

IMMIGRATION, MULTICULTURALISM AND THE WELFARE STATE
Master-Narratives and Counter-Narratives About Diversity and Redistribution

Keith G. Banting
Queen's Research Professor on Public Policy
Queen's University
bantingk@post.queensu.ca

Paper presented to the International Political Science Association,
Fukuoka, Japan, July 2006

One of the most compelling challenges facing western democracies is how to maintain and strengthen the bonds of community in ethnically diverse societies.¹ How can we reconcile growing levels of multicultural diversity with the sense of a common identity which sustains norms of mutual support and underpins a generous welfare state?

This challenge faces virtually every western democracy. In the past, it was perhaps feasible to divide countries into those with homogeneous societies and those with plural societies defined by ethnic, linguistic and religious diversity. Over the last half-century, however, changing patterns of immigration have eliminated such polarities. We have seen the globalization not just of our economies but also of our societies, and ethnic diversity is now a natural attribute of life in the West.

Not surprisingly, this transformation has sparked periods of political controversy, and we are living through such a period now. In part, controversy is fueled by the heightened security agenda of the post 9/11 world. But current debates are also driven by a new pessimism about the impact of ethnic diversity for the welfare state. A growing range of analysts argues that such diversity erodes trust and a sense of community among citizens, and that contemporary democracies face a trade-off between the accommodation of ethnic diversity on one hand and support for redistribution on the other. Increasingly, this trade-off is presented as a universal pattern in social relations, and the history of social policy in the United States is cited as the definitive evidence. American experience is increasingly seen, not as an exceptional pattern resulting from a distinctive history of race relations, but simply as one instance of a more general phenomenon in social relations. As a result, the U.S. story is emerging as a master narrative, a warning to other countries of the inherent weakness of a multicultural welfare state.

This concern has been labeled the “progressive’s dilemma” (Goodhart 2004; Pearce 2004). Historically, challenges to immigration and multiculturalism have tended to come from the conservative right, which viewed them as a threat to cherished national traditions or values. Now, doubts are emerging from the left and centre-left of the political spectrum in many countries, which increasingly fear that multiculturalism makes it more difficult to pursue economic redistribution. As a result of these and other worries, we are seeing the potential splintering of the left-liberal coalition that has historically supported immigration, multiculturalism and the welfare state in many western countries.

Two distinct arguments are often interwoven in contemporary debates. These arguments point to two deep tensions at work:

- a) The “heterogeneity/redistribution” tension: ethnic/racial diversity weakens redistributive social policies, because it is difficult to generate feelings of trust and national solidarity across ethnic/racial lines.

¹ This essay builds on Banting (2005) and a presentation to *Rethorizing Welfare States: Restructuring States, Restructuring Analysis*, Research Committee on Poverty, Social Welfare and Social Policy (RC 19), International Sociological Association, Chicago, September 8-10, 2005.

- b) The “recognition/redistribution” tension: multiculturalism policies that recognize or accommodate ethnic groups tend to exacerbate any underlying tension between diversity and social solidarity, further weakening support for redistribution.

Are these tensions real? More importantly, are they universal? Or do the cases of tension we do observe reflect particular contexts and historical trajectories? If these trade-offs are real and reflect a universal pattern in social relations, the very idea of a multicultural welfare state – one that accepts and accommodates diversity – would be almost a contradiction in terms. If this is the case, we are in considerable trouble. Ethnic diversity is a reality in virtually all western democracies, and there is no reason to assume that ethnic minorities will stop pressing for recognition and accommodation of their differences.

This essay highlights recent findings from a Canadian research team with which I am associated. While results to date do not add up to a comprehensive and integrated interpretation, they do highlight the need for a more nuanced understanding of the relationship between ethnic diversity and redistribution than some of the assumptions prevailing in contemporary debates. Most important, they challenge the assumption that there is a universal tension between ethnic diversity and support for redistribution, or a universal tension between multiculturalism policies and the strength of the welfare state. These results therefore represent a caution against extrapolating from American experience to predict the futures of other welfare states. They also point to a compelling research agenda: we need to better understand the conditions under which multicultural diversity and redistribution are compatible, and the conditions under which serious tensions emerge.

The essay proceeds through four sections. The first section summarizes the evidence related to the “heterogeneity/redistribution tension,” focusing initially on the U.S. experience and then looking at counter-narratives from other countries. The second section shifts to the “recognition/redistribution tension” and the vexed debate over multiculturalism policies. To assist in the development of a broader research agenda, the third section points to several factors that need to be incorporated in more complex interpretations of the relationships between diversity and solidarity. The concluding section then reflects on the implications of the findings for the framing of debates in this field.

A TENSION BETWEEN HETEROGENEITY AND REDISTRIBUTION?

Students of social policy have long argued that the welfare state was built on, and can only be sustained by a strong sense of community and the associated feelings of trust, reciprocity and mutual obligation. An early expositor of this view was the British sociologist, T.H. Marshall, who wrote his most definitive work during the postwar expansion of social programs. For Marshall, entitlement to an expanded range of social benefits, which he called “social citizenship,” reflected the emergence of a national consciousness in Britain, a consciousness that began to develop before the extension of

modern social programs and sustained their development in the twentieth century. “Citizenship,” Marshall argued in an oft-quoted passage, “requires a bond of a different kind, a direct sense of community membership based on loyalty to a civilisation that is a common possession” (Marshall 1950: 8). More contemporary analysts emphasize the role of interpersonal trust in sustaining support for redistribution, and worry that ethnic diversity weakens levels of trust and therefore public enthusiasm for social programs, especially those that are seen as transferring resources to minorities.

