



A Widening Immigrant – Native Gap: Child Income and Poverty in Sweden among Immigrants from Turkey and the Surrounding Region

Björn GUSTAFSSON (University of Gothenburg, Sweden)

Torun ÖSTERBERG (University of Gothenburg, Sweden)

Paper Prepared for the IARIW 33rd General Conference

Rotterdam, the Netherlands, August 24-30, 2014

Session 8D

Time: Friday, August 29, Afternoon

A Widening Immigrant – Native Gap. Child Income and Poverty in Sweden among Immigrants from Turkey and the Surrounding Region¹

Björn GUSTAFSSON² and Torun ÖSTERBERG³

Abstract

This paper presents new research on income among immigrants from Turkey and other countries from the surrounding region living in Sweden. We are interested in questions like: How do child income and child poverty of immigrants from Turkey and other countries in the surrounding region differ from the corresponding of natives? How has such differences changed over a period of one generation? How can such differences be explained in a statistical sense by differences towards natives in parental education, place of residence etc? The statistical analysis is based on register data on all persons living in Sweden and we focus on the three year periods 1983 – 1985, 1995 - 1997 and 2008 - 2010. We compare how the Turkish immigrants as well as immigrants from Greece, Hungary, Iran, Iraq, Lebanon, Syria and Romania in Sweden are faring in relation to native children and concentrate on immigrant children living in Sweden who are children born in Sweden with both parents foreign born – the second generation. The results indicate a rapidly increased gap in child income between on one hand immigrants and on the other hand natives between the two points of measurement. Results from regression analysis indicate that changes across years in characteristics such as parental education, age and location within Sweden contribute little to explain the widening income gap. The most recent poverty rates for children with a Turkish background are three times as high as among native children.

Keywords: Immigrants, Children, Sweden, Turkey

1. Introduction

Sweden has received immigrants from Turkey during many years. As a consequence there were in 2010 approximately 20 000 children with a Turkish background. That is they are themselves born in Turkey or are born in Sweden having at least one parent born in Turkey. How are they faring in terms of income in the households they live in? How large is relative poverty among such children? We expect to find an income gap and ask if the gap has widened over a period of one generation, and in such case try to understand the reasons therefore.

International migration to Sweden also originates from several countries situated close to Turkey. There were with respect to country of background in 2010 approximately 48 000 children from Iraq, 17 000 from Iran, 16 000 from Lebanon, and 11 000 from Syria. There are also approximately 4 000 children with a background from Rumania and about 3 000 children from Greece as well as from Hungary. This paper is also about the economic living standards among such children. As we will see in many respects are children from such countries in 2008 to 2010 similar to children with a background in Turkey, this means that they live in families with lower income than the native and child poverty rates are much higher. Our study also shows that the situation was in those respects rather different during the years 1983 to 1985, and that much of the widening of the gap had already occurred during the 90s.

¹This work has been financially supported by a grant from Swedish Research Council for Health, Work Life and Welfare.

² Björn Gustafsson is Professor at the Department of Social Work, University of Gothenburg, P.O. Box 720, SE 405 30 Gothenburg, Sweden, e-mail bjorn.gustafsson@socwork.gu.se

³ Torun Österberg is Associate Professor at the Department of Social Work, University of Gothenburg, P.O. Box 720, SE 405 30 Gothenburg, Sweden, e-mail torun.osterberg@socwork.gu.se

A number of studies have investigated the labor-market situation in Sweden among adult immigrants from the countries we hear are studying.⁴ Taken together they show a situation which is increasingly problematic for many such immigrants. This shows up in low employment, high unemployment as well as in low earnings. Possible reasons for such a situation are many. A group of explanations relate to the immigrants themselves. Many immigrants from the countries we hear are investigating are shorter educated than the native Swedes and such education often is not highly transferable to the Swedish labor market. Only exceptionally do immigrants from the region we here study master the Swedish language when they arrive. A number of immigrants from the region have migrated to Sweden as refugees and have due to this or for other reasons larger health problems than natives.

