

***Immigration, Citizenship,
and the Welfare State in
Germany and the United States:
Immigrant Incorporation***

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FISCAL IMPACTS OF IMMIGRATION ON THE AMERICAN AND GERMAN WELFARE STATES

Hermann Kurthen

In the context of global competition, tax cuts, slow growth in public revenues, and budgetary constraints in most Western societies, the current attention given to the fiscal costs and contributions of immigrants is a highly politicized issue that needs careful attention by social scientists. At the heart of the current public debate about immigration, particularly in the United States, is the assertion that immigrants are increasingly becoming public charges. Opponents of the present immigration policy claim that immigrant minorities have developed a "culture of dependency"¹ and question not only immigration and minority integration policies but also the concept of the modern welfare state (Huddle 1996; Miegel 1984). 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 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) but they believe that public debate should discuss issues of welfare use in the wider context of immigrant integration, including their positive societal contributions (as tax-

payers, consumers, law-obeying citizens, etc.), rather than to focus narrowly on limiting immigration or access to welfare benefits (Fix, Passel, and Zimmermann 1996). Vernez and McCarthy, for example, reject Huddle's study with the comment that to simply judge immigration from a cost and benefit point of view "in the public policy calculus would represent a real departure from past practice....After all, we do not expect the native population, any subgroup of the native born, or the nation as a whole 'to fully pay its way' on a yearly basis, as our continuing federal budget deficit bears witness. Instead, the debate should refocus on the individual and family factors that lead to high public service usage and the economic success of immigrants...over the entire course of their residence..." (1996, p. xviii f.).

Instead of concentrating on the size of "affordable" immigration or the admittance of certain types of immigrants or groups, studies about the fiscal impact of immigration can be useful in a broader context to better understand the processes of inequality, ethnic stratification, and social mobility that affect the use of welfare among immigrants. Such information helps elucidate the efficiency and long-term effects of welfare regimes on immigration incorporation and measures to reform the welfare system (financing, services) on various levels (federal, state, and local), as well as to study related effects that impact fiscal calculations (e.g., displacement and multiplication, see Vernez and McCarthy 1996, p. 7ff.).

AMERICAN AND GERMAN WELFARE REGIMES

Postwar immigration policies in the United States allow comparatively open borders in contrast to the more regulated German system of work and residency permits. Once admitted to the United States, however, immigrant incorporation is centered around the ideology of individual responsibility to work, "equal opportunity" in the labor market, and limited government intervention. Instruments are comparatively fast access to labor market participation and political citizenship rights via naturalization. Affirmative action and antidiscrimination policies attempt to equalize opportunities of nonwhite minorities in education, employment, housing, and related fields. Immigrant minorities advance and address their issues on a local and voluntary basis, often using political channels available through their naturalized co-ethnics.

The basic tenet underlying the United States' social safety net is one of short-term poverty assistance, although there are several large-scale programs that seek to assist elderly and disabled populations. Along these lines the social welfare structure may be broken down into two

basic elements: public assistance programs and social insurance programs. Public assistance programs are means-tested programs where applicants are required to meet income eligibility criteria in order to receive benefits. (For a more detailed description of U.S. and German welfare programs, see the institutional database of the Luxembourg Income Study, Syracuse University, NY.) Public assistance programs may take the form of cash assistance benefits, which typically are called "welfare" programs, and noncash benefits, which may take the form of food and nutrition services. They are envisioned as poverty relief that must be qualified for by proof of extreme need. Federal social insurance programs, on the other hand, are seen as earned rights without regard to need. They are represented by two major programs: Social Security, which is a cash assistance program that benefits the elderly, survivors of the elderly, and people with disabilities; and Medicare, which provides medical assistance to the elderly and disabled. The U.S. system does not incorporate the notion of "entitlement" through its social safety net provisions, but rather of earned rights versus unearned, poverty relief.

The ad hoc and laissez-faire federal immigration policy matches the complicated American immigrant welfare patchwork of program criteria, immigrant eligibility requirements, and waiting periods based on legislation subject to change. Immigrants are excluded from incorporation into the social welfare system at differing levels based on their immigration status, the length of time they have resided in the United States, and whether they wish to bring additional family into the country. Responsibility for incorporating newcomers currently falls, mostly by default, to immigrant sponsors, and state and local governments with varying policies and institutional capacities. Taken together, the exclusionary, scattered, and individualist American social welfare system does not give much priority to balancing group inequalities and raising individuals out of poverty, creating an arena in which immigrants enter the United States but receive little assistance in reception resettlement, or integration into the broader society.

The German welfare system, following a different historical path, is more statist, centralized, comprehensive, and universal in comparison with the more needs-based, scattered, and diffuse American system. The German social security system—emphasizing state intervention to guarantee collective rights and to balance group inequalities—uses social assistance, housing allowances, and other means-tested transfers to cushion extreme risks, to prevent people from falling permanently, and to raise them out of poverty. Public, private, and state-sponsored labor market policy tries to counter the short- and long-term effects of labor market cycles, structural changes, and changes in human capital endowment. For example, employment, (re-) training, or early retirement pro-

grams have been used to reduce the impact of unemployment for risk groups (young, elderly, disabled, mothers of young children, etc.). In other words, the impact of "invisible" market forces in Germany is more strongly countered by the incorporative effects of a more comprehensive national welfare system than is the American decentralized opportunity structure system with its added antipoverty component.

In Germany social insurance provisions provide earnings-related benefits that maintain the standard of living attained during the individual's career. The social insurance benefits are increased yearly, based on earnings over the previous year. All social security benefits, except public pensions, are tax exempt and universally cover contributing members on its territory regardless of their national background, although benefit entitlement of non-needs-based programs are strongly linked to membership in a social insurance program with a certain contribution record. There are no minimum benefit levels. Social insurance benefits are financed out of employer and employee contributions, although there is a contributions ceiling. The German social insurance system provides rather high earnings-related benefits, nevertheless many employers offer supplementary private plans to provide additional retirement, survivors, and disability benefits.

For the uninsured and those who are not adequately insured, there exists a general, means-tested assistance benefit. This public welfare, financed to 80 percent by local communities, consists of a "subsistence benefit" for persons in need, and (mostly one-time, in-kind) "allowances for special needs," the latter set and adjusted by the local authorities (Hanesch 1996, pp. 52f.). Subsistence benefit levels are decided by federal states according to their average cost of living, but benefits must be below the lowest wage level following federal law. Prerequisites for public welfare entitlement are absence of income/assets and supporting family members. Unemployment must be involuntary and recipients must demonstrate readiness to work to provide for their families and themselves.

In addition to the social and welfare rights mentioned above, the German state guarantees free access to education and vocational training, public housing, and other social services. All these services are financed by tax contributions at the federal, state, and local levels. In the realm of industrial relations, migrants are represented by unions. On local levels, (self) associations and councils give "foreigners" (permanent resident aliens) a voice in representing their interests. Recently local and state voting has been established in some states and municipalities, and naturalization (including double and multiple citizenship holding) has been eased for second-generation offspring to compensate for the difficulties in acquiring citizenship that result from the German *ius sanguinis* principle.

To sum up: American objectives of immigrant incorporation are promotion of individualist opportunity and entrepreneurship through market mechanisms. Most existing welfare institutions were founded after the Great Depression in the 1930s and since then have never been boldly revised, except for reforms put in place in the 1960s and early 1970s under domestic pressure. The German welfare system has paternalistic origins going back to Bismarck's policy to temper class conflict. Later, revolution, depression, totalitarianism, and competition with communist East Germany led to a rather elaborate system mostly based on the insurance principle. Immigrant integration never came into play except at the beginning of guest-worker rotation in the late 1950s when West German unions demanded full social incorporation of labor migrants to avoid a disintegration of postwar corporatist arrangements. The German system is oriented toward collective and state-guaranteed social and economic rights, setting lower limits to economic inequality and decreasing the potential of ethnic and class division. Thus, migrants in Germany are embedded in a "corporate statist" web of rights that intends to prevent social marginalization. The question is how these differing ways of incorporation in both countries are translated on the individual and household level into contributions and benefits ratios, and what impact different incorporation regimes have on earnings inequality, the socioeconomic position, and mobility of immigrants?

DATA AND METHODS

The following evaluation is based on the 1984 and 1992 Panel Study of Income Dynamics (PSID) and the German Socio-Economic Panel (GSOEP), both longitudinal micro databases containing socioeconomic information on private households and individuals. The GSOEP started in 1984 with 5,921 (1992: 4,645) households and 12,295 persons questioned, including 3,181 non-German respondents in 1,393 foreigner-headed households. The PSID data file began in 1968 and in 1990 had about 7,000 core households with about 25,000 Americans, including a representative Latino subsample of about 2,000 households (Puerto Ricans, Mexican Americans, Cuban Americans) in addition to the about 200 immigrant households before 1990.² Because of oversampling, weighted data according to OECD equivalence scales were used.³ In the German data "foreigners" were defined as living in a household headed by a non-German legal resident. In the PSID "immigrants" were defined as living in a household where the head was born outside of the United States. Children born into such households were counted as immigrants too, although legally they are U.S. citizens if born on American territory.

In cases of intermarriage, the immigration or citizenship status of the household head was decisive too.⁴ The exclusion of naturalized immigrant children and other family members would not have made sense, because most transfer payments are employment and/or family based and other persons living with the receiver often participate directly or indirectly in programs.