Does racial diversity weaken this sense of social solidarity? Is the welfare state in greater trouble in countries with high levels of ethnic diversity? Although there is a large comparative literature on the welfare state, researchers have traditionally paid little attention to these questions. Models developed to explain cross-national differences in social spending as a proportion of GDP, for example, incorporate such factors as the level of economic development, the age structure of the population, the proportion of women in the paid labour force, the strength of organized labour, the dominance of political parties of the left or right, the structure of political institutions and the electoral system, and so on. In contrast, the literature is virtually silent on the effects of ethno-racial diversity (Huber and Stephens 2001; Swank 2002; Castles 2004; Hicks 1999).² The same was true of the literature on welfare state regimes, which also paid scant attention to issues of multiculturalism (Esping-Andersen, 1990, 1996).

Given the gap in comparative analysis, it is perhaps not surprising that both researchers and commentators in public debates increasingly extrapolate from the experience of individual countries. In particular, the experience of the United States looms large in this debate, on both sides of the Atlantic.³ This section therefore looks briefly at the American record and its role in wider debates. The section then summarizes some recent research findings from other contexts.

a) Race and Social Policy in the U.S.: an emerging master narrative

The United States is often cited as the quintessential case of a multiethnic country in which racial diversity erodes interpersonal trust and public support for social programs. This is an old story. Karl Marx worried that ethnic divisions posed a challenge to socialism in the United States (Lipset and Marks 2000), and more contemporary scholars continue to document the corrosive effects of race. At the national level, race is a long

² Early evidence that ethno-linguistic diversity constrained welfare state development emerged in John Stephens’ early work (Stephens 1979). However, this early interest faded in subsequent generations of the comparative literature. For other early hints, see Wilensky and Lebeau (1965) and Wilensky (1975).

³ Evidence of a tension between ethnic diversity and redistribution has also emerged in the field of development economics, especially in explanations of the poor economic and social performance of countries in sub-Saharan Africa. However, extrapolations from this experience to OECD countries are less frequent. (See Easterly and Levine 1997; Easterly 2001a and 2001b; La Ferrara 2003, 2002; Nettle 2000, James 1987, 1993).

thread running through the history of American social programs. During the passage of the Social Security Act in 1935, resistance from southern congressmen and other conservatives led to the exclusion of agricultural and domestic labourers, denying coverage to three-fifths of black workers; and southern congressmen led a successful campaign in the name of “states’ rights” against national standards in public assistance, leaving southern blacks at the mercy of local authorities. In the 1960s, racial politics swirled around Aid to Families with Dependent Children and the Great Society programs, which disproportionately assisted the black and Hispanic populations. Resentment against these programs was critical to the fracturing of the New Deal coalition and the base of the Democratic Party (Quadagno 1988, 1994; Orloff 1993; Piven and Cloward 1971). The effect was to prove so powerful that the Democratic Party sought to insulate itself in the 1990s by embracing hard-edged welfare reforms itself, including the 1995 reforms signed by President Clinton.

The politics of race also constrain social policy at the state and local level. As numerous scholars have confirmed, diversity helps explain differences in social expenditures across cities and states in the U.S. (Alesina, Baqir and Easterly 1997; Hero and Tolbert 1996; Plotnick and Winters 1985; Luttmer 2001).

A similar story emerges from research on public attitudes, including attitudes to welfare and levels of trust. For example, public attitudes about race are central to Gilens’ explanation of why Americans “hate welfare” (Gilens 1999). Robert Putnam raises similar issues in his work on social capital. Putnam argues that trust in one’s neighbours and participation in social networks are critical to a wider sense of public purpose and a capacity for collective action (Putnam 2000). But social capital, he has recently concluded, is weakened by ethnic diversity. Early findings based on his Social Capital Benchmark Study suggest that individuals in ethnically diverse regions and neighbourhoods in the United States are much less engaged in their community and wider social networks than individuals living in more homogeneous parts of the country (Putnam 2004).

The corrosive role of race in the politics of social policy in the United States is thus well documented. However, there is an important shift taking place in the role that the American story is playing in wider debates. Traditionally, students of social policy tended to see the politics of race as one factor contributing to American exceptionalism (Quadagno 1994: ch. 9). Increasingly, however, the strongly racialized dimension of U.S. welfare politics is no longer seen as an anomaly – a legacy of the peculiar American history of slavery and segregation – but rather as a normal, even inevitable, reaction to the simple fact of ethnic/racial heterogeneity. The transition is nicely captured in two titles: Gunnar Myrdal’s *An American Dilemma*; and Glazer’s “The American welfare state: exceptional no longer?” (Myrdal 1944; Glazer 1998).

As a result, the U.S. experience is presented as a warning to other countries, especially those in Europe. In the 1980s, Gary Freeman described immigration as a “disaster” for the welfare state and predicted that it would lead to “the Americanization of European welfare politics” (1986). In the late 1990s, Nathan Glazer drew on American experience

to suggest that “one may well see a withdrawal in European countries from the most advanced frontier of social policy, not only because these policies are expensive and are seen as undermining competitiveness, but also because they are seen as programmes for ‘others’” (Glazer 1998: 17). More recently, Alesina and Edward Glaeser (2004) concluded that almost half of the difference in social spending between the United States and European countries can be explained by differences in the level of racial diversity, and concluded that American experience:

offers a caution about current directions in European politics.... As Europe has become more diverse, Europeans have increasingly been susceptible to exactly the same form of racist, anti-welfare demagoguery that worked so well in the United States. We shall see whether the generous welfare state can really survive in a heterogeneous society (2004: 180-81).

