

The current European Union is still very far from being a federal system like, for instance, the United States of America. There, the concepts of nation and citizenship and, thus, solidarity, are definitely established at a federal level ([Maas 2013](#)). Conversely, in Europe nation-building processes and the subsequent introduction of social protection systems occurred within state borders ([Ferrera 2005](#)). Any willingness to share social risks beyond national boundaries has always been uncertain and likely to be withdrawn during hard times. It is not by chance that the fundamental principle of freedom of movement within the Union has been increasingly contested since the 2008 economic crisis, especially after the 2004 and 2007 EU enlargements to Eastern European countries with comparatively lower socioeconomic standards. The 2015 migration crisis and the 2016 Brexit campaign contributed to further increase public concern about intra-European mobility. Some politicians asked to either tighten the rules which grant social benefits to mobile European citizens ([May et al. 2013](#)) or to directly limit EU free movement ([Cameron 2013](#)). Populist and chauvinist parties, which have been gaining support all over the continent, blame EU citizens from other countries for burdening their own national welfare systems. Are these allegations confirmed by facts?

What data tell us about the effects of EU free movement on welfare systems

As suggested by Kaczmarczyk and Rapoport (in [Fargues 2014](#)), in order to conduct a sound assessment of the impact of intra-EU mobility on national welfare states, one should first distinguish between different profiles of mobile EU citizens. For instance, active migrants are relatively more likely to pay contributions and taxes (on earnings), while inactive migrants (such as pensioners, students, disabled people, or family members) are expected to rely more on social benefits. Similarly, among active migrants, high-skilled workers, who earn higher salaries and thus pay more taxes, differ from low-skilled workers, who better qualify for in-work and means-tested benefits. Figures 1 and 2 show the composition of European citizens in each Member State, according to main activity (Figure 1) and level of skill (Figure 2). These populations correspond to all residents who were born in another European country and do not yet have citizenship of the country of residence.

According to Figure 1, the great majority of EU citizens are workers (between 50% and 75%, depending on the country considered), while only a small proportion are either pensioners, students, or other inactive categories. By focusing on workers only, Figure 2 shows that the

majority of mobile EU citizens are either high-level professionals or skilled workers, with the exception of some Southern European countries such as Greece, Italy, and Spain. One can easily grasp that because mobile EU citizens are mainly workers and skilled professionals they are more likely to contribute rather than gain from the welfare system of the host Member State. Indeed, national welfare states are based on the mechanism of intergenerational solidarity ([Saraceno 2008](#)), which implies that the same people over one life course are able to contribute to the system when active while receiving benefits when inactive and more in need (typically during childhood and old age). Following this rationale, an inflow of active and highly skilled EU citizens is going to be a boost rather than a threat to any welfare system.

Do mobile European citizens access benefits more than nationals?

All migrants face several notable difficulties in accessing welfare benefits in the destination country, such as language and cultural barriers, limited awareness of their rights and related administrative procedures, poor integration into the relevant social networks, and so on. This might not be true for European citizens, who are entitled to the full principle of equal treatment with nationals when accessing welfare after five years of residence ([Verschueren 2007](#)). Nevertheless, academic literature has shown that mobile EU citizens also face several obstacles when it comes to accessing social benefits, especially since allegations over 'benefit tourism' phenomena have spread ([Martinsen et al. 2018](#); [Costamagna and Giubboni 2017](#)). These testimonies are in contrast with mainstream economic theories ([Boeri 2009](#); [Borjas 1999](#)) which expect that generous welfare states work as a pull factor for people from countries with comparatively lower socioeconomic standards. Given that mobile EU citizens do not have particularly easy access to social rights and they are mostly workers, employment opportunities rather than welfare benefits clearly act as a magnet for them.

The analysis by [Martinsen and Pons Rotger \(2017\)](#) offers a decisive contribution to the debate, estimating the fiscal impact of EU citizens in Denmark, which notably has a very generous, universalistic, and tax-financed welfare state. They exploited an exceptional national administrative micro-dataset, which registers both the tax paid and the social benefits accessed by every single resident. They found out that each EU citizen made a positive net contribution to the Danish welfare budget of about €6000 per year between 2002 and 2013. Many other studies estimated the fiscal impact of EU citizens at a national level through macro datasets, comparing total revenues on the one hand with national social expenditures on the other ([Zimmerman et al. 2012](#)). At an aggregated level, EU citizens produce a net positive fiscal impact in almost all countries, even though this impact rarely

exceeds 0.3% points of total GDP ([Nyman and Ahlskog 2018](#)). Therefore, overall mobile European citizens are net contributors rather than beneficiaries of the welfare system in each host EU Member State.

Does EU free movement produce different impacts across member states?

While different populations of EU citizens might present different characteristics across host member states, my research on Eurostat micro-data shows that the use of welfare by mobile Europeans does not differ substantially from that of the natives within each country ([Montanari 2018](#)). Moreover, in line with assimilation theory ([Chiswick et al. 2005](#)), the initial socioeconomic differences between migrants and the national population are expected to progressively disappear. Similarly, according to our findings ([Montanari and Medgyesi 2019](#)), the gap in welfare use by EU citizens versus natives gradually shrinks along both length of stay and generations. According to [Huber and Oberdabernig \(2016\)](#), a significant part of the welfare wedge initially observed between migrants and natives can be attributed to differences in the composition of the two populations. Among the main individual characteristics, age matters the most for contributory benefits, while household size matters the most for non-contributory benefits.

An interesting hypothesis formulated by [Ruhs \(2015\)](#) suggests that member states with mainly non-contributory benefits (financed through general taxation instead of individual contributions) might bear higher costs for granting benefits to European citizens, at least within the first years since their arrival. Nevertheless, no evidence has emerged in subsequent micro-data to suggest that EU citizens generate greater fiscal burden in such countries ([Osterman, Palme and Ruhs 2019](#)). Across Western welfare regimes, intra-EU mobility produces more similarities than differences in respect to net fiscal effects. Only in Eastern European countries does the impact diverge (it is negative and closer to zero) due to the comparatively older and less active composition of the population of EU citizens residing there. To conclude, free movement might negatively affect public opinion's willingness to share (see the article by [Francesco Visconti](#)). Nevertheless, no relationship between EU citizen in-flows and welfare retrenchment policies has been found over time at the macro level (article by [Clare Fenwick](#)). Nor do micro-data tell us that the freedom of movement within the EU is a threat for national welfare states. Rather, considering the worrying rate of population ageing in the EU, free movement actually offers a useful boost to the sustainability of welfare systems.

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