Micro data are useful to estimate individual and household contributions and welfare benefits. They are less useful to calculate cost/benefits of public services (transportation, education, defense, etc.) or, for example, employer contributions. Therefore, the present findings cannot simply be used to account for the fiscal effects of immigration on macrolevels. It is also important to remember that some welfare programs are funded as pay-as-you-go schemes (health, unemployment), whereas others are subsidized by or raised from payroll taxes, employer contributions (pensions, health, disability, unemployment), or special funds. For example, workers' compensation, ADC/AFDC, and other transfers in the United States, and social assistance, child and housing allowances, maternity benefits, and student loans in Germany are subsidized by income and other taxes, such as the value-added tax (VAT). Therefore, income tax estimates and VAT in Germany have been included in the analysis where applicable. State and local taxes and other indirect fees were not included for lack of sufficient or reliable comparative data.

The following overview gives a definition of categories used in the analysis. In the GSOEP data (available for individuals and households) all *income* information is reported from the *previous* year in Deutsche Marks. *Earnings* are the sum of labor earnings over all individuals in the household. *Other non-transfer income* includes rental income, income from interest/dividends, imputed rent, and income from those outside of the household (usually alimony). *Income tax*, *pension insurance*, *health insurance*, and *unemployment insurance* are estimated using a tax simulation program of J. Schwarze/DIW, Berlin, Germany. *Unemployment (transfer) benefits* include unemployment benefits, unemployment assistance, and unemployment subsistence allowance for all individuals in the household over age 16. *Pension income* includes old-age pensions and widow/er pensions (private pension income components are also included but negligible). *Other transfers* include student assistance and maternity benefits. *Social assistance benefits* include subsistence allowances and special circumstances benefits. *Child allowance* and *housing allowance* are household-level benefits. *Employment status* is seen as given if individual labor income is positive and the reported hours for the previous year total at least 52 hours per year or one hour per week. *Full-time employment* is defined as given labor income employment status and at least 1,820

reported hours in the previous year. *Part-time employment* is defined as positive labor employment status with reported hours less than 1,820 but at least 52 hours a year. *Not employed* is assigned to everyone else. *Occupation* is coded for all individuals over age 16. *Value-added tax* is a rough estimate of the VAT tax rate multiplied by 60 percent of household labor earnings, assuming that additional income (from rent, assets, etc.) is reinvested and therefore not VAT-taxed.

In the case of the PSID household data, *Head = immigrant* indicates that the household head was born outside of the United States. All *income* information is from the *previous* year in dollars. *Earnings* is the sum of labor earnings over all individuals in the household. *Other non-transfer income* includes rental income, income from interest/dividends, imputed rent, child support, help from relatives, alimony, and other private transfers that do not fall into public welfare categories. *Income tax* is the sum of payroll taxes for the head, spouse, and other household members. Taxes for 1992 are estimates based on tax levels in 1991. *Pension insurance*, *health insurance*, and *disability insurance* are also estimated based on tax rates and tax ceilings published in *The Social Security Bulletin Annual Statistical Supplement* (1995, p. 27). *Unemployment benefits*, *workers' compensation*, and *pension income* (i.e., social security income, veterans' pensions, and other private retirement income), *Supplemental Security Income* (i.e., SSI for low-income aged, blind, and disabled), and *Aid to Families with Dependent Children (ADC/AFDC)* all cover the household head's, spouse's, and other household members' income. *Other transfers* include the value of food stamps and all other welfare income. *Employment status* and *employment levels* are defined as in the GSOEP. *Occupation* is coded for the head and spouse.

CONTRIBUTIONS, BENEFITS, AND EARNINGS

Both societies share an increase of benefits participation among immigrants after 1989/1990, whereas among native-born Americans and Germans the sum of (tax-based) benefits expressed as a percentage of earnings has stagnated (see Tables 1 and 2).

Particularly in Germany these findings can be explained by rising foreigner unemployment and an increased threat of poverty among certain immigrant subgroups, though in Germany the comparatively high benefit and contribution level (the latter increasing the redistributive power of the state to contain marginalization⁵), the density of the social safety net, and lower inequality levels all combine to cushion the effects of poverty on immigrants. Conversely, the lack of such mediating effects

Table 1. Mean Individual-Level Earnings, Benefits, and Contributions of German Citizens and Legal Permanent Residents (Foreigners and Turks)

	<i>German Citizens</i>				<i>All Foreigners (LPRA)</i>				<i>Turks (LPRA)</i>							
	1984	1992	84-90	90-92	1984	1992	84-90	90-92	1984	1992	1984	1992	84-90	90-92	1984	1992
	<i>5,118 5,872</i>				<i>1,558 1,928</i>						<i>519 689</i>					
<i>Household Observations based on HH-Head (N)</i>	<i>in DM</i>	<i>in DM</i>	<i>% Change</i>		<i>in DM</i>	<i>in DM</i>	<i>% Change</i>		<i>DM Ratio Foreigner</i>		<i>in DM</i>	<i>in DM</i>	<i>% Change</i>		<i>DM Ratio Turks</i>	
Mean earnings, full-time workers	35,173	50,755	29	12	30,934	43,132	19	17	88	85	26,370	37,230	14	24	75	73
Mean earnings, part-time workers	31,848	39,947	12	12	25,064	33,865	28	5	79	85	20,794	33,082	76	-10	65	83
Mean earnings, not employed	25,666	28,347	23	-10	22,711	29,715	21	8	88	105	21,320	25,255	19	-1	83	89
Mean hourly earnings/full-time workers	15.22	25.08	32	25	14.20	21.34	19	27	93	85	12.29	18.45	18	28	81	74
Mean earnings	31,785	44,226	24	12	26,769	36,713	25	9	84	83	22,707	31,578	25	11	71	71
Other non-transfer income	4,937	6,179	2	23	2,243	1,383	-53	30	45	22	1,155	809	-30	0	23	13
Sum all income and mean earnings	36,722	50,405	21	13	29,012	38,096	19	10	79	76	23,862	32,387	22	11	65	64
Value-added tax estimate	2,575	3,715	29	12	2,249	3,084	25	9	87	83	1,907	2,653	25	11	74	71
Income tax	7,984	10,971	32	4	7,771	10,335	29	3	97	94	6,391	8,255	23	5	80	75
Pension insurance	1,648	2,363	34	7	2,148	2,920	31	4	130	124	1,950	2,535	25	4	118	107
Health insurance	1,157	1,687	41	3	1,393	1,945	37	2	120	115	1,259	1,695	32	2	109	100
Unemployment insurance	416	814	22	60	543	1,006	19	56	131	124	493	873	13	56	119	107
Sum all contributions	13,780	19,550	32	7	14,104	19,290	29	6	102	99	12,000	16,011	24	8	87	83
Unemployment benefits	3,423	4,431	-17	56	3,476	4,219	7	14	102	95	2,225	3,998	60	12	65	90
Pension income	13,681	18,802	22	13	5,510	7,872	23	17	40	42	4,615	6,481	2	38	34	34
Other transfers*	2,480	3,405	33	3	2,181	3,504	-29	125	88	103	1,333	3,842	-10	221	54	113
Social assistance benefits*	2,778	3,055	39	-21	3,021	4,056	-25	79	109	133	4,536	3,911	-53	84	163	128
Child allowance*	768	832	4	4	1,233	1,058	-10	-4	161	127	1,630	1,283	-18	-4	212	154
Housing allowance*	795	1,085	26	9	781	1,362	57	11	98	126	754	1,341	84	-4	95	124
Sum all benefits	23,925	31,610	19	11	16,202	22,071	3	33	68	70	15,093	20,856	-5	46	63	66
Sum tax-based benefits*	6,821	8,377	31	-6	7,216	9,980	-15	62	106	119	8,253	10,377	-27	71	121	124
All benefits in % of all contributions	174	162	-10	4	115	114	-20	25			126	130	-23	35		
All benefits in % of mean earnings	75	71	-5	-1	61	60	-18	21			66	66	-24	31		
Tax-based benefits* in % of mean earning	21	19	-12	-19	27	27	-12	48			36	33	-12	54		

Source: GSOEP 1984, 1989, 1990, 1992, weighted (OECD Equivalence Scale); author's calculations.

Table 2. Mean Individual-Level Earnings, Benefits, and Contributions of U.S. Citizens and Legal Permanent Resident Aliens (Mexicans, Other non-Mexican Immigrants)