This warning finds echoes on the other side of the Atlantic. For many Europeans, the United States has become the quintessential multicultural country, and the key test case of the relations between immigration, ethnic diversity and redistribution. In the United Kingdom, for example, analysts such as David Goodhart (2004) depict American experience as clear evidence that ethnic diversity erodes redistribution and therefore a warning about the future of their country if the current policy trajectory is maintained.

While American experience is obviously relevant to wider debates, there are also important reasons to be cautious about simple extrapolations from the U.S. to other contexts. First, the United States is not the only example of a multiethnic society and, as we shall see below, other diverse societies generate other narratives. Second, it is important to set the analysis of the relationship between heterogeneity and redistribution in the context of the historical development of the welfare state. The evolution of the welfare state reflects considerable path dependency, and welfare states at different stages of development may well respond differently to common social conditions. There is considerable difference between the American experience of racial diversity constraining the development of a welfare state from its very beginning, and European countries coming to terms with new forms of diversity in the context of mature welfare states which are well embedded in national cultures and voters’ expectations.

For example, those extrapolating from U.S. experience to the European context often fear that working-class voters angered by immigration will turn against redistributive programs, abandon their traditional alliances to social democratic parties and shift their support to parties of the right, including radical right parties. It is important to remember, however, that the voters most receptive to anti-immigration appeals – poorly educated, economically marginal males – also depend heavily on the welfare state and tend to resist its retrenchment. Thus it is not contradiction to find some radical right parties opposing immigration but supporting the welfare state, seeking to protect it from the “burdens” of needy immigrants (Kitschelt 1995; Crepaz forthcoming). Voter backlash against immigration may produce undesirable policy outcomes, including increasingly restrictive immigration and asylum policies and longer residency requirements for access to some social benefits. But the pattern is unlikely to be a simple replica of U.S. experience.

It is therefore time to broaden the frame of reference and search for a wider set of narratives.

b) Counter-Narratives: some recent research

A research team based in Canada has recently completed two studies that extend the evidentiary base: the first study analyzes the impact of ethnic diversity on trust and support for social redistribution in Canada; the second study analyzes the impact of immigrant on social spending across OECD countries. Both are worth summarizing briefly here.

Canada as a Multicultural Welfare State: Canada represents an interesting case for three reasons. First, it is one of the most multiethnic countries in the world on multiple dimensions: about 18 % of its population was born outside the country, second only to Australia among developed countries; it manages an historical divide between English- and French-speaking communities; and it has a significant population of indigenous or Aboriginal peoples. Second, Canada has been a leader in the development of multiculturalism policies, which recognize and support cultural differences. Third, while the Canadian welfare state is modest by the standard of northern Europe, the country has maintained a more generous version of a liberal welfare state than the United States, with universal health care and more redistributive income transfer programs. Canada therefore represents another test case of the prospects for a multiethnic welfare state.

Our study of public attitudes in Canada (Soroka, Johnston and Banting 2004) tested the two-step proposition that ethnic diversity erodes feelings of trust in one's neighbours, and that this weakens support for social redistribution. The study was based on a large national survey, which was supplemented with an over-sample in metropolitan areas to get better evidence of the attitudes of members of racial minorities. We then integrated census data to capture a lot of information about the neighbourhoods in which Canadians live, including the ethnic composition of their neighbourhoods. An interesting feature of the survey is our measure of interpersonal trust. We measured trust in other people – one's neighbours – using a wallet question. We asked respondents: "Say you lost a wallet or purse with \$100 in it. How likely is it that the wallet or purse will be returned with the money in it if it was found by a [neighbour/police officer/clerk at the local grocery store/ and a stranger]?"

There is good news and bad news. The sobering news is that there is a tension between the ethnic diversity of one's neighbourhood and levels of trust in neighbours, even when one controls for all the other factors that might influence trust, such as economic well-being, education, gender, age and so on. As Figure 1 shows, the larger the presence of visible minorities in the neighbourhood, the less trusting is the majority. Members of racial minorities, in contrast, are much less trusting where the majority is very dominant, but are less affected by changes in the ethnic composition of the neighbourhood. As a result, the lines cross when the racial minority percentage is just above half. Beyond that point, the average visible-minority respondent is more interpersonally trusting than his or

her “majority counterpart.” So, sustaining trust across racial differences is a challenge even in a country that officially celebrates multiculturalism. So far, the pattern resembles that found by Putnam in the United States.

But there is also good news. Many analysts simply stop at this point, and assume that diminished trust necessarily weakens support for redistribution. This turns out not to be true, at least in Canada. We measured support for the welfare state with a battery of questions about specific programs, and found virtually no relationship between ethnicity and ethnic makeup of one’s neighbourhood on one hand and support for social programs on the other. This finding stands up to multivariate analysis. Compared to income, gender and age, all of which do influence support for social spending, ethnicity and the ethnic composition of one’s neighbourhood virtually disappear.⁴ Moreover, to the extent that there are even hints of a relationship, it is the minorities, not the majorities that are less supportive. There is no evidence of majorities turning away from redistribution because some of the beneficiaries are minorities and therefore “strangers.” In the Canadian case at least, this evidence suggests that government can maintain expansive immigration programs and promote multiculturalism without necessarily eroding support for social welfare programs.

