Berlin conference concluded with a panel, moderated by Hermann Kurthen, that brought together American and German conference participants, journalists, and political representatives to discuss further perspectives on how to reconcile immigration and the welfare state without questioning liberal citizenship regimes and securing continuing immigrant incorporation. Both U.S. and German society face similar questions but offer different answers. Whereas in the United States welfare reform is pursued on the back of immigrants, integration is left to precarious market forces, and *ius soli* rights are eroding, Germany has deficits in defining a long-term immigration, antidiscrimination, and naturalization concept to avoid ethnonational tensions and legal insecurity. Whether the United States or Germany can become models remains to be seen. Currently neither country is qualified to receive high marks as open immigration societies or models of immigrant integration. Both countries are challenged by exactly what marks their differences. Whereas Germany has to master the task of accepting immigration, further liberalize naturalization, and continue to politically incorporate immigrants into the fabric of a nation-state that has embarked to submit parts of its sovereign to supranational institutions (the European Union), the United States is confronted with the question of how to develop a more socially responsible market economy whose extremes, such as poverty, exploitation, and inequality, are controlled by welfare state institutions. Both countries are likely to pursue further reforms in the coming decade. The answers they provide will seriously test their political culture, social cohesion, and national identity in the near future.