	U.S. Citizens					All Immigrants					Mexican Immigrants					Other Immigrants					
	1984	1990	1992	84-90	90-92	1984	1990	1992	90-92	90	92	1990	1992	90-92	90	92	1990	1992	90-92	90	92
	Household Observations based on HH-Head (N)																				
	19,151	22,318	23,257			359	4,612	4,833				2,279	2,517				2,333	2,316			
	<i>in</i>	<i>in</i>	<i>in</i>	<i>%</i>		<i>in</i>	<i>in</i>	<i>in</i>	<i>%</i>	<i>\$ Ratio</i>		<i>in</i>	<i>in</i>	<i>%</i>	<i>\$ Ratio</i>		<i>in</i>	<i>in</i>	<i>%</i>	<i>\$ Ratio</i>	
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>Change</i>		<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>Change</i>	<i>Immig.</i>		<i>\$</i>	<i>\$</i>	<i>Change</i>	<i>Mexican</i>		<i>\$</i>	<i>\$</i>	<i>Change</i>	<i>Other</i>	
Mean earnings full-time workers	21,462	29,326	31,578	37	8	25,480	24,236	24,381	1	83	77	16,228	17,291	7	55	55	32,651	31,581	-3	111	100
Mean earnings part-time workers	15,224	23,026	23,208	51	1	17,595	19,071	18,791	-1	83	81	11,022	11,884	8	48	51	28,109	27,053	-4	122	117
Mean earnings not employed	7,164	8,392	8,544	17	2	10,504	8,097	8,277	2	96	97	9,012	9,548	6	107	112	7,580	7,560	0	90	88
Mean hourly earnings/full-time workers	9.64	12.86	13.77	33	7	11.51	10.75	11.13	4	84	81	7.67	8.12	6	60	59	13.99	14.18	1	109	103
Mean earnings	12,446	17,783	18,951	43	7	14,828	11,470	11,727	2	64	62	10,864	11,105	2	61	59	12,063	12,403	3	68	65
Other non-transfer income	1,640	2,213	2,200	35	-1	2,788	1,283	1,324	3	58	60	1,099	1,038	-6	50	47	1,463	1,635	12	66	74
Sum all income and earnings	14,086	19,996	21,151	42	6	17,616	12,753	13,051	2	64	62	11,963	12,143	2	60	57	13,526	14,038	4	68	66
Income tax	4,039	3,177	3,386	-21	7	2,750	1,447	1,479	2	46	44	1,107	1,213	10	35	36	1,779	1,885	6	56	56
Pension insurance	960	866	672	-10	-22	533	476	367	-23	55	55	435	346	-20	50	51	516	390	-24	60	58
Health insurance	249	227	189	-9	-17	134	125	97	-22	55	51	114	90	-21	50	48	135	105	-22	59	56
Disability insurance	125	83	72	-34	-13	70	46	39	-15	55	54	42	37	-12	51	51	49	42	-14	59	58
Sum all contributions	5,373	4,353	4,319	-19	-1	3,487	2,094	1,982	-5	48	46	1,698	1,686	-1	39	39	2,479	2,422	-2	57	56
Unemployment benefits	228	66	115	-71	74	20	86	213	148	130	185	106	249	135	161	217	66	174	164	100	151
Workers compensation	41	57	71	39	25	11	47	107	128	82	151	42	136	224	74	192	53	75	42	93	106
Old age pension	836	798	878	-5	10	1,018	706	834	18	88	95	369	331	-10	46	38	1,035	1,380	33	130	157
Veterans and pension income	456	506	585	11	16	312	102	166	63	20	28	51	94	84	10	16	152	243	60	30	42
SSI*	113	90	109	-20	21	80	176	207	18	196	190	44	91	107	49	83	304	333	10	338	306
ADC/AFDC*	334	146	144	-56	-1	7	124	105	-15	85	73	93	116	25	64	81	155	93	-40	106	65
Other transfers*	93	45	47	-52	4	52	132	148	12	293	315	45	59	31	100	126	216	246	14	480	523
Sum all benefits	2,101	1,708	1,949	-19	14	1,500	1,373	1,780	30	80	91	750	1,076	43	44	55	1,981	2,544	28	116	131
Sum tax-based benefits*	540	281	300	-48	7	139	432	460	6	154	153	182	266	46	65	89	675	672	0	240	224
All benefits in % of all contributions	39	39	45	0	15	43	66	90	37			44	64	44			80	105	31		
All benefits in % of mean earnings	17	10	10	-43	7	10	12	15	27			7	10	40			16	21	25		
Tax-based benefits* in % of mean earnings	4.3	1.6	1.6	-64	0	0.9	3.8	3.9	4			1.7	2.4	30			5.6	5.4	-3		

Source: PSID 1984, 1989, 1990, 1992 (Latino subsample included since 1990), weighted (OECD Equivalence Scale); author's calculations.

and conditions increases poverty risks for the working poor (immigrants) in the United States to a much higher degree.

Research about the fiscal impact of immigration in the United States and Germany (cf. Rothman and Espenshade 1992; Fix and Passel 1994; Vernez and McCarthy 1996, in the United States; Ulrich 1994; Vogel 1996a, in Germany) indicate that legal immigrants (except for the elderly and refugees) used welfare at roughly the same rates as the native born in the past and are therefore not considered a burden to the host country.⁶ Nevertheless, the widely differing conclusions about the fiscal impact of immigration (ranging in the United States from a \$25 billion annual surplus to a \$42 billion deficit), have created confusion among the public and among policymakers because they often ignore the reasons for different estimates, that is conceptual and accounting methods, populations counted, levels of analysis, and data access.⁷

Most studies agree, however, that immigrant status, national origin, age, year of immigration, education, occupational status (a proxy for income), family size, language knowledge, health and other factors, and "human capital" indicators have to be taken into account as important predictors of immigrant welfare use. Vernez and McCarthy (1996, p. 18), for example, conclude in their RAND study that differences in occupation-related average income across immigrant subgroups not immigrant status per se affect outcomes. Ulrich has shown for Germany that differences in welfare use between legal immigrants (foreigners) and native-born Germans disappear to a great degree if one adjusts for age and occupations. Using 1984 GSOEP data he also found that foreigners contributed to the German welfare system at higher than average rates. The latter assumption still seems to be correct if one compares benefits with contributions (see benefit ratios in Table 1), although the difference is getting smaller, mainly because "guest-worker" cohorts are aging and becoming eligible for retirement pensions. On the other hand, characteristics like family size and lower socioeconomic status make foreigners more likely to receive social assistance, housing and child allowances, and other transfers (see Table 3).

Since 1990 receipt of social assistance and other direct tax-based, but not insurance-based, transfers (marked in the tables with an asterisk *), has risen significantly among foreigners and Turks, at about 30 percent of all immigrants, the largest and relatively most disadvantaged immigrant group. In contrast, foreigners and—in particular—Germans increased their absolute and relative shares of receipt of unemployment benefits after 1990, which was an expression of post-unification cyclical economic depression and the structural changes of the German labor market.

In the American case, comparative analysis is somewhat hampered by the small immigrant sample obtained between 1984 and 1989. Only the addition of the Latino subsample since 1990 made the PSID data comparable with the GSOEP foreigner sample, although a comparison between native Americans and Germans is still useful (see Tables 1 and 2). As in Germany, the benefits/contribution ratio stagnated in the United States on a much lower level between 1984 and 1990,⁸ although in the United States this stagnation hides a significant reduction of needs-based benefits as a percent of mean earnings (see Table 2). Only after 1990 did benefits receipt for U.S. natives increase, particularly work-related benefits such as workers' compensation and unemployment benefits and pensions.

In contrast to Germany, American immigrants—the 1984/1989 cohort, and the 1990/1992 Latino cohort—had higher benefits receipt ratios than native-born Americans. This may explain the higher sensitivity of the welfare-immigrant issue in the United States, although total dollar receipts of the post-1990 immigrant sample—except for the "other immigrants" category—never exceeded the levels received by the native born. In absolute figures, immigrants' receipts were higher only with regard to unemployment benefits, workers' compensation, SSI, and other transfers (e.g., the value of food stamps, etc.). As in the case of Germany, above-average unemployment benefits receipt reflects high employment risks, and higher absolute receipt of (tax-based) means-tested benefits, including SSI, ADC/AFDC, and other transfers, signals poverty-related needs resulting from the socioeconomic characteristics of a group. Clearly post-1990 U.S. immigrants—and in particular Mexican born—represent a disadvantaged group that is comparable in many characteristics (age, education, occupation, family size, and labor market participation) with Turks in Germany (see Tables 3 and 4).

Mexican-born immigrants to America differ significantly from "other" (non-Mexican-born) immigrants in a manner similar to the ways Turks and other former "guest-worker" immigrants differ from "other foreigners" in Germany. The "other" immigrants in both cases had atypically high earnings (not shown in the German case), were older, better skilled, had smaller households, and above-average employment in part-time jobs. Consequently, "other" immigrants also had a different receipt benefit/structure, that is relatively high pension/SSI and social assistance/other transfer receipts.

A comparison of labor earnings and other non-transfer income confirms the existence of considerable income inequality and its persistence over time in both countries. Studies of immigrants in the United States show that wages of recently immigrated foreign born tend to be significantly below those of comparable native-born workers (Chiswick 1978;

Table 3. Social and Economic Indicators of German Citizens and Legal Permanent Resident Aliens, by National Origin