Another group of explanations for the weak labor market situation among many immigrants from the region is problems of finding a job even if the person is qualified. This was earlier much less of a problem when the for example manufacturing and similar industries had a large demand for unqualified worker in which Sweden specific knowledge often was not required. However, due to structural change most of such jobs have disappeared. Results from a number of recent field-experiments convincingly shows that many Swedish employers do not invite job-applicants who are according to documents as qualified as natives but have attributes signaling a Muslim or another non-western foreign background.⁵ The structure of the Swedish labor market might also be a reason why many immigrants from the region are not employed. Due to collective bargaining are effective minimum wages relatively high in Sweden where low wage inequality is often perceived as positive. High minimum wages in Sweden can make low paid jobs not existing and thereby contribute to the low employment rates in several groups of immigrants. Furthermore, the interplay between progressive income taxes and means tested benefits (social assistance, housing benefits) and income related fees for public funded out of home child care might make the incentives to work low for families with many children. In addition, although Sweden uses many resources for programs aiming to integrate immigrants in the labor market not all are cost-efficient.

This study throws light on the situation of immigrants from Turkey and neighboring countries from a new perspective.⁶ As we are interested in the well-being of children we take as point of reference the disposable income in the household children are living in. Different from what is the case in studies of the labor market position we consider that households can also have income sources others than earnings; public sector transfers, capital income and also that they pay income taxes. We consider that people live in households where they are assumed to pool incomes with other members. The paper is related to the study of child poverty among immigrants to Sweden which has shown that immigrant children from low and middle income countries is substantially larger and more persistent than among native children.⁷

⁴ See for example Rooth and Ekberg (2003), Bengtsson et al (2005), Gustafsson and Zheng (2006), and Lundborg (2013).

⁵ For a survey of the literature see Ahmed. and Ekberg (2009).

⁶ Previous studies of immigrants to Sweden from Turkey include National Board of Health and Welfare (1999), Westin (2003) and Bayram et al (2009).

⁷ See Galloway et al (2009) and Lindquist and Sjögren Lindquist (2012). For a cross country study of differences in poverty between on one hand immigrants and ethnic minorities and natives on the other hand see Smeeding et al (2009).

This study uses register data. Different from what is typically the case for studies in other countries it covers all persons living in the country, not a sample. We concentrate on children who are themselves native born – the second generation. At the individual and household level we define income over a three year period in order to evening out some year to year variations. We compare the situation for the three year periods 1983 - 1985, 1995 - 1997 and the three year period 2008 – 2010.

A major finding is the existence of a rapidly widening gap in income between on one hand Turkish children and other children with a background in the same region and native children. The same development is evident when inspecting child poverty rates which during the period 2008 to 2010 are rather high for many immigrant children here studied. Results from regression analysis shows that changes across years in parental characteristics like education, age and location within Sweden do not contribute to explain the widening gap in income between immigrant and native children.

2. Immigrant children

Migration from Turkey to Sweden has a history of several decades. Some persons arrived during the 60s and the first half of the 70s as work migrants. However, since then family unification and political reasons dominate as criterion why persons from Turkey have received a resident permit in Sweden. Immigrants with a Turkish background living in Sweden define themselves different in ethnic terms. Besides the Turkish ethnic majority some belong to Turkey’s Christian minority (Syriani/Assyrians) mainly arrived during the 1970s and were granted residence permit due to humanitarian reasons. Others, typically somewhat more recent arrived belong to the Kurdish ethnic minority. Swedish registers document a person’s country of birth, not his or her ethnicity or / and religion and therefore we are not able to distinguish between the ethnic groups.

Table 1. The number of children living in Sweden 2010 with a background in Greece, Hungary, Iran, Iraq, Lebanon, Syria, Turkey and Romania. Hundreds of persons

Country of background	Foreign-born	Born in Sweden with two parents born in the foreign country	Born in Sweden having one native born parent and one parent born in the foreign country.	Sum
Iraq	182	281	18	481
Turkey	11	138	55	204
Iran	13	117	47	167
Lebanon	7	131	27	165
Syria	8	88	13	109
Rumania	7	18	14	39
Greece	3	7	19	29
Hungary	5	7	14	26

