Immigrant Integration Policies and Their Impact on Labour Market Dynamics: The Netherlands and The Civil Integration Act

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Published 27th of January 2025

Abstract

The migration of humans across borders has been a historical and natural phenomenon. However, with the current influx of African and Middle-Eastern immigrants into the European Union (EU) being put at the heart of political discourse, it would seem that this is a 'new' and pressing issue. This research focuses on the history of migration in the Netherlands, the development of its integration policies, and its main current immigrant integration policy; the Civil Integration Act. In this paper, I will conduct a qualitative analysis, discussing the various impacts immigration and integration policies have had on labour market performances through peer-reviewed works and government reports. I find that, while immigrant performance in the labour market improved after the introduction of the Civil Integration Act, they rarely hindered the performance of natives in terms of employment and wage levels. Immigrants are still underperforming natives in the labour market and face structural barriers to integration due to the increasing restrictiveness of the Civil Integration Act. With these results in mind, a policy implication is that the rules for immigrant integration should be lenient, offering a smooth transition into Dutch life, to ensure that immigrants can effectively compete in the labour market. I find that there is no need to restrict immigration and integration on the basis that natives are being negatively affected in terms of labour market outcomes. However, this could be subject to change if immigrants close the gap to natives in the labour market, and compete better as imperfect substitutes.

Keywords: The Netherlands, Immigration, Integration, Labour market, Policy

I. Introduction

Immigration is and has been a prominent aspect of societies and economies. A historically prominent example was the discovery of the New World, which sparked a large outflow of European immigrants to move to what is now, for instance, the United States of America. In a modern context, individuals and families migrate in hopes of greater economic prosperity or to seek asylum abroad due to the threat of prosecution and danger in their own country.

Although migration has been a consistently present aspect of societies, we currently find a surge in anti-immigrant sentiment within Western countries that is closely related to the rise of far-right party movements in the European Union. These right-wing movements play into these sentiments and promise harsh policies to tackle the perceived issues regarding immigration. The country that will be of particular interest to this paper is the Netherlands and their main immigrant integration policy: the Civil Integration Act. A disagreement about immigration policies in the Dutch government within the fourth Rutte cabinet coalition in 2023 led to its collapse in July of that year, prompting an earlier-than-expected 2023 general election (which was expected to take place in 2025). The result of that election was a win for the far-right led by the PVV (Party for Freedom), and consequently, the current right-wing coalition was formed, which as of 2024, comprises three other centre-right and right-wing parties. Since a significant amount of the political discourse during this period was rooted in beliefs such as that immigrants 'steal' jobs and 'leech' off of welfare systems', this paper will discuss the impacts of different integration-centred immigration policies on the Dutch labour market.

2. Literature Review

This paper is motivated by the current discourse around a 'mass migration' crisis which motivated the general public to vote for right-wing political parties who take a harsh stance on this political issue. However, we should not take this notion of a 'mass migration' crisis as a fact. Dutch sociologist Hein de Haas examines and challenges this misconception on a global level by arguing that, regardless of short-term surges due to unprecedented circumstances such as war, migration at a global scale has been static at ~3% - 4%². In the same work, it is discussed that an estimated 80% of migrants are internal migrants, who do not cross state borders³. So what do the statistics say concerning immigration in The Netherlands? Although global migration has stayed consistent, The Netherlands began experiencing large increases in migration since 2019, with the highest level of immigration being 403,108 people in 2022, a nearly 150,000-person, or 60%, increase from the year before⁴. Furthermore, the immigrants are primarily made up of individuals from Eastern European countries (Such as Ukraine and Poland), as well as Syria, Turkey, and Morocco, who mainly come for labour, asylum, and familial motivations⁵.

We can gain useful insight into the impacts of immigrant integration through studies conducted on other countries in the European Union, which may present parallel insights to the situation in the Netherlands. Literature finds that there is generally a positive impact of integration on immigrant performance in the labour market, however, this impact is

¹ Brian Burgoon and Matthijs Rooduijn, "'Immigrationization' of Welfare Politics? Anti-Immigration and Welfare Attitudes in Context," *West European Politics* 44, no. 2 (February 23, 2021): 177–203.