		<i>German Citizens</i>				<i>All Foreigners</i>				<i>Turks</i>				<i>Italians</i>			
		<i>1984</i>	<i>1992</i>	<i>84-90</i>	<i>90-92</i>	<i>1984</i>	<i>1992</i>	<i>84-90</i>	<i>90-92</i>	<i>1984</i>	<i>1992</i>	<i>84-90</i>	<i>90-92</i>	<i>1984</i>	<i>1992</i>	<i>84-90</i>	<i>90-92</i>
<i>All Individual Observations (N)</i>		<i>9047</i>	<i>6929</i>	<i>% Change</i>		<i>3198</i>	<i>2373</i>	<i>% Change</i>		<i>1021</i>	<i>907</i>	<i>% Change</i>		<i>554</i>	<i>445</i>	<i>% Change</i>	
188	% Ownership of HH-Head	50	52	5	-1	6	13	77	34	3	11	192	39	10	19	45	32
	% Employed individuals	49	45	3	-10	62	54	-7	-5	55	49	-11	0	70	63	-11	1
	% HH receiving labor income	80	82	2	0	97	96	0	-1	97	96	-1	0	99	96	-2	-1
	% HH receiving pension income	29	31	4	2	5	14	142	27	3	11	241	24	4	12	53	76
	% HH receiving child allowance	48	43	-6	-5	68	65	0	-4	81	76	-3	-3	62	58	4	-10
	% HH receiving unemployment benefits	9	6	-22	-16	15	16	20	-12	21	19	22	-25	13	11	19	-27
	% HH receiving housing Allowance	4	5	15	-10	4	6	22	8	8	8	-2	6	1	4	471	-31
	% HH receiving social assist. benefits	2	2	26	-15	2	3	86	6	2	6	133	13	1	2	267	-10
	% HH receiving other transfers	6	10	-3	74	5	7	-13	86	7	8	-56	141	2	4	122	-13
	% Individ. working in full-time jobs	78	72	-4	-4	80	80	-7	-3	87	78	-7	-4	88	79	-5	-5
% Individ. working in part-time jobs	22	28	15	13	12	20	51	15	13	22	51	15	12	21	40	27	
% Individ. full-time employed females	28	29	0	4	28	31	4	7	22	24	0	9	24	29	13	7	
% Individ. part-time employed females	42	76	88	-4	66	67	0	2	53	56	-13	22	83	65	-20	-2	
% Individ. in professional jobs	18	21	13	4	3.7	4.6	2	21	1.3	3.2	110	15	1.8	4.5	47	74	
% Individ. in office work jobs	25	25	-2	2	3.7	7.4	44	39	2.2	4.7	49	46	3.0	9.0	50	99	
% Individ. in business jobs	10	10	7	-6	3.2	4.2	13	13	2.7	3.7	-3	41	2.0	4.2	109	-1	
% Blue-collar skilled individuals	26	20	-19	-5	1.4	0.8	-13	-34	0	0	NA	0	0.3	0.3	159	-47	
% Blue-collar un-skilled individuals	21	23	12	1	88	83	-2	-3	94	88	-3	-3	93	82	-5	-7	
Mean education of HH-head in years	11.5	11.7	1	1	11.0	10.9	0	-1	10.8	10.7	-1	0	10.9	10.8	-1	0	
Mean age of all individuals in HH	42	47	7	4	37	40	5	3	35	37	3	3	36	39	6	3	
Mean no. of children in HH	0.71	0.54	-23	-2	1.47	1.06	-18	-12	2.00	1.44	-18	-13	1.37	0.89	-30	-7	
Mean no. of individuals age 65+ in HH	0.20	0.33	50	10	0.01	0.06	300	50	0.00	0.02	NA	0	0.00	0.09	NA	50	
Mean no. of employed indiv. in HH	1.26	1.03	-4	-15	1.57	1.50	4	-8	1.56	1.53	-1	-1	1.65	1.59	9	-12	
Mean annual hours worked (full-time)	2347	2032	-2	-12	2223	2021	-1	-8	2181	2020	-3	-5	2237	2006	0	-11	
Mean annual hours worked (part-time)	1005	1044	0	4	1075	1129	8	-3	1105	1191	7	1	988	1107	18	-5	

(continued)

Table 3. Continued

All Observations (N)	Yugoslavs				Spaniards				Greeks				Other Foreigners			
	457	327			619	434			408.0	183			139	77		
% Ownership of HH-head	8	17	110	8	4	6	15	52	3	15	105	145	22	31	37	6
% Employed individuals	66	52	32	-41	63	56	-53	87	63	53	-34	51	51	11	-12	
% HH receiving labor income	98	96	-1	-1	97	95	0	-3	95	95	1	-1	81	95	9	7
% HH receiving pension income	4	27	258	81	5	12	163	-9	7	16	134	-5	11	13	31	-8
% HH receiving child allowances	61	56	0	-9	66	62	-6	-1	63	62	2	-4	47	52	8	1
% HH receiving unemployment benefits	11	16	47	-3	13	19	23	22	12	9	-42	34	15	3	-66	-49
% HH receiving housing allowance	1.8	5.2	74	71	3.4	3.0	-5	-7	3.2	6.6	-42	254	9.4	3.9	-18	-49
% HH receiving social assist. benefits	2.4	1.8	26	-40	0.6	1.4	33	60	0.7	2.2	89	57	7.2	1.3	-29	-75
% HH receiving other transfers	3.1	7.0	79	29	5.0	10.8	8	101	3.2	5.5	-56	293	2.9	13.0	34	238
% Indiv. working in full-time jobs	86	79	-5	-3	93	80	-10	-5	89	80	-7	-3	71	77	13	-4
% Indiv. working in part-time jobs	14	21	33	14	7	20	141	27	11	20	58	15	29	23	-31	15
% Indiv. full-time employed females	36	39	8	0	25	24	-12	9	34	39	3	11	27	43	41	13
% Indiv. part-time employed females	69	76	20	-8	60	79	55	-15	67	73	9	0	0	67	NA	-22
% Indiv. in professional jobs	5.8	7.0	-27	65	1.9	2.6	-26	80	4.8	3.4	0	-30	30	26	-34	28
% Indiv. in office work jobs	2.9	5.9	80	13	3.9	8.2	179	-25	5.5	10.9	-13	127	16	19	14	3
% Indiv. in business jobs	3.9	5.4	27	10	4.6	4.8	10	-5	4.1	3.4	-53	75	1.3	2.3	356	-61%
% Blue-collar skilled individuals	0	0	NA	-100	1.2	0.4	-100	0	0	0	NA	0	30	21	-1	-30
% Blue-collar un-skilled individuals	87	82	-2	-4	88	84	-6	2	86	82	3	-7	22	33	16	25
Mean education of HH-head in years	11.3	11.2	-1	0	11.1	11.1	0	0	10.9	11.1	1	1	11.8	11.8	0	0
Mean age of all individuals in HH	38	41	5	3	38	42	8	2	39	43	8	2	38	44	13	2
Mean no. of children in HH	1.22	0.94	-6	-18	1.11	0.73	-28	-9	1.15	0.71	-33	-8	0.71	0.89	17	7
Mean no. of individuals age 65+ in HH	0.01	0.02	-100	0	0.02	0.11	400	10	0.02	0.09	200	50	0.09	0.20	67	33
Mean no. of employed indiv. in HH	1.50	1.52	8	-6	1.51	1.43	-3	-3	1.67	1.37	5	-22	1.53	1.22	-10	-12
Mean annual hours worked (full-time)	2241	2033	-3	-6	2189	2023	-1	-6	2285	2022	1	-12	2173	2043	10	-15
Mean annual hours worked (part-time)	1038	1126	14	-5	948	893	11		1128	1110	1	-3	1241	1248	-10	11

Source: GSOEP 1984, 1990, 1992; author's calculations.

Table 4. Social and Economic Indicators of U.S. Citizens and U.S. Legal Permanent Resident Aliens, by National Origin

	<i>U.S. Citizens</i>					<i>All Immigrants</i>			<i>Mexicans</i>			<i>Other Immigrants</i>			
	<i>1984</i>	<i>1990</i>	<i>1992</i>	<i>84-90</i>	<i>90-92</i>	<i>1990</i>	<i>1992</i>	<i>90-92</i>	<i>1990</i>	<i>1992</i>	<i>90-92</i>	<i>1990</i>	<i>1992</i>	<i>90-92</i>	
	<i>Household-Head Observations (N)</i>	<i>19151</i>	<i>22318</i>	<i>23257</i>	<i>% Change</i>	<i>4613</i>	<i>4833</i>	<i>% Change</i>	<i>2279</i>	<i>2517</i>	<i>% Change</i>	<i>2333</i>	<i>2316</i>	<i>% Change</i>	
1992	% Owner	56	58	57	2	0	41	44	8	41	45	9	41	44	8
	% Employed	48	50	49	4	-2	39	39	1	38	39	3	41	41	0
	% Received labor income	88	88	88	0	-1	87	86	-1	95	94	-1	77	76	-1
	% Receiving old age pension	16	17	17	5	-2	18	20	10	11	10	-10	25	31	24
	% Receiving VA and pension income	9	10	10	9	1	2	5	57	2.4	3.1	32	5	7	43
	% Receiving unemployment benefits	10	7	9	-33	24	10	14	31	14	19	33	6	9	65
	% Receiving workers' Compensation	1.8	2.7	2.8	54	2	2.3	3.5	33	2.7	4.6	69	4.9	2	-55
	% Receiving SSI	4.2	4.5	4.7	7	4	7.2	8.8	17	2.1	4.2	102	12	14	12
	% Receiving ADC/AFDC	9.1	8.6	8.0	-6	-7	5.1	5.2	0	3.5	5.8	64	7	4	-33
	% Receiving other transfers	3.7	2.6	3.0	-31	15	6.6	7.1	8	3.7	3.5	-5	9	11	18
	1993	% Working in full-time jobs	53	59	57	12	-4	60	55	-8	59	55	-6	61	55
% Working in part-time jobs		47	41	43	-13	6	40	45	12	41	45	9	39	45	15
% of Indiv. full-time employed females		35	38	39	8	3	34	35	1	30	29	-2	38	40	6
% of Indiv. part-time employed females		61	64	63	6	-3	55	54	-2	53	53	1	58	56	-4
% Professional		17	18	18	9	1	7	8	5	3	3	-14	11	12	9
% Office Workers		29	30	30	2	1	16	18	18	7	12	67	23	23	2
% Business Jobs		5	5	5	14	-4	3.1	3.5	13	0.9	2.2	150	5.1	4.6	-10
% Skilled		25	24	25	-4	2	25	24	-2	21	21	-2	27	26	-6
% Unskilled		25	23	22	-8	-3	49	46	-6	67	62	-8	34	34	2
Mean education in years (*=1991)		8.1	8.2	8.2*	1	0	6.1	6.2*	2	4.5	4.8*	6	7.6	7.7*	1
Mean age		28	30	30	7	0	31	31	0	24	25	4	37	38	3
Mean no. of children in HH		1.5	1.5	1.5	0	0	2.0	1.9	-5	2.6	2.5	-4	1.3	1.2	-8
Mean no. of individuals age 65+ in HH		0.14	0.16	0.16	14	0	0.24	0.25	4	0.11	0.13	18	0.36	0.38	6
Mean no. of employed indiv. in HH		1.6	1.6	1.6	0	0	1.7	1.7	0	1.9	2	5	1.4	1.4	0
Mean annual hours worked (individuals full-time)		2251	2288	2291	2	0	2223	2233	0	2205	2210	0	2356	2239	-5
Mean annual hours worked (individuals part-time)		963	981	1007	2	3	1003	965	-4	1040	966	-7	954	969	2

Source: PSID 1984, 1989, 1990, 1992 (Latino subsample included since 1990); author's calculations.