Immigration and the Welfare State: The second study turns more directly to the relationship between immigration and the welfare state on a comparative basis. Clearly, immigration and racial diversity are different. Not all immigrants are members of racial minorities in their new country; and not all racial minorities have emerged as a result of recent immigration, as the case of Afro-Americans confirms. Nevertheless, immigration and diversity are increasingly related in western countries. Certainly, in Europe it is the new forms of diversity born of immigration that worry commentators. Moreover, to the extent immigration and racial diversity differ, a focus on immigration and welfare benefits still captures much recent controversy, as we saw in 2003 during the run-up to the accession to the European Union of ten new countries in central Europe, when many member countries established extended residency periods for new arrivals from the “new” Europe.

A second reason for focusing more directly on immigration is methodological: there are significant limitations to the available data on the level of ethnic diversity across OECD countries. First, no dataset provides data over time. Second, the dataset most often used to measure “ethno-linguistic fractionalization” is not built on the basis of a consistent definition of ethnicity and reflects different understandings in different countries.⁵ While

⁴ The impact of ethnicity and ethnic context is decisively small. In effect, moving from a community populated completely by the majority to a community split evenly between the majority and minorities leads to a decrease in aggregate support for unemployment benefits and health care of about 0.0025% (Soroka, Johnston and Banting (2004).

⁵ The classification of ethnicity in the Index of Ethno-linguistic Fractionalization used in Alesina and Glaeser (2004) varies significantly across countries. For example, the UK data largely reflect racial differences: (in percent) white 93.7; Indian 1.8; Other UK 1.6; Pakistani 1.4; Black 1.4. As a result, people of Irish origins living in the U.K., as well as

data on immigration has definite limitations, it does provide consistent coverage over time.

Soroka, Banting and Johnston (forthcoming) analyzes the relationship between immigration and change in the level of social spending over almost three decades. We use United Nations' data on what is inelegantly called "migrant stock," that is, the proportion of the population born outside the country, and incorporate this variable into a model of the determinants of social spending adapted from the work of Swank (2002) and Huber and Stephens (2001). The model incorporates a variety of factors associated with levels of social spending, including GDP per capita, unemployment levels, the proportion of the population over age 64, the percentage of women in the labour force, the density of organized labour, the strength of different political parties (left parties, Christian Democratic parties, radical right parties).

Once again, there is good news and sobering news. The good news is that there was no relationship between the proportion of the population born outside the country and the level of social spending across OECD countries. As Figure 2 indicates, countries with large foreign-born populations do not systematically spend less on social programs than countries with small immigrant communities. The more sobering news is that the pace of change does seem to matter. When we analyzed the impact of the extent of *growth* in the foreign-born population between 1970 and 1998, we found that countries with large increases in the proportion of their population born outside the country tended to have smaller increases in social spending. Figure 3 demonstrates the bivariate relationship. The figure plots percentage-point changes in the foreign-born population against percentage increases in social spending as a proportion of GDP between 1970 and 1998. When we tested this relationship in the multi-variate model, the impact of change in migrant stock remained statistically significant. Social spending as a proportion of GDP rose in every country in the sample during this period, including in countries with substantial growth in migrant stock. But the growth was smaller in countries that saw a significant increase in the portion of the population born outside the country, other things held constant.

So the story here has two parts. There is no evidence here that countries with large immigrant populations have greater difficulty in sustaining and enhancing their historic welfare commitments. But large increases in the foreign-born population do seem to matter. As often is the case, it is the *pace* of change that is politically unsettling.

The story that emerges from these studies is hardly Pollyannaish. But in combination, these studies underscore the importance of more nuanced analyses. The Canadian case provides a counter to claims of an inevitable tension at the level of public attitudes; and the cross-national evidence suggests that the size of the immigrant community is not a constraint, although the speed of change seems important.

the Scottish and Welsh are not included. In Canada, however, the data represent an amalgam of linguistic and national origins: (in percent) French 22.8; Other Canadian 43.5; British 20.8; German 3.4; Italian 2.8; Chinese 2.2; Amerindian 1.5; Dutch 1.3

A TENSION BETWEEN RECOGNITION AND REDISTRIBUTION?

Ethnic and racial diversity is a social reality now, and the critical issue facing contemporary governments is how best to respond to new forms of diversity. In the context of this essay, a critical question is whether the way in which governments respond has implications for the vibrancy of the redistributive state.

Historically, western states tended to view immigrant ethnic identities with indifference or suspicion, and sought to assimilate newcomers into a common national culture. During the last decades of the twentieth century, however, many states increasingly accepted some obligation to accommodate such identities, adopting what have become known as “multiculturalism policies.” The essence of multiculturalism policies is that they go beyond the protection of basic civil and political rights guaranteed to all individuals in a liberal-democratic state, to also extend some level of public recognition and support to ethnocultural minorities to maintain and express their distinct identities and practices (Kymlicka 1995). This trend sparked lively debate about the nature of citizenship and rights in diverse societies, and countries have varied in the extent to which they adopted this approach. Moreover, several countries, including the Netherlands and Britain, have seen significant retrenchment of the multicultural approach in recent years.