Source: Authors computations based on data from Statistics Sweden

Table 1 shows the number of children living in Sweden 2010 that have a Turkish background and the same information for children originating in each of the countries Greece, Hungary, Iran, Iraq, Lebanon, Syria and Romania. We distinguish between three categories: Children themselves born in the specific country of origin, children born in Sweden with two parents

born in the specific country of origin and children born in Sweden with one parent born in the specific country of origin. As can be seen the largest country of origin is Iraq; 48 100 children. Second in size are those with a background in Turkey (20 400 children) and position three with a slightly smaller number is shared by those having a background in Iran or Lebanon followed by children with a background in the three EU countries Rumania, Greece and Hungary. Among most countries of background reported children belonging to the second generation dominate in number, and those are the one our empirical study focus on. Exceptions are children with a background in Hungary and Greece among whom the largest category is those who have one Swedish born parent.

3. Definitions and data

We use data from Statistics Sweden originating from different registers. It refers to all persons (Swedish citizens as well as foreign citizens) who are registered as residing in Sweden and thus does not include asylum seekers. It is not a sample. For the children (persons aged under 18) and their parents we obtained information on demographic variables like year of birth, country of birth and year since immigration and place of domicile in Sweden from the Population Register. Information on the level of education of the parents used in the regression analysis originates from the Register of education which includes detailed administrative records of education completed in Sweden and information on education received outside Sweden obtained from questionnaires or validated certificates.

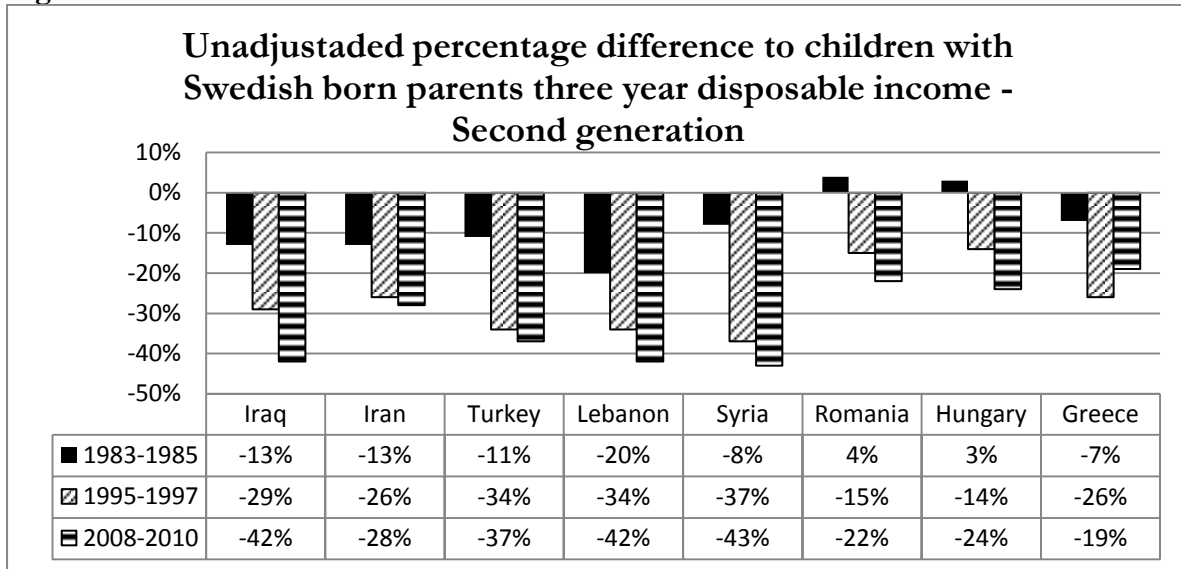
We have access to detailed income information from the Income and Tax register at Statistics Sweden, which in turn receives its information from the tax authority and various authorities paying transfers to the households. From this information we have computed disposable income per equivalent unit by applying an equivalent scale.⁸ In order to even out short term fluctuations in income at the household level we average household income over a three year period and make the analysis for the first such period available (1983 to 1985) for the period 1995 to 1997 as well as the most recent period (2008 – 2010). Each person is assigned the value of the household income, and the analysis is then carried out with individuals as unit of analysis, a analytic choice now standard in studies of the distribution of income. Comparisons across the three periods make it possible to map changes. Between the first and third period there is approximately one generation. During those years Sweden experienced several changes. For example a change from a country with little unemployment to a deep downturn 1985-87 followed by a recovery. Another change is that the distribution of income became considerably more unequal.⁹