Borjas 1990). But with increasing labor market knowledge and cultural assimilation (language skills) immigrant wages approach those of comparable native workers over time. In Germany similar initial disadvantages in earnings are observed but the causes and extent of continuous income inequality between similarly skilled native born and immigrants and differences in occupational mobility have been controversial (see Dustmann 1993; Licht and Steiner 1993; Velling 1995; in contrast to Schmidt 1992; Pischke 1992). According to GSOEP data, disparities increased slightly between 1984 and 1992, in particular among the upper percentile groups.⁹ Earnings disparities have in most cases been explained by foreigners' confinement to lower-skilled jobs in blue-collar occupations. A regression analysis for 1992 data (not shown here) of full-time, unskilled, blue-collar workers by date of entry, hours worked, age, and years of education confirms that—next to the less important variables of hours worked and gender—immigrant status was important in explaining earnings differences between German native born and foreigners. The relevance of immigrant status for explaining differences in earnings requires further research.

Surprisingly the small pre-1990 U.S. immigrant sample surpassed native-born American earnings, whereas the lower post-1990 immigrant earnings in the Latino sample fit well into the picture of a disadvantaged, immigrant, ethnic underclass (see Table 2). According to their characteristics (see Table 4) the pre-1990 group represented a relatively established older, and, above-average educated immigrant cohort. This conforms with findings by Barry Chiswick (1980) that older immigrant cohorts contribute more revenues, per capita, than do more recent immigrants.¹⁰ The latter hypothesis was established by George Borjas (and more recently a RAND study). After reviewing the largely poor and uneducated arrivals in recent decades, these studies came to the conclusion that more recent immigration not only hurts employment and wage levels of native-born workers, but that the gap between immigrants and native-born workers has increased, particularly for Mexicans and other Central American Hispanics, whereas most Asian, Canadian, and European immigrants increased their incomes, as predicted by Chiswick.¹¹

As in Germany, American PSID data show a huge and growing earnings gap between post-1990 immigrants, in particular, Mexican-born immigrants, and native-born workers. Some of these differences can be attributed to differences in socioeconomic characteristics (education, age, occupation; see Tables 3 and 4). A regression analysis confirms the importance of age and education to explain earnings, whereas immigrant status is not a statistically significant factor (not shown here).¹² Several examples of wage disparities are discussed below, including com-

parisons: (1) between natives and immigrants, (2) between employment levels, (3) between occupations, and (4) within occupations.

(1) In Germany mean foreigner household earnings in 1992 (1984) were 83 percent (84%) of native-born earnings (Turks: 71% in 1984, as well as in 1992). In the United States the difference between foreign-born immigrants (Mexican-born) and U.S. native-born was 62 percent (59%) in 1992 (1990: 64% for foreign born overall and 61% for Mexican born). If other non-transfer income is included, foreigners' (Turks') total income and earnings in Germany were 76 percent (64%) of the native born in 1992 (1984: foreigners 79%, Turks 65%). This compares in the United States with 62 percent (57%) for all U.S. immigrants (Mexican born) in 1992 (1990: all immigrants 64%, Mexicans 60%).

(2) Earnings differences between full-time, part-time, and not-employed workers were also less marked in Germany than in the United States. Mean part-time earnings in 1992 (1984) were 74 percent (71%) of full-time earnings of native born in the United States and 79 percent (91%) of full-time earnings of German natives. Mean earnings of not employed in 1992 (1984) were 27 percent (33%) of full-time earnings of native Americans and 56 percent (73%) of full-time earnings of Germans. Earnings differences among immigrants' employment levels were similar to both countries' distribution but somewhat smaller in their variation (see Table 1).

(3) In 1992 a Mexican-born (U.S. native), unskilled immigrant working full time earned 52 percent (50%) of a full-time professional Mexican immigrant's (U.S. native's) mean hourly earnings (1990: 53% for U.S. natives and 65% for Mexicans). In Germany in 1992 an unskilled, full-time foreigner (native German) earned 56 percent (82%) compared to a full-time working professional foreigner (German). In 1984 this relation was 69 percent for German unskilled workers and 63 percent for immigrants.

(4) Within occupations disparities can be measured by comparing mean hourly earnings in the lowest and the highest percentiles. Among unskilled native-born Americans (Mexican-born immigrants) employed full-time, the lowest percentile earned 23 percent (21%) of the highest percentile in 1992. Among U.S. natives this difference did not change significantly between 1984 and 1992 (from 21 to 23%). Among Mexican immigrants it remained almost constant (1990: 22%, 1992: 21%). This compares with unskilled Germans (foreigners) employed full-time, who earned 30 percent (37%) of the highest percentile. In Germany these disparities increased over time (1984: Germans 26%, foreigners 32%).

In other words, although wage discrepancies remained almost constant in both countries, earnings inequality was much less pronounced in Germany, a result of more regulated labor markets protecting the wages of

lower-skilled workers. Higher wage disparities in the United States are an expression of capitalist market forces that are less tamed by universal labor agreements, labor market regulations, and welfare corporativism than they are in Germany.

EMPLOYMENT LEVELS, OCCUPATIONAL STRUCTURE, AND AGE

Parallel to continuous high and long-term unemployment, particularly among lower-skilled persons, part-time work has boomed in recent years as low-wage service sector jobs and female employment have expanded. In many cases part-time work has become identical with insecure jobs in the transition between full employment and unemployment (Seifert 1996, p. 425). Tables 3 and 4 illustrate the increase of part-time jobs among both natives and immigrants in Germany and the United States.

Between 1984 and 1992 part-time employment rose from 22 to 28 percent among Germans and from 12 to 20 percent among foreigners. Cross-tabulation (not shown here) confirmed that German and immigrant part-time workers, including a high percentage of females, were also recipients of unemployment benefits. In 1992 over 25 percent of all unemployed, foreign female workers also held a part-time job (the average was 15% part-time work job holders). The precarious economic status of part-time job holders in 1992 is also evident in (1) the decrease of earnings among Turkish part-timers, and (2) the comparatively high needs-based benefits receipt ratio of part-time workers in relation to their earnings. Seventeen percent of part-time German workers (27% of foreign workers) received needs-based benefits in comparison to 10 percent of full-time German workers (20% of foreign workers, see Table 1).

In comparison with Germany, the percentage of part-time job holders is much higher in the United States. In 1992, 43 percent of all U.S. native-born workers were part-timers, as were 45 percent of all immigrants; the latter number rose more sharply since 1990 (see Table 4). Compared to Germany, these differences reflect the expansion and size of the (mostly low wage and low skill) service sector in the United States. They also support the notion of a growing bifurcation of labor markets, with well-paid and secure full-time, primarily male-occupied jobs versus contingent part-time and temporary work, subcontracting, and other flextime jobs held predominantly by females. In the United States as in Germany an above-average percentage of immigrant part-time workers (26% of all U.S. males and 28% of all U.S. females) received unemployment benefits in comparison with U.S. natives (13% of all U.S. females and 19% of all U.S. males). Furthermore, the tax-based benefits receipt

ratio in relation to earnings among U.S. immigrants was twice as high as among U.S. natives.

An additional evaluation of benefit/contribution ratios by occupation and age (not shown here) confirms for both countries relatively higher or rising ratios in comparison with natives after 1989/1990 for persons in lower occupations (blue-collar jobs), young labor market entrants, persons near or at pension age, and recipients who are not employed or unemployed. Both countries also have in common a stagnation of benefit ratios for most occupations of native-born respondents between 1984 and 1992, particularly since 1990, with the exception of pension benefits. Stagnation of benefits is a result of welfare reform measures to cut costs or—as in the case of the German unemployment insurance—a disproportional increase of insurance contributions.¹³ Interestingly, managerial and white-collar office workers have the highest pension benefit/contribution ratios, because the insurance principle assures them higher receipts as a result of higher payments during their work life. Office workers in both countries, particularly state employees with secure jobs, receive generous retirement benefits secured by strong unions. In Germany and the United States, immigrants' means-tested benefit receipts in relation to earnings for most occupational groups are above average, indicating that even immigrants in better-skilled jobs face higher risks. This finding supports the notion of a pervasive ethnic stratification over all occupations and job levels in both countries.