The issue before us is whether these different choices have consequences for the strength of the welfare state. In recent years, the multicultural model has come under attack, both in the academic literature and in political debates, on the grounds that such policies make it more difficult to sustain a robust welfare state. Some theorists insist that the adoption of multiculturalism policies weakens redistribution (Barry 2001; Wolfe and Klausen 1997, 2000; Rorty 1999, 2000). A multicultural agenda, they argue, crowds out redistributive issues from the policy agenda, corrodes trust among vulnerable groups who would otherwise coalesce in a pro-redistribution lobby, or misdiagnoses the real problems facing minorities, leading them to believe that their problems lie in cultural misunderstandings rather than economic barriers that they confront along with vulnerable members of many other cultural groups. Defenders of multiculturalism policies reply that such policies do not create distrust among groups. Distrust is the historical legacy bequeathed to us by earlier generations of indifference or repression of ethnic differences. Rather multiculturalism policies can ease inter-communal tensions over time, and strengthen the sense of mutual respect, trust and support for redistribution.

Frustrated by the extent to which these debates tend to rely on anecdotal references, Will Kymlicka and I have tried to subject the assertions to more systematic empirical evidence (Banting and Kymlicka 2004). We asked whether countries that have adopted strong multicultural policies over the last two decades experienced a weakening or even just slower growth in their welfare states compared to countries that have resisted such policies. Answering this question turned out to be a major undertaking since, to our knowledge, no one had attempted to measure systematically the extent to which different

countries have adopted different levels or types of “multiculturalism policies” (MCPs). We therefore constructed such an index, and classified OECD countries in terms of the relative strength of their multiculturalism policies. We took the following eight policies as the most common or emblematic of this approach:

- (1) constitutional, legislative or parliamentary affirmation of multiculturalism
- (2) the explanation/celebration of multiculturalism in school curriculum;
- (3) the inclusion of ethnic representation/sensitivity in the mandate of public media or media licensing;
- (4) exemptions from dress-codes, Sunday-closing legislation, etc.
- (5) allowing dual citizenship;
- (6) the funding of ethnic group organizations or activities
- (7) the funding of bilingual education or mother-tongue instruction
- (8) affirmative action for disadvantaged immigrant groups.

The first three policies celebrate multiculturalism; the middle two reduce legal constraints on diversity; and the final three represent forms of active support for minority communities and individuals. On the basis of an examination of the extent to which countries had adopted these policies, we ranked the multiculturalism policies of each OECD country, and then grouped the countries into those with strong, modest or weak policies. The resulting groupings are reported in Table 1.

Having grouped countries into these three categories, we examined how the three groups fared in terms of change in the strength of their welfare state between 1980 and the end of the 1990s. It is important to emphasize that our focus is on *change* in measures of the welfare state from the early 1980s to 2000, not on the *level* of social spending and redistribution in different countries. When critics argue that there is a correlation between MCPs and a weakened welfare state, they are not arguing that only weak welfare states adopt MCPs. Their claim is that even if countries with strong welfare states adopt MCPs, they will have more difficulty sustaining the strength of their welfare states over time than countries with only weak MCPs. So their argument is not that countries with strong MCPs will necessarily have lower absolute levels of spending and redistribution than countries with weak MCPs. Rather, their claim is that countries adopting strong MCPs are likely to have witnessed relative decline in levels of spending and redistribution as compared to countries with weak MCPs. Their claim is not about differences in absolute levels, but about changes in levels over time. Hence our test, too, focuses on the size and direction of changes in redistribution in the 1980s and 1990s.

Table 2 provides a first cut at the issues. Clearly, there is no evidence of a systematic tendency for multiculturalism policies to weaken the welfare state. Countries that adopted such programs did not experience an erosion of their welfare states or even slower growth in social spending compared to countries that resisted such programs. Indeed, countries with the strongest multiculturalism policies fared better than the other categories, providing a hint that perhaps multiculturalism policies may actually ease the tension between diversity and redistribution.

The lack of a systematic tension between recognition and redistribution is confirmed by multivariate analysis. In Banting, Johnston, Kymlicka and Soroka (forthcoming), we incorporate our measure of multiculturalism policies into the larger model of the determinants of social spending used in the analysis of immigration and social spending discussed above. The obvious technical challenge here is to distinguish between the effects of the size of the immigrant minorities and the strength of multicultural policies adopted to accommodate their interests. Not surprisingly, there is a relationship between these two variables, as Figure 4 attests. However, there are enough outliers to allow for multivariate analysis, and the results confirm the conclusions from the first cut at the issue. There is no statistically significant negative relationship between multiculturalism policies and growth in social spending across OECD countries.

The evidence to date thus provides no support for the bald claim that “a politics of multiculturalism undermines a politics of redistribution” (Barry 2001: 8). It is possible to attempt to save the assumption of a universal tension by arguing that the corrosive effects of multiculturalism policies take time and that they will appear eventually. For example, Philippe Van Parijs raised this objection in response to an earlier version of this research: “time (is) required for these sociological processes to work themselves out and be politically exploited” (Van Parijs 2004: 382). However, the twenty-year period was long enough for other political factors, such as the role of left-wing parties, to emerge strongly in multivariate analysis; more tellingly, perhaps, the effects of change in the proportion of the population born outside the country also emerged clearly in the twenty-year analysis.

In our view, such a response postpones the real research challenge, which is to understand the factors that mediate the relationship between multiculturalism policies and the welfare state. While our study provides no support for the claim that there is an inherent or systematic trade-off between the two, it is possible, even likely, that there are more localized circumstances where particular forms of recognition erode particular forms of redistribution. But given the overall results, it is equally likely that there are other circumstances where the politics of recognition enhances redistribution. It is obviously important to try to identify the factors at work in localized cases of either mutual interference or mutual support between recognition and redistribution

TOWARDS A WIDER RESEARCH AGENDA

Understanding the factors that mediate between immigration and multiculturalism on one side and social solidarity and the welfare state on the other is a compelling research agenda. Four broad categories of factors stand out as potential candidates: a) the nature of flow of immigration; b) economic integration; c) political integration; and d) the structures of the welfare state.

