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NEW OCCASIONAL PAPER:

Labour-Market Integration of Immigrants in OECD-Countries: What Explanation Fit the Data?

Why is unemployment among immigrants higher than among native-born people? Most rich countries have problems with labour-market integration of immigrants. While it has caused a heated debate in many European countries, there is still too little scholarly research about the factors determining labour-market immigration. While most would agree that immigration offers strong benefits to advanced countries, the economic benefits crucially depend on immigrants finding jobs rather than being supported by various welfare state systems.

In a new study, Dr. Andreas Bergh has examined explanations to the lower labour-market participation among immigrants in OECD countries. Using two different measures of immigrant labour-market integration (the ratio between immigrant unemployment to native unemployment, and the ratio of employment rate among natives and immigrants) Dr. Bergh tests six suggested explanations of why immigrants are less likely than natives to be working in most OECD-countries: Intolerance, the education of immigrants, welfare state generosity, employment protection laws, union power and the share of immigrants in the population.

Using bivariate and multivariate analysis, two significant patterns are found. First, welfare state generosity keeps immigrants away from the labour force. Second, given that immigrants enter the labour force, collective bargaining agreements explain higher incidence of immigrant unemployment. No other factors are statistically significant in cross-country regressions.

[The study can be downloaded here](#)

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