4. Results

⁸ For details on equivalence scale see the documentation for the LISA data base: http://www.scb.se/statistik/_publikationer/AM9901_1990I09_BR_AM76BR1104.pdf

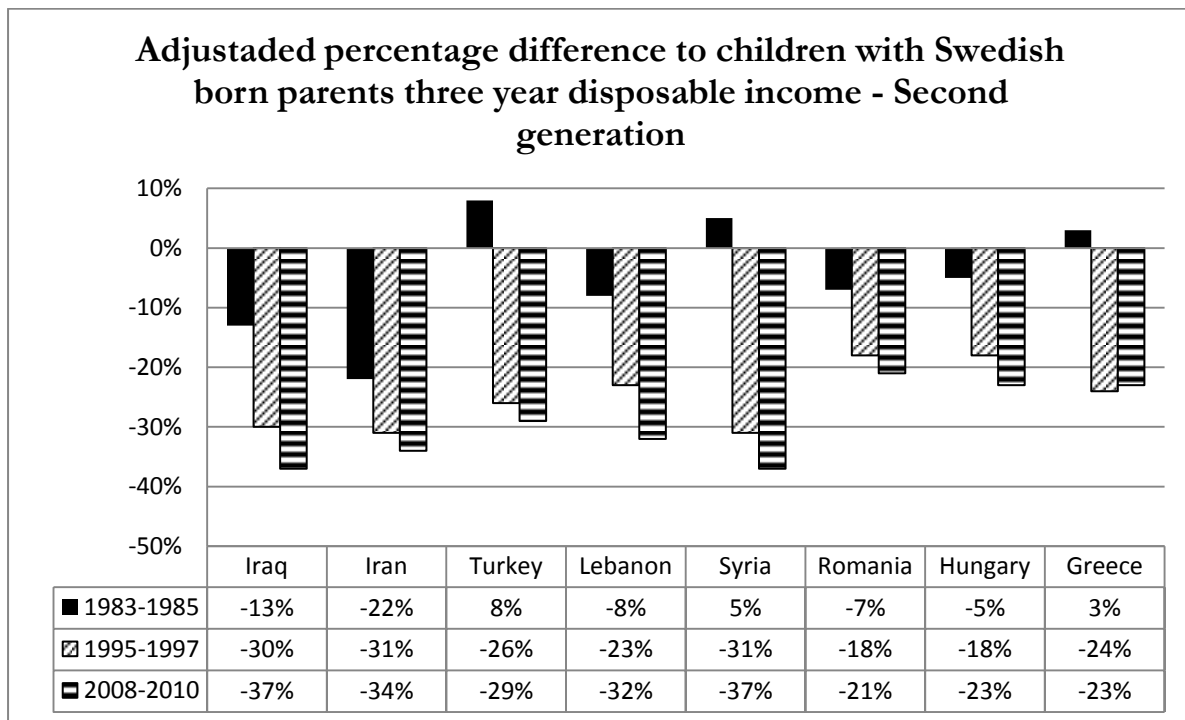
⁹ See for example Björklund and Jäntti (2013).

Figure 1



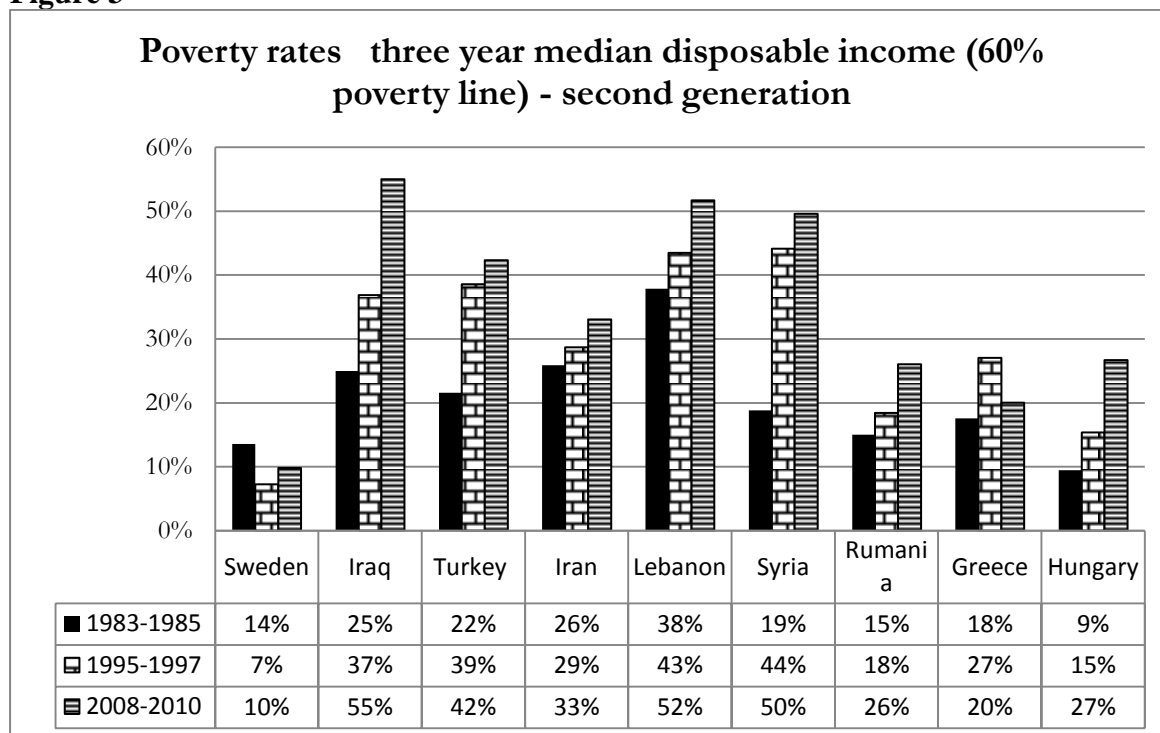
The first results we report refer to average household disposable income among second generation immigrant children in comparison to native children and are shown in Figure 1. For each country of background there is one bar for the three year period 1983 to 85 a second for the period 1995 to 1997 and a third for the period 2008 to 10. The main impression from the figure is that relative mean child income for all immigrant children here studied of all backgrounds have deteriorated rapidly. In 2008 to 2010 was that the negative gap for immigrant children from Turkey as large as 37 percent compared to 11 percent in 1983 to 1985. Almost of the changes had occurred in 1995-1997. For immigrant children from Syria, Iraq and Lebanon was the gap in 2008 to 2010 actually over 40 percent, at least two times as large as for the period 1983 to 1985. Income of immigrant children from the three EU countries was in 1983 to 1985 rather similar to income of native children, but also deteriorated rapidly over the period studied.

Figure 2



To what extent does differences in parental education, location etc contributes to explain the gaps in income we have reported in Figure 1? For this purpose we have run linear regression models with logarithm of child income as dependent variable and region in Sweden, mother and father's educational level, age of the child age of the parents and number of children in the family and dummies for country of background as explanatory variables. Separate estimates were made for each period under study. Figure 2 shows the estimates for the country of background dummies, the penalty of being a immigrant child, expressed as percent difference to children with Swedish born parents. We find that in 1983 to 1985 Turkish immigrant children lived in households that earned 8 percent more than expected from their parental education and other variables included in the model. However, in 2008 to 2010 had a income penalty of 29 percent appeared. The change over time is for the other countries of background similar and the penalty is not much smaller than the “raw” income gaps reported in Figure 1.

Figure 3



While averages provides an overall picture in some circumstances is the focus on people at the lower end of the income distribution. Relative poverty rates among children are not unfrequently figure in the public debate and for policy making. Figure 3 report relative child poverty rates defined as living in a household with an income that is less than 60 percent of median income in the country as observed the same period. Such relative poverty rates stood at around 10 percent for native children during all periods. However, among Turkish children were the poverty rates two times as high as for natives during the first period. Thereafter they increased to become four times as large in the 90s, and remained at about the same level during the third period.