The Nature of the Immigration Flow

As we have seen, the overall size of the population born outside of the country is not closely related to change in social spending, but significant growth in the immigrant population is

associated with slower growth in social spending, suggesting the pace of change may be the most politically sensitive dimension. Other aspects of the immigration flow may be relevant.

- The racial composition: Broadening the focus to immigration does not necessarily make the racial composition of minority communities irrelevant. Does the race of immigrants matter? Most analysts assume that the racial complexion of contemporary immigrants has intensified the political reaction in many countries. On the other hand, Paul Sniderman and his colleagues (2000) found that in Italy the reaction to all outsiders, white and black, was similarly negative.
- The legal status of immigrants: To what extent does the balance between legal and illegal or undocumented immigrants matter to public support for social programs?
- The mix of immigrant categories: Is the mix of economic immigration, family reunification and refugee/asylum seekers important? In most countries, asylum seekers are not entitled to work, and can remain dependent on social benefits for extended periods while their claim for asylum is investigated.

Economic Integration

The intersection of ethnic diversity and economic class is obviously critical, and much would seem to depend on the extent of economic integration of immigrants. To what extent are immigrants absorbed into the economic mainstream, and to what extent do they remain poor and dependent on social benefits? Do countries that emphasize educational qualifications in the selection of economic immigrants have an easier time politically?

Economists have devoted considerable attention to the question of whether immigrants rely more heavily on social assistance programs than natives. This was not the case in the 1960s. But recent migrants into the U.S. and Europe tend to have lower educational and skill levels relative to the native population, and to face greater problems entering the labour market. Although the evidence suggests that the long-term net fiscal impact is small, most studies conclude that in the short-term – which is probably more important politically – immigrants in Europe and the US rely more heavily than natives on social assistance programs, especially in “gateway” cities and regions (OECD 1997; Borjas 1994, 1999; Boeri et al 2002). We need to understand the factors that influence the extent to which transitional dependence becomes politicized in different countries.

Political Integration

The political integration of immigrants varies dramatically across countries, depending on different approaches to naturalization and citizenship. How important are differences in the extent to which the foreign-born population has and uses the vote? Also, how open is the prevailing sense of national identity to peoples from different backgrounds?

The Structure of the Welfare State

Is the structure of the welfare state critical? Two questions are important. First, is it true, as suggested above, that the implications of ethnic/racial diversity differ between a

historically diverse society starting to build its welfare state on one hand, and a previously homogeneous society that has already built a substantial welfare state coming to terms with new forms of diversity on the other?

Second, what is the relationship between welfare state regimes and immigration? It might be argued that liberal welfare states are less sensitive to the politics of backlash, in part because such welfare states redistribute less, and less is at stake.⁶ On the other hand, there is growing evidence that universal welfare states tend to build a stronger sense of interpersonal trust (Kumlin and Rothstein 2005), dampen support for radical right parties (Swank and Betz 2003), and reduce the risk of public hostility to immigrant's reliance on welfare programs (Crepaz forthcoming).

Undoubtedly, other factors will emerge as critical as well. There is a substantial agenda here.

CONCLUDING REFLECTIONS

We end as we began. One of the most compelling challenges facing national welfare states is how to maintain and strengthen the bonds of solidarity in increasingly diverse societies. There is no question that there is a *potential* conflict between ethnic diversity and solidarity. We do not need social scientists to tell us that. There is far too much evidence of ethnic and racial intolerance on our television screens. Moreover, there is undoubtedly *potential* fallout for the welfare state. But we need to avoid premature judgments about the universality – indeed, the inevitability -- of trade-offs and tragic choices between economic redistribution and cultural recognition. The evidence summarized in this essay about public attitudes in Canada, the relationship between immigration and social spending, and the impact of multiculturalism policies on social spending all point to a need for nuanced analyses. The findings also underscore the need to understand the factors that mediate between diversity and redistribution. There is a compelling research agenda here.

Given the limited nature of our hard information in this area, there is a danger that the experiences of one country will emerge as a sort of master narrative, a story that is seen as capturing the essence of the issues in play. For many Europeans, the United States has become the quintessential multicultural country, and the key test case of the relations between ethnic heterogeneity and redistribution. As we have seen, analysts such as David Goodhart (2004) in the United Kingdom depict American experience as clear evidence that ethnic heterogeneity erodes redistribution and a warning about the future of their country if the current immigration pattern is maintained.

⁶ It is striking, for example, how often racial incidents in cities in northern England and some European countries have been triggered by controversies about allocation to public housing. Such controversies may be less frequent in liberal welfare states, which allocate a much smaller proportion of the total housing stock.

This is a field in which master narratives are as likely to mislead as inform. History and traditions matter here, and the United States has a distinctive history in race relations. In no other western democracy do the descendents of imported slaves form a significant minority. This is not to deny the relevance of the U.S. case. But it is important to uncover diverse narratives, a variety of stories that point to different possible relationships between heterogeneity and redistribution. The conflicting evidence summarized here stands as an antidote to more fatalistic assertions that immigration, ethnic heterogeneity and multiculturalism policies inevitably erode redistribution. The diverse narratives suggest that there is no inevitability at work and that policy choices count. This alone is an optimistic note in an increasingly turbulent debate about the future of the multicultural welfare state.