With regard to age groups (not shown here), benefit ratios have a characteristic U-shaped curve showing low welfare participation among middle-aged cohorts with high labor force participation. The more pronounced age-related U-shape of receipts in the United States compared to Germany may be not only an expression of greater earnings disparities (see above) but also an outcome of different eligibility criteria and risk structures. In the United States it seems that children born out of wedlock, young single parents, young mothers, and African-American males in urban ghettos, for example, have a much greater risk of falling below the poverty line and becoming eligible for some kind of tax-based social assistance, food stamps, or other means-tested transfer than in Germany. The fact that German benefit ratio curves are on a higher level and are less elaborate supports the notion of an equalizing effect of the German welfare system. Maternity payments and child support for young parents, the extension of postsecondary education via generous student loans, and the cushioning of employment risks during the transition from school to employment through social assistance, unemployment benefits, and housing allowances, keep benefit ratios on a high level. Young foreign job entrants have a higher benefit ratio in Germany because they suffer from such disadvantages as limited language ability,

ignorance of German customs, and lack of networks and credentials. Another difference between Germany and the United States is the fact that benefit curves in Germany increase significantly among persons above age 56 as a result of early retirement schemes and elderly workers' higher unemployment risks in the wake of economic restructuring. Interestingly, benefit ratios of immigrants are higher in all age groups below age 50 but then are surpassed by receipts of the native born, an expression of higher risks for immigrants during their work lives and lower pension receipt after retirement because of lower and shorter earnings during their work lives.¹⁴ Immigrants' lower pensions and higher vulnerability to poverty is—to some degree—compensated by immigrants' eligibility for welfare assistance in Germany and SSI in the United States.¹⁵ In 1992 German panel respondents age 65+ received payments of DM 3,210 (or about \$2,000) mean social assistance, whereas the small group of Turks received DM 7,460 (or about \$4,660). Other transfer payments amounted to DM 3,100 among Germans and DM 4,023 among Turks.

The PSID included 447 immigrants and 1,823 U.S. native-born above age 65 in 1992. The mean individual benefit receipt of four welfare programs among this group (ADC/AFDC, SSI, food stamps, and related transfers) was \$300 for U.S. native born and \$460 for immigrants (see Table 2).¹⁶ Also, in 1992, immigrants aged 65+ received on average \$609 in SSI benefits compared to \$208 for native-born recipients. Bean and Van Hook (see this volume) and Passel and Fix (1996) confirm a tendency among retired U.S. immigrants to use SSI as compensation if they lack pension eligibility. In the American public debate, such immigrant "retirement" expenditures have been translated into the allegation that the elderly immigrant becomes a "public charge." But one has to consider that the share of immigrants among all elderly in the United States is only 15 percent, and only a small fraction of this group uses SSI above the average. And in comparison with other societies, like Germany, American immigrant welfare receipt is rather small. Nevertheless, "free market" proponents demand extraordinary state intervention in order to attack SSI and other benefits and to regulate immigration.

OCCUPATIONAL POSITION AND MOBILITY

Research on ethnic stratification in the past has confirmed significant differences in occupational status, income, and job mobility between labor migrants and German native born (Seifert 1996). Indeed, GSOEP data confirm significant differences between German and foreign respondents

regarding employment, employment levels, hours worked, occupational structure, education levels, and the reciprocity of unemployment benefits, social assistance, and housing allowances (see Table 3).

In 1992 foreigners were less likely than Germans to own property; a higher share of foreigners than Germans, however, was employed, working full time, and received earnings through labor income. Foreigners were at least twice as likely as Germans to receive unemployment benefits and social assistance. Eighty-three percent of foreigners held unskilled jobs in comparison with 23 percent of German panel respondents. On average foreigners' education was also somewhat lower.

In comparison with the 1984-1989 period, the situation of foreigners has in some, but not all, areas improved since 1990. Unemployment of migrants has stagnated at a high level, and mean hours worked as well as labor market participation (expressed through the percentage of persons in employment) have significantly decreased. Also the absolute and relative number of recipients of social assistance benefits and housing allowance has risen in contrast to native-born German GSOEP panel respondents. Foreigners have made advancements with regard to occupational mobility, although their occupational distribution is still far from equal to Germans' and the disparity in years of education was not reduced over time (see Table 3).

A comparison among six immigrant groups illustrates a hierarchy along ethnonational lines. In this context the category "other foreigners" represents a very heterogeneous group of professional and business migrants, students, and other persons receiving training in Germany. This group also includes ethnically "mixed" migrant households, and married spouses of Germans originating from West and East Europe, the Americas, and the so-called third world countries. The diffuse composition of this group is expressed in characteristics that deviate significantly from persons that can be defined as part of the Mediterranean "guest-worker" group. Compared to guest-workers, "other foreigners" are, on average, older and more likely to own property, while their education levels tend to match Germans. Among the former "guest-worker" population, employment levels were high among Greeks and Italians and low among Turks in 1992, indicating different degrees of labor market participation and settlement. The specific characteristics of the Turkish/Kurdish respondent group were mentioned earlier. Turks have (together with Spaniards) the highest unemployment benefit receipt ratio and the highest percentage of persons receiving social assistance, housing, and child allowances. They also have, on average, the largest families and lower female labor market participation.

Measurable differences between national groups also exist with regard to occupational structure and education. Yugoslavs have a comparatively

high education level and a high percentage of professionals (and for that matter pensioners), whereas Greeks, Spaniards, and Italians have comparatively high percentages of persons employed in white-collar office and business jobs with, on average, lower educational levels.

Between 1984 and 1992 the most significant changes took place among "other foreigners" and Italians. "Other foreigners" increased their share of full-time workers by about 9 percent, including many females. Persons earning income through labor increased 14 percent between 1984 and 1992. Italians, on the other hand, without increasing their average education level, realized the most significant upward mobility from unskilled to white-collar jobs but at the same time had the highest increases of persons receiving housing allowances and social assistance (although their current receipt level is still below the average for foreigners). Spaniards increased their share of part-time workers in white-collar jobs. Turks made gains among professionals and office workers but still lagged behind the average in most other aspects of occupational mobility and welfare receipt. An interesting case is Greek labor migrants. On one hand their educational level increased and Greeks made gains in office and business jobs, but on the other hand they lost ground among professional jobs, possibly through remigration.

The descriptive analysis of GSOEP panel data indicates the persistence of inequality but does not support the fear of a deepening of labor market segmentation along ethnic, age, or gender lines, the hypothesis of a "two-tier" society. Certain immigrant and occupational groups are more vulnerable than others, as other studies have found (Seifert 1996; Werner and Seifert 1994), but it is difficult to determine how persistent these vulnerabilities are, and how we can account for causes and effects in changes in the socioeconomic position, particularly among blue-collar workers, females, and foreigners. Some variations, for example, in incomes and unemployment are related to the economic cycle (between 1984 and 1992 Germany underwent three recessions, 1983/1984, 1986/1987, and 1992/1993). Others are related to regional and structural changes, such as the decline of lower-skilled manufacturing jobs in traditional branches which threaten the job security of foreigners, since they are traditionally concentrated in these "unattractive" sectors. Other factors, such as the efficiency of the educational and apprenticeship system over time, are important too, for the offspring of immigrants, if one assesses the future of immigrant integration. In addition, language deficiencies among so-called first-generation migrants, their legal (noncitizen) status, exclusion from higher civil service jobs, cultural segregation, credentialism, and ethnocultural discrimination (Gillmeister, Kurthen, and Fijalkowski 1989) have an impact on employment risks and opportunities. Recent studies all confirm that second-generation foreigners

have made some gains in educational and job mobility (Seifert 1996; Thränhardt 1994).

The integrative effect of the more elaborate welfare system in Germany is somewhat counteracted by the legal exclusion of foreigners as political subjects and potential citizens (Seifert 1996), an exclusion that hits resident alien immigrants in the United States at least as hard as in Germany, although naturalization is more available to immigrants in the United States than in Germany.¹⁷ Labor migrants in Germany occupy a middle position between ethnic German resettlers and asylum-seekers. They are fully integrated socioeconomically, once they have passed the hurdles of long-term work and residence permits, but they have fewer incentives for integration than resettlers who receive instant citizenship, special integration measures, and so on. On the other hand, foreigners are much better off and almost equal to EU citizens, in contrast with refugees and various subcategories of seasonal workers, undocumented aliens, or persons with a temporary protected residence status (*Duldung*). In comparing the three main sources of immigration, it is not surprising that receipt of social benefits and labor market incorporation is strongly correlated with legal immigration (entry) status and time of entry after controlling for gender, age, schooling and job training, number of children, household income, employment status, and other factors (Velling 1994; Seifert 1996).

But given the considerable acquisition of rights among long-term immigrants in the German welfare state (more than 80% have a secure residence and work-permit status), it might be argued that legal status currently has a mainly symbolic effect on the native-born population and the immigrants themselves, signaling a continuous outsider position which directly or indirectly may support hidden forms of exclusion and discrimination. For example, legal status may affect decision making about job and career trajectories in hiring, selection, promotion, and dismissal (Kurthen and Gillmeister 1989).

Using the PSID Latino immigrant subsample one can distinguish two immigrant groups in America: Mexican immigrants and "other" (not Mexican born) immigrants (Table 4). The latter represents an older and comparatively more heterogeneous ethnonational group composed of more retired and not-employed persons with fewer children in smaller households comparable to the "other foreigner" group in Germany.¹⁸ "Other immigrants" also receive above-average SSI, old-age pensions, and "other transfers," an indication that many belong to the category of older immigrants and/or "working poor" near the poverty level. In comparison with native born (7%) and Mexican born (3%) 14 percent of "other immigrants" were above age 54.

Mexican-born immigrants share many features with Turks and other former "guest-worker" labor migrants to Germany from the Mediterranean area, although Mexican immigrants are significantly younger, have more children and larger families, as well as a higher labor market participation but a lower percentage of Mexicans than U.S. citizens received ADC/AFDC benefits. Four out of five are employed as blue-collar workers, 94 percent received labor income, 19 percent received unemployment benefits, and almost 5 percent received workers' compensation, a sign of the high employment risks for insecure and low-wage jobs.

Of particular interest are changes between 1990 and 1992 because they reveal clues for judging occupational mobility. Among U.S. native born the percentage of skilled persons increased at the cost of those in unskilled occupations, indicating slow upward mobility (though education levels were constant). Among Mexican-born immigrants similar but bolder shifts occurred from unskilled blue-collar to white-collar occupations (business and office jobs), ownership and mean levels of education also increased significantly. At the same time full-time jobs have decreased among immigrants faster than among U.S. citizens, which indicates that a higher rate of occupational changes among immigrants does not necessarily translate into greater job security or a narrowing of earnings disparities. Rather, immigrants tend to be more likely to be dismissed in times of tight job markets.

Among non-Mexican-born immigrants the occupational distribution and level of education changed only marginally after 1990, though the decline of full-time job holders was steeper than among Mexican born, rendering the employment prospects of "other immigrants" somewhat more insecure. In fact, "other immigrant" full-time worker earnings decreased 3.3 percent (part time: -3.8%) between 1990 and 1992, although mean annual hours worked—in the case of "other immigrant" part-time job holders—increased (+1.6%). In contrast, U.S. native-born, full-time workers (part-time workers) increased their labor earnings in the same period +7.6 percent (+0.8%), and Mexican-born immigrants +6.6 percent (7.8%). The more pronounced occupational shifts in the German labor market translated in the same period into wage increases for full-time (part-time) German workers of +12.2 percent (12.4%), foreigners +17.2 percent (+5.5%), and Turks +23.8 percent (+9.5%), although mean annual hours worked by full-time job holders decreased (see Table 3), a sign of strong productivity gains.

If one follows Tienda and Jensen's (1985, p. 3) argument that "information on the degree of [benefits] reliance of different immigrant groups...may also be considered as a useful indicator of the success of immigration selection policies...or indicating lack of economic success..." then my findings from PSID and GSOEP data between 1984

and 1992 support a differentiated picture both for the United States and Germany. In both countries there are signs of slow occupational or educational advancement, although significant disparities persist. In the United States income disparities between immigrants and native born and among immigrants are more pronounced and social welfare is much more loosely knit than in Germany. It is not improbable that the more egalitarian income distribution and the more comprehensive welfare and educational systems in Germany are more beneficial for the incorporation of immigrant minorities and in avoiding extreme poverty, ethnoracial or ethnonational segregation, and excessive segmentation of labor markets.¹⁹

CONCLUSIONS

My GSOEP and PSID data analysis confirms prior findings in Germany and the United States that contradict the stereotype of widespread abuse of the welfare system among legal immigrants. Until recently immigrants in Germany have been net contributors to the welfare system. However, since the end of the 1980s their benefits use has increased, particularly poverty-related social assistance (see synopsis in Table 5). Germany may soon experience benefit/contributions ratios of immigrants higher than those of native born, as is the case in the United States where indications exist that more recent immigrants are becoming net beneficiaries of welfare receipts, although immigrants still contribute on average more than they take. Higher mean welfare receipts of immigrants in the United States in 1992 (unemployment and workers' compensation, SSI and "other transfers," such as food stamps) are effects that result from changing characteristics of the immigrant population, that is their on-average lower earnings, larger family size, different age structure, and so on. But critics often overlook the fact that some of these characteristics also can contribute to lower benefits participation in comparison with the native population. For example, family cohesion and community networks among certain immigrants may prevent high percentages of single mothers among Hispanics. Older family members arriving under the pretext of family unification help with child care and unpaid household labor and contribute indirectly to the smooth integration of immigrant generations (see Vernez and McCarthy 1996, p. 45).

In the long run the changing age structure of foreigners in Germany will most likely impose more health expenditures and pension costs, as some studies have already predicted (see Wehrmann 1989). This situation could be aggravated if many migrants become dependent on long-term social assistance because they are marginalized in employment,

Table 5. Synopsis of Findings Comparing Citizens and Immigrants in the U.S. and Germany

	<i>Germany</i>	<i>United States</i>	<i>Germany-United States Comparison</i>
204 Contribution/benefits levels (see Tables 1a and 1b)	Contribution levels are similar between citizens and immigrants, except for Turks (lower). However, in absolute numbers immigrants have higher contributions for pension, health, and unemployment insurance, and in absolute numbers immigrants receive lower benefits (except for social assistance, housing and child allowances, and other transfers). Only Turks have a relatively better benefits ratio.	Contribution levels of immigrants are lower than those of citizens in all categories. In absolute numbers, particularly Mexicans receive lower benefits, except for unemployment benefits, workers compensation, and other transfers.	Benefits participation of immigrants in relation to natives/citizens increased in both countries after 1989/90, but immigrants in Germany contributed net more than citizens. In the U.S., immigrants contribute net less than natives, but, in absolute numbers, contribution/benefit levels are significantly lower in the U.S.
	Contributions of immigrants and, in particular, Turks grew less between 1984 and 1992, but benefits increased significantly more in comparison with natives, particularly after 1990. Benefit levels decreased over time in relation to contributions and earnings both for citizens and immigrants, but German citizens still benefited more because of higher pensions and unemployment benefits.	Immigrants benefit relatively more than citizens. Benefits among immigrants grew in particular after 1990 in relation to stagnating contributions.	Benefits after 1990 grew moderately for German and U.S. citizens but significantly for immigrants in both countries, particularly in Germany. Variations in contribution/benefit levels among immigrant groups are larger in the U.S.
	Relatively small variations among immigrants.	Significant differences among immigrants.	Immigrant group differences increasing in U.S., in Germany only in benefit levels.
Earnings (see Tables 1a and 1b)	Significantly higher earnings of citizens. Gap stagnating over time for full-time workers, but converging with regard to part-time workers and not-employed immigrants (the latter report higher earnings than citizens)	Significantly higher earnings of citizens in comparison to Mexicans. Inequality stagnated after 1990, except for not-employed. Earnings of non-Mexican immigrants are similar (full-time), higher (part-time), or lower (not-employed) than earnings of U.S. citizens.	Absolute and relative earnings inequalities between U.S. citizens and Mexicans are higher than between German citizens and Turks. Similar long-term trend of stagnating inequality between immigrants and citizens in both countries.
	Significant differences among immigrants (Turks lowest).	Significant differences among immigrants (Mexicans lowest).	Earning inequalities less pronounced in Germany than the U.S.
205 Social and economic indicators (see Tables 2a, b)	Ownership by immigrants is significantly lower but improving. Immigrant participation in (dependent) employment significantly higher. A lower percentage of immigrant households receives pensions, but numbers increase strongly in recent years. A significantly higher percentage of immigrant households receive unemployment benefits and child allowances, although this percentage has decreased since 1990. Immigrant households also receive above-average housing allowances and social assistance because of higher poverty levels.	Ownership by immigrants is lower but improving. Immigrant employment participation is below average, except for Mexicans. A significantly higher percentage of immigrants receive unemployment benefits and workers compensation, particularly Mexicans, but a lower percentage receive ADC/AFDC and VA/pension income. Mexicans receive less but other immigrants relatively more SSI payments (ditto old age pensions). Payments increase significantly for immigrants after 1990.	U.S. immigrants have higher ownership percentages than immigrants to Germany but lower (dependent) employment participation. A lower percentage of U.S. immigrants receive unemployment benefits but after 1990, the percentage of U.S. migrants in poverty who risk receiving means-tested benefits has risen much more strongly than in Germany. Turks and Mexicans are in a similar, socially more deprived position than other immigrant groups.
	Immigrants become more integrated and adjust to the occupational and employment structure of citizens over time, but very significant occupational segregation of immigrants in unskilled jobs remains. Immigrants have higher percentages of persons in full-time jobs.	Immigrants become more integrated into the occupational structure over time, but significant occupational segregation of immigrants in (un)skilled jobs remains. Immigrants have similar percentages as citizens in full- and part-time jobs.	Part-time work is significantly higher in the U.S., and the integration of immigrants into the occupational structure is more balanced than in Germany, although the adaptation process occurs faster in Germany.
	Immigrants have somewhat lower education levels, are on average younger, have larger families, significantly lower numbers of family members age 65+, and work fewer mean annual hours (full-time), although among immigrants part-time workers work more hours.	Immigrants have significantly lower education levels, are on average similar in age, have somewhat larger families, more family members are 65+, and work somewhat fewer mean annual hours (full and part time). However, Mexicans and other immigrants differ significantly from each other with regard to education, family size, and age composition.	Education levels and mean age are significantly lower in the U.S., but family size is larger. The mean number of annual hours worked by citizens has significantly decreased in Germany but increased in the U.S. Among immigrants in both countries, hours worked have decreased (Germany) or stagnated (U.S.).
	Significant differences among immigrants (Turks in most areas are at the bottom).	Significant differences among immigrants (Mexicans in most areas are at the bottom).	Variations among U.S. immigrants are stronger than in Germany.

with the consequence that their earnings and contribution potential as well as their intra- and intergenerational occupational mobility stagnates. In the German contribution-oriented welfare insurance system any progress in labor market integration is beneficial to both individuals as well as the host society. Given an expected demographic decline of the native-born German population over the next decades, integration of foreigners and controlled new immigration should be encouraged, although the influx of asylum-seekers fleeing from poverty and political persecution or of undocumented immigrants (as in the United States) may threaten the fragile public willingness to embrace newcomers with friendly attitudes, helping hands, and humanitarian feelings instead of xenophobic hatred and contempt.

In the United States the picture is somewhat dissimilar from that in Germany, because certain groups of immigrants (such as Mexicans) are channeled into labor market segments with insecure low-skilled and low-wage occupations, where they represent a part of the growing group of "working poor" close to poverty level. Despite easier access by immigrants (minorities) to naturalization and (formal) legal equality, the individualist and market-oriented, anti-interventionist ("laissez-faire")-style American immigrant incorporation policy contributes to the persistence of social inequality over time. Because of weaker welfare institutions in the United States, the trend is toward a more segmented or bifurcated two-tier society, where marginalized native-born and immigrant labor market groups carry high risks of falling time and time again into poverty and economic distress and—consequently—requiring means-tested poverty assistance. Drastic welfare cost-cutting measures in the past and the so-called welfare bill of 1996 will keep welfare expenses at bay, but only from a narrow fiscal perspective that loses sight of these long-term intergenerational and societal incorporation issues. In addition, there are good reasons to believe that a continuation of welfare cuts will most likely damage the fragile social and cultural cohesion of U.S. society and create new costs in the long run, from anti-riot measures, crime and drug offenses, to further expansion of the criminal justice system. The public may eventually recognize that fiscal "welfare chauvinism" is costlier than egalitarian welfare prevention and (labor market) incorporation measures. Finally, the build up of anti-immigrant rhetoric may be diminished by the aging U.S. workforce, perhaps opening the doors for immigration, or bringing more indigenous people back into higher-paid jobs and increased labor market productivity, or by both.

Although Germany and the United States may seem to engage in converging immigration policies,²⁰ deeply embedded differences in their welfare approaches will for some time mark the degree and efficiency of socioeconomic immigrant incorporation. Differences will not just wither

away and lead to an "Americanization" of the German welfare state or a "socialization" of unfettered U.S. market individualism with more government intervention.

Whether the United States or Germany can become models remains to be seen. Currently, neither country is qualified to receive high marks in social or political immigrant integration. However, both countries are challenged by exactly what marks their differences. Whereas Germany has to master the task of politically incorporating immigrants into the fabric of a nation-state that has embarked to submit parts of its sovereignty to supra-national 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 cultures, social cohesion, and national identities in the near future.

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NOTES

1. Dependency and fraud arguments are often based on the questionable assumption that immigrants and minorities are more prone to criminal motives, or that they are indifferent to the stigmatization that accompanies welfare receipt or a life in or near the poverty level.
2. The cross-sections analyzed represent in their large majority an identical population, except for a relatively small percentage of persons who left the panel because of, for example, "natural attrition," or because they became new household members by birth, adoption, marriage, and so on.
3. Equivalence scales are used to adjust for household size and composition in cross-national comparisons. They deflate household income according to household type to calculate the relative amount of money two different types of households require in order to reach the same standard of living.

4. In the case of Germany, non-Mediterranean immigrants and mixed-marriage households were counted as "other foreigners."

5. In 1992 native-born Americans paid 17.9 percent of their earned income in taxes, in Germany (VAT excluded), this percentage was 24.8 percent.

6. According to Passel and Fix (1994), welfare use among non-refugee and working-age immigrants decreased in the 1980s at a faster pace than among the native born. In contrast, welfare participation among refugees and elderly immigrants tends to be above average. Refugees fleeing persecution are often traumatized and have no job or family connections in the host society. The elderly have not worked enough to qualify for retirement pensions and therefore use SSI as a bridge to Medicaid in the United States or to social assistance and other support in Germany.

7. For a more detailed discussion of this issue see Vernez and McCarthy (1996) and Vogel (1996b).

8. Fix and Passel (1994) also report a stagnation of native-born welfare receipt. Between 1980 and 1990 the percentage of native-born welfare recipients age 15 and above fell slightly from 4.3 to 4.2 percent, whereas the percentage for non-refugee immigrants was 4.8 percent. In 1990 their percentage fell to 4.1 percent.

9. In 1984 (1992) weighted mean hourly earnings of Germans were DM 5.49 (DM 11.15) in the lowest percentile and DM 20.96 (DM 36.67) in the highest percentile. This compares with foreigners' DM 6.37 (DM 10.95) in the lowest and DM 20.68 (DM 29.70) in the highest percentile.

10. Chiswick established a period model where new immigrants in the 1950s and 1960s first earned about 10 percent less than similarly educated native-born Americans—a result of the devaluation of their human capital acquired in their home country—but after 13 years the gap had closed. And after 23 years immigrants were earning 6 percent more, supporting the assumption of extraordinary success in adapting to U.S. economic and social life by energetic and beneficial immigrants who invested strongly in human capital.

11. Passel and Fix (1994) in a *Migration World Magazine* report claim that changes in recent immigrant characteristics and composition lead to increasing inequality. Households headed by immigrants who entered the United States before 1980 had average incomes of about \$40,000 but recent immigrant households had only \$31,000, and Mexican immigrants averaged only \$23,900.

12. In 1990 (1992) weighted mean hourly earnings of native Americans were \$2.92 (\$3.41) in the lowest percentile and \$15.94 (\$14.68) in the highest percentile. This compares with Mexican-born immigrants \$2.45 (\$2.65), in the lowest and \$10.92 (\$12.63) in the highest percentile.

13. Another way to buttress public coffers is "hidden" tax increases resulting from taxation rates not adjusted for inflationary effects of income growth.

14. Average retirement incomes (old age and veterans' pensions) for persons age 65+ in 1992 were \$9,043 (\$6,236+\$2,807) for U.S. native born and \$5,596 (\$4,724 + \$2,807) for immigrants. In Germany the comparative figures for persons above age 65, based on GSOEP panel data, were DM 22,714 for German native born and DM 10,921 for the small number of elderly foreigners in the foreigner sample. These figures may be misleading if one does not account for the different structure of pension systems in both countries. In the United States private pension plans are much more important than in Germany with its universal and state-guaranteed pension system.

15. In 1995 some 36 million U.S. residents, 14 percent of the population, lived in households with incomes below the poverty level. The poverty line, calculated as three times what a family needs to spend to eat, was \$15,569 for a family of four and \$12,158 for a family of three in 1995. The median household income was \$34,076 in 1995, meaning that half of the nation's 100 million households had higher and half had lower incomes. For the first time the Census

Bureau released poverty data on native- and foreign-born residents: 13 percent of the U.S.-born residents were poor, compared with 28 percent of the foreign born who were not naturalized U.S. citizens. Native-born households had median incomes of \$34,800, while households headed by foreign-born persons had median incomes of \$28,400. In 1990, 9.1 percent of U.S. households headed by a foreign-born person and 7.4 percent of households headed by a person born in the United States received cash assistance from a program such as Aid to Families with Dependent Children or Supplemental Security Income. More comprehensive data from the Survey of Income and Program Participation reveals that the immigrant-native welfare gap widens when noncash benefits such as food stamps, Medicaid, and housing subsidies are included. Medicaid accounts for about half of the almost \$200 billion spent annually on these programs. In 1990-1991 about 21 percent of the households headed by immigrants, compared to 14 percent of households headed by U.S.-born persons, were receiving a cash or noncash federal benefit. Almost half of the households headed by persons from the Dominican Republic and Vietnam received a cash or noncash federal benefit in an average month in 1990-1991. About one-third or more of the households headed by persons from the former Soviet Union, Mexico, and Central America received benefits. Fewer than 10 percent of the households headed by persons born in Korea received benefits (*Migration News* 1996).

16. A study presented in the summer of 1996 by the Washington, DC, Urban Institute based on the 1993 Current Population Survey (CPS) confirmed that individual immigrants' use of cash welfare benefits was only slightly higher than that of native born (Fix, Passel, and Zimmerman 1996). However, if disaggregated by age, time of entry, region, and income level the immigrant population showed significant differences. Not surprisingly, welfare and SSI use was concentrated among poorer, non-naturalized immigrants, the elderly, refugees, and persons who lived in urban immigration centers in California and New York. According to the study, 4.9 percent of the native-born population received public assistance in comparison with 5.1 percent of the non-refugee foreign born (18-64 years), 13.1 percent of foreign-born refugees, and 13.7 percent of the elderly foreign born (65+ years). These findings compare with public assistance ratios of 4-6 percent for Mexican immigrants depending on program type in the PSID.

17. Non-naturalized immigrants in the United States, however, are in a comparatively worse situation regarding political participation. Recently EU-member-state citizen-residents have been granted the right to vote in local and state elections. Neither such initiatives nor public awareness exist in the United States at all, although 6.1 percent of the U.S. population or about 15 million persons were permanent residents in 1994.

18. Higher property ownership by natives and immigrants in the United States in comparison to Germany is a result of the availability of cheaper housing in the United States.

19. This also assumes that noninstitutional factors that lead to a failure of advancement and incorporation, such as systemic institutional discrimination or prejudice on a personal level may exist but are not the main obstacles to socioeconomic adaptation and advancement, and that they are evenly distributed in both societies under comparison.

20. In the field of citizenship some indications exist that support the notion of convergence: Germany is slowly extending its naturalization regulations and allows multiple citizenship. The United States complements its *ius soli* with elements of *ius sanguinis*, for example, by granting citizenship to children born abroad to American parents and—currently under consideration—to the children of undocumented immigrants.

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