The figure also show that all categories of immigrant children here investigated experienced an increase in child poverty rates between the two periods here studied which thus is in contrast with the development among native children. In most cases the increase in child poverty rates continued between the second and third period. The development meant that during 2008 to 2009 a slight majority of children with a background in Iraq and Lebanon were classified as relatively poor, a fraction five times as large as among native children.

5. Conclusions

We have studied how children born in Sweden with parents from Turkey, Greece, Hungary, Iran, Iraq, Lebanon, Syria and Romania are faring in Sweden in terms of disposable income and have made comparison with native children. The situation in 1983 to 1985, 1995 to 1997 as well as in 2008 to 2010 was investigated. The empirical basis was data on the entire population, not samples.

Our results indicate a rapidly increased gap in child income between on one hand the second generation of children with a background in Turkey and in other countries in the region and on the other hand native children. This took mainly place from first half of the 1980s to the second half of the 1990s when the economy experienced negative economic growth and decreased employment. Reasons for this development are probably several. The regression analysis we have conducted indicates that one can rule out one possible explanation: A dis-favourable development of parental characteristics like education, age and location within Sweden.

The deteriorating situation for immigrants from Turkey and other countries in the region also shows up in rapidly increased child poverty rates. The development has meant that in 2008 to 2010 poverty rates for children with Turkish background are four times as high as for native children. Poverty rates for children living in Sweden with a background in countries located close to Turkey were also higher or much higher than for native children. In our view this situation has not attracted the attention it deserves among the public and among policy makers. It calls for a wider discussion of what kind of policy measures that can be effectively applied in order to improve the economic situation of a substantial number of immigrant children.

References

Ahmed, A. and Ekberg, J. (2009) "Fältexperiment för att studera etnisk diskriminering på den svenska arbets- och bostadsmarknaden", Socialvetenskaplig Tidskrift, 16, (2), 105 – 122.

Bayram, N. et al (2009) "Turkish Immigrants in Sweden: Are They Integrated", International Migration Review, 43, 90-111.

Bengtsson, T., Lundh, C., and Scott, K. (2005) "From Boom to Bust: The Economic Integration of Immigrants in Post-war Sweden" Chapter 2 in Zimmermann, K.F. (Ed) European Migration. What Do We Know?, Oxford: Oxford University Press.

Björklund, A. and Jäntti, M. (2013) "Country Case Study – Sweden", Chapter 6 in Jenkins, S., Brandeloni, A., Micklewright, J. and Noland, B. (Eds) The Great Recession and the Distribution of Household Income: Oxford: Oxford University Press.

Galloway, T., Gustafsson, B., Pedersen, P. and Österberg, T. (2009). "Immigrant Child Poverty in Scandinavia: A Panel Data Study." IZA Discussion Paper No. 4232. IZA, Bonn.

Gustafsson, B and Zhang, J. (2006) "Earnings of Immigrants to Sweden 1978-1999", International Migration, 44, 79 – 117.

Lindquist, M. and Sjögren Lindquist, G. (2012) "The Dynamics of Child Poverty in Sweden", Journal of Population Economics, 25, 1423-1450.

Lundborg, P. (2013) "Refugee's Employment Integration in Sweden: Cultural Distance and Labor Market Participation", Review of International Economics, 21, 219-232.

National Board of Health and Social Welfare (Socialstyrelsen) (1999) Social och ekonomisk förankring bland invandrare från Chile, Iran, Polen och Turkiet, Seires: Invandrares Levnadsvilkor 2., Stockholm.

Rooth D. and Ekberg J. (2003) "Unemployment and Earnings for Second Generation Immigrants in Sweden: Ethnic Background and Parent Composition", Journal of Population Economics, 16: 4, pp. 787-814.

Smeeding, t. et al (2009) "Income Poverty and Income Support for Minority and Immigrant Children in Rich Countries", Institute for Research on Poverty, Discussion Paper no 1371-09.

Westin, C. (2003) "Young People of Migrant Origin in Sweden", International Migration, 37, 987-1010.