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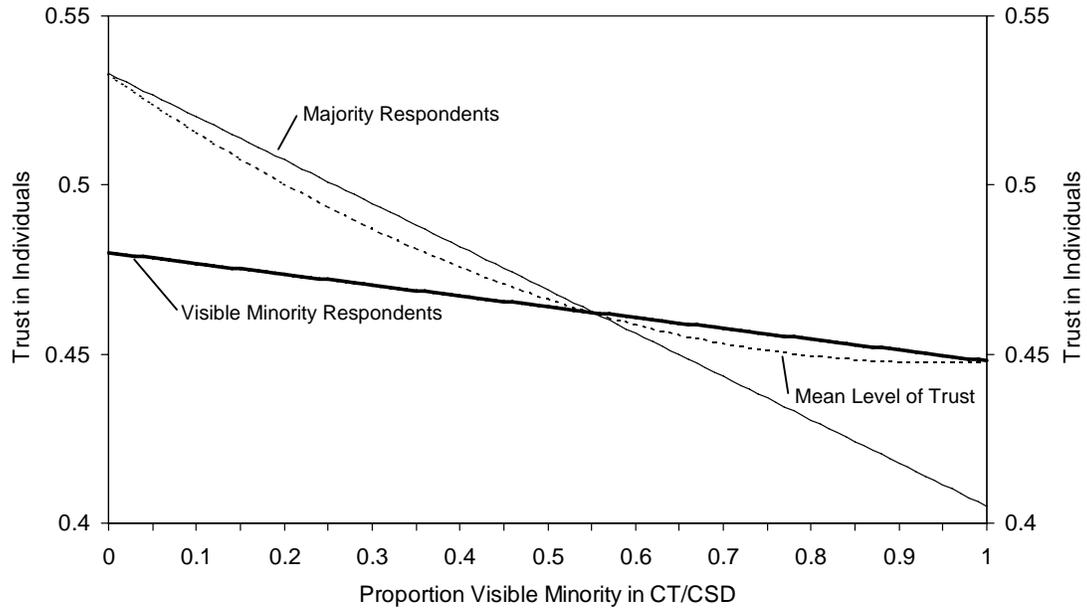
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Figure 1. Ethnicity and Interpersonal Trust in Canada



$$\text{Trust} = 0.533 - 0.053REth - 0.128CEth + 0.096REth * CEth$$

Source: Soroka, Johnston and Banting 2004.

Figure 2 Immigration and Social Spending, 2000

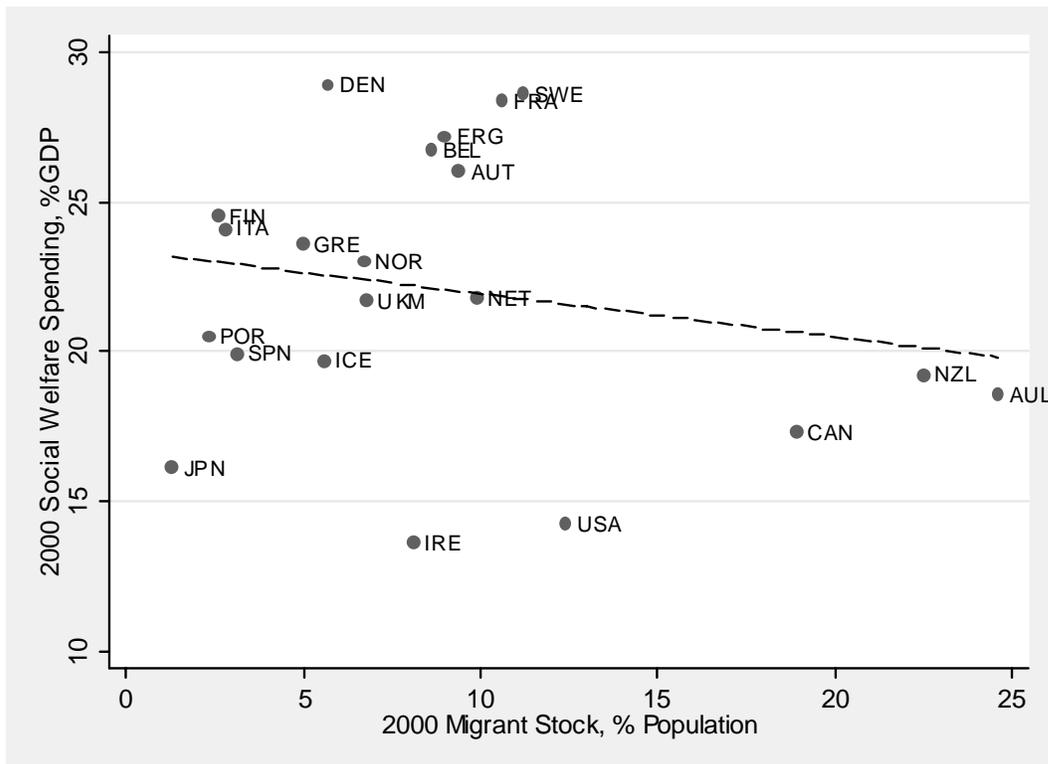


Figure 3 Change in Immigration and Change in Social Spending, 1970-1998

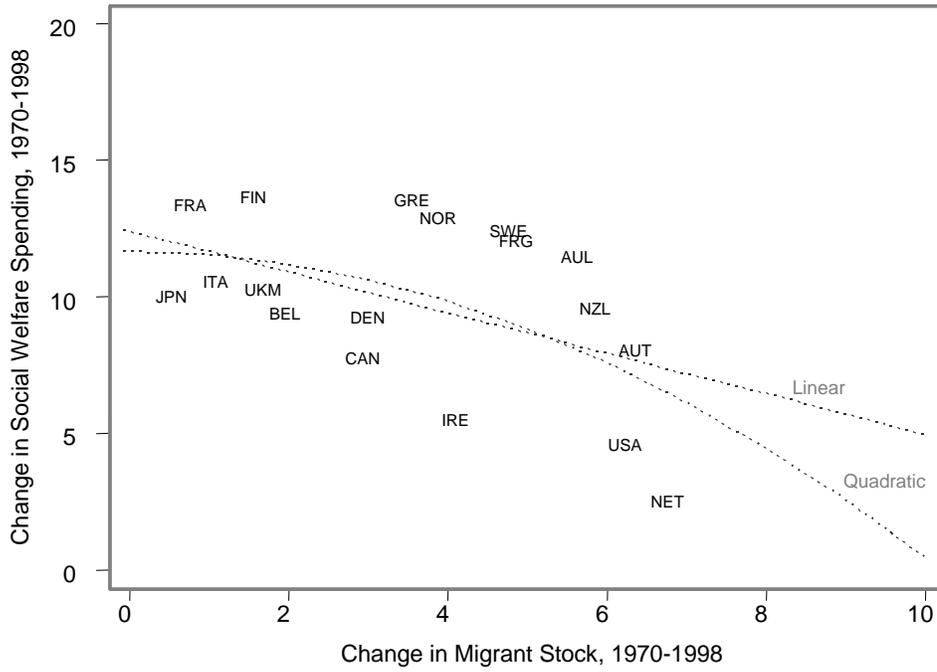


Figure 4 Size of the Foreign-Born Population and Strength of Multiculturalism Policies

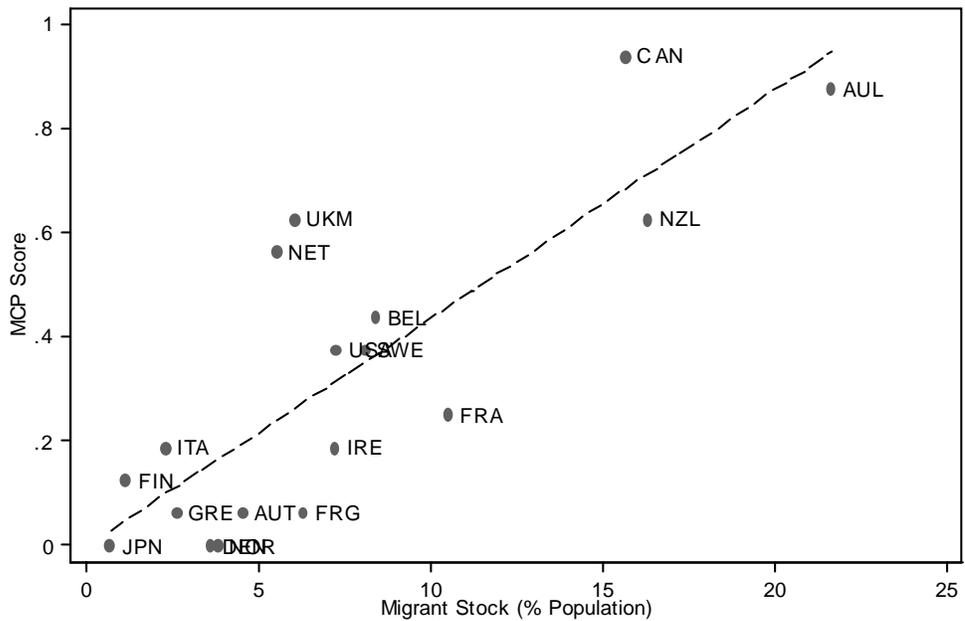


Table 1 The Strength of Multiculturalism Policies in Democratic Countries

STRONG: Australia, Canada

MODEST: Belgium, Netherlands, New Zealand, Sweden, UK, US

WEAK: Austria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Norway, Portugal, Spain, Switzerland.

Table 2: Multiculturalism Policies and Change in Social Spending and Redistribution

Multiculturalism Policies	Country	Social Spending %Δ		Redistribution %Δ	
		Country	Average	Country	Average
Strong	Australia	57.5	46.4	7.5	15.3
	Canada	35.3		23.0	
Modest	Belgium	1.2	8.6	1.8	-2.1
	Netherlands	-12.5		-0.5	
	Sweden	6.9		1.0	
	UK	35.7		-9.1	
	US	11.5		-3.9	
Weak	Austria	15.0	31.8		10.1
	Demark	2.4		11.0	
	Finland	43.2		11.8	
	France	36.5		11.4	
	Germany	34.5		10.4	
	Ireland	-6.5			
	Italy	36.4		-3.2	
	Norway	45.2		18.9	
	Switzerland	86.2			
	Spain	24.7			

Notes: Change in social spending represents change in public social expenditure between 1980 and 1998. Based on data in OECD SocX. Change in redistribution represents change in redistributive impact of taxes and transfers between the early 1980s and the late 1990s or near years. Based on data provided by the Luxembourg Income Study.

Source: For details of the calculations, see Banting and Kymlicka 2004.