² Hein de Haas, *How Migration Really Works: 22 Things You Need to Know about the Most Divisive Issue in Politics* (London: Penguin UK, 2024).

³ Haas.

⁴ Statistics Netherlands, "Asylum, Migration and Integration," 2023.

⁵ Statistics Netherlands.

conditional on other external factors such as labour market mobility⁶. While integration policies are beneficial as they in themselves improve the capacity of immigrants to perform efficiently in the society where they are settling, naturalisation is also a relevant factor. These integration policies, if they can facilitate the naturalisation of immigrants, are even more effective⁷. Furthermore, the more immigrant naturalisation is delayed, the more the usefulness of obtaining their citizenship decreases over time⁸. Naturalisation offers immigrants a stable status within a country, thus the longer they must stay in a state of 'instability' the longer they must suffer inefficiencies and consequences. For example, processes of home ownership and applying for benefits are streamlined by obtaining citizenship, but the effectiveness of citizenship in these regards seems to reduce as naturalisation is delayed. This not only foregrounds the importance of integration policies, and streamlining naturalisation processes, but it also highlights the urgency of these policies.

We must also discuss the common talking point in the political side of the discourse that asserts that immigrants steal or hinder access to jobs. Haas discusses this point by using a 2017 report by the US National Academy of Science which argues against these statements. It is found that there is virtually no impact on general employment in the labour market. However, if any impacts were to occur, they would statistically impact low-skilled jobs more. This is what would be expected given the origin of the immigration influx to the Netherlands. The countries of origin of immigrants mentioned previously, are typically those with lower levels of human capital. Therefore, we would expect immigrants coming from these countries to be competing for lower-skilled jobs. Interestingly, for Western European countries, the influx of immigration was found to have a positive impact on the wages of native workers. Similar results are also found in research conducted in Europe regarding impacts on employment levels. The primary reason for this result in these cases was that immigrants tended to complement the inefficiencies and vacancies of the domestic labour market. In other cases, however, some studies did find that low-income worker wages were impacted by immigration, although this impact is also mixed as there were small increases in the wages of high-income earners.

3. Methodology

Having outlined the pertinent arguments and literature surrounding the topic, I will describe the methodology this paper will use to discuss the topic at hand. This paper will conduct a descriptive analysis of the Civil Integration Act, a Dutch immigration integration policy, which will be explained further in the research. To properly understand the context of

⁶ Dr Özge Bilgili, Thomas Huddleston, and Anne-Linde Joki, "The Dynamics between Integration Policies and Outcomes: A Synthesis of the Literature," 2015.

⁷ Bilgili, Huddleston, and Joki.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

¹² Haas.

this policy, however, we will also outline the history of Dutch migrant integration policies. This will give us the baseline knowledge of the history of immigration and policymaking in The Netherlands, to properly understand the policy which will be discussed. This research aims to see how labour market dynamics were impacted as a result of this policy. This entails looking at literature and analyses conducted on the Dutch labour market, and not only understanding how immigrants have performed in the labour market, but how the performance of 'locals' has also been affected. As a result, I wish to provide a detailed and bipartisan view on this controversial policy and topic of political discourse, in hopes of potentially synthesising possible policy recommendations.

4. The History of Dutch Integration Policies

While this section does not provide a detailed analysis of the development of Dutch immigrant integration policies over time, it should provide sufficient context to understand the current state of immigration policy.

In the 1970's the Netherlands did not regard itself as a country which attracted a lot of immigrants, and consequently, no structured policies were put in place to provide integration routes for immigrants which the Dutch government expected only to keep on a short-term basis. Nevertheless, A growing fear that this would permanently marginalise immigrants that remained put pressure on the Dutch government to initiate their Ethnic Minority (EM) policies in 1980¹³. These EM policies tackled three main issues: unemployment, housing, and education. For example, legislation was changed to allow residing immigrants access to social housing, which made up the largest proportion of housing in The Netherlands at the time. However, these initial policies still received heavy criticism because they produced little amount of progress for immigrants in the domains of education and labour market opportunities/performance¹⁴.

It was in the 1990s that amendments were made to this first attempt at immigrant integration policies. Ideologies that had anti-immigration policies as a part of their political stance began gaining traction at the same time, which led to greater restrictions on refugee entrance and immigration¹⁵. Simultaneously, integration policies were now aimed less at groups of people and were now more area-focused¹⁶. Although these amendments improved the efficiency and performance of the integration policies, there were still flaws specifically on paths to citizenship. This is where the introduction of the Civil Integration Act came in.

¹³ María Bruquetas-Callejo et al., "Policymaking Related to Immigration and Integration. The Dutch Case.," *IMISCOE*, 2007.

¹⁴ Bruquetas-Callejo et al.

¹⁵ Joop Hartog and Aslan Zorlu, "Migration and Immigrants," 2001.

¹⁶ Bruquetas-Callejo et al.

5. The Civil Integration Act

Although integration procedures and policies did exist prior, it was only in 2007 when the Civil Integration Act (or *Wet Imburgering* in Dutch) was introduced. This is the current law in The Netherlands which requires permanently residing immigrants to pass the *imburgering* or integration test, to obtain citizenship. Within three years of their arrival to The Netherlands, immigrants must pass this integration program which consists of a Dutch language test, understanding Dutch society, and actively partaking in civic life. In this case, understanding Dutch society pertains to understanding certain aspects such as culture, laws and history. By understanding these aspects of Dutch life, this difficult and structured process theoretically integrates immigrants into Dutch society easily, ensuring they can perform efficiently in society and the Dutch economy. However, when it comes to the implementation of strict integration rules and requirements, the Integration Act faces some shortcomings.

5.1 Amendments and Controversies

Since its introduction in 2007, the policy has undergone many revisions and has been subject to political and social scrutiny. The most recent and significant amendments were made in 2022, however as of 2024, it is too early to truly understand the impacts of these reforms. One controversial amendment is the language requirement being raised from only needing an A2 level of Dutch, to now needing a B1 level¹⁷. The controversy surrounding this amendment will be discussed in section 6, where we see the potential negative consequences of the stricting of integration policies within the country.

Furthermore, while asylum seekers are offered financial support for their integration process, migrant families do not. Since these migrant families are most likely at a low socioeconomic status, they are disproportionately impacted by the financial burden of having to integrate. This makes it more difficult for these families to comfortably integrate to qualify for citizenship, while still maintaining a quality standard of living. Not only is the test difficult to pass, which hinders the capability of immigrants to enter the labour market, but the financial sanctions (a fine of up to €1000) for not passing further destabilise their lives. As such, immigrants are disproportionately at risk of losing housing and suffering from a loss of productivity. Therefore, their unstable socioeconomic status could be undesirable for employers, thus hindering the labour market opportunities of immigrants.

6. Changing Labour Market Dynamics

The current literature studying the impact integration has on labour market dynamics, naturally, focuses on the performance of immigrants and other minorities. This is because integration policies and their efficacy solely depend on

¹⁷ Lot Roodenburg, "Bridging the Gap in Integration: A Qualitative Study of the Municipal Integration Management of the Dutch Integration Act of 2021 and the Integration Experiences of Newly Arrived Migrants" (Tilburg University, 2024).

how they impact the labour market performance of the social constituencies they are targeted towards. However, in this paper, we wish to also evaluate if and to what extent natives are impacted by the introduction of integration policies. Is the integration of immigrants a threat to the locals?

6.1 Immigration and Labour Market Dynamics before the Civil Integration Act

To utilise the understanding developed in section 4, we will first introduce findings to answer the aforementioned question preceding the Civil Integration Act. One report finds that only low-skilled Dutch labour was adversely impacted by the influx of immigration¹⁸. However, an extremely important caveat is that this impact was largely attributed to Western immigrants rather than Turkish and Moroccan immigrants¹⁹, who in contemporary political discourse in the Netherlands are the main targets of anti-immigrant sentiment. Our analysis of how integration policies and immigration impact labour market dynamics is rooted in the common anti-immigrant sentiment that they are replacing natives in the workforce. However, this finding presents a new potential scope of analysis of why anti-immigrant sentiment has flourished, and the answer is cultural nativism. It is not the threat of all immigrants but rather an "intense opposition to an internal minority that is seen as a threat to the nation due to its 'foreignness'" which is why Turkish and Moroccan immigrants are targeted in political discourse. In a 2004 study published in the European Review, Roodenburg et al. studied how immigration impacts the income levels and overall performance of natives in the Dutch labour market. The influx of immigration did not seem to have much of an effect on the income levels of locals, in any case, and the statistically significant impact on income seen was a positive one²¹. Furthermore, a 2006 meta-analysis conducted on 23 European countries found that the "decline in native-born employment following a 1 per cent increase in the number of immigrants is a mere 0.024 per cent"22. This seems to be consistent with the findings reported in the literature review previously, which appears to be antithetical to the rhetoric of anti-immigrant parties in the Netherlands and Western Europe generally. However, this precedes the introduction of the Civil Integration Act as we see it in contemporary Dutch society. Moreover, since the publication of these studies, immigration has grown in aggregate in Europe and the Netherlands, potentially making these findings outdated and less applicable. Therefore, we should consider more recent reports to discuss whether introducing structural integration policies changes this outcome.

¹⁸ Aslan Zorlu, "Absorption of Immigrants in European Labour Markets. The Netherlands, United Kingdom and Norway," January 1, 2002.

¹⁹ Zorlu.

²⁰ Josip Kešić and Jan Willem Duyvendak, "The nation under threat: secularist, racial and populist nativism in the Netherlands," *Patterns of Prejudice* 53, no. 5 (October 20, 2019): 441–63.

²¹ Hans Roodenburg, Rob Euwals, and Harry Terrele, "Effects of Immigration on Labour Markets and Government Budgets: The Case of the Netherlands," *European Review* 12, no. 3 (July 2004): 377–98.

²² S. Longhi, P. Nijkamp, and J. Poot, "The Impact of Immigration on the Employment of Natives in Regional Labour Markets: A Meta-Analysis," *IZA Institute of Labor Economics Discussion Paper Series*, March 1, 2006.

6.2 Immigration and Labour Market Dynamics after the Civil Integration Act

A 2023 study published by the Journal of Ethnic and Migration Studies finds pertinent results concerning the whole of the EU. Less restrictive migration and integration policies are associated with reducing labour market disadvantages for immigrants²³. Although a general finding for the EU, this does support an assertion made in the previous section concerning the stricting of the Civil Integration Act policies. In making the requirements of integration through the Civil Integration Act stricter (for example, by increasing the minimum language level requirement) immigrants will find it more difficult to integrate and compete in the labour market effectively against natives. Thus, less restrictive integration will allow immigrants on average to compete more effectively in the labour market. However, we should ask if this has any bearing on how natives perform. The same 2023 study from the Journal of Ethnic and Migration Studies finds that, as the competitiveness of immigrants in the labour market increases, there is some hindrance to incumbent natives²⁴. When consulting more studies on the overall impact of immigration on wages across the US and EU, we find mixed results, sometimes positive, negative and no influence²⁵. Overall, the mixed results in the literature we have discussed thus far concerning the US and EU generally point to the fact that the influx of immigrants does not concretely hinder native workers for the most part. There exist some situations where they impact low-skilled native workers. These situations align with the literature review, as immigrants would act as imperfect substitutes for low-skilled work due to the fact that they come from countries with lower levels of human capital. However, the true extent of this impact warranting restrictive reforms on immigration and their integration is questionable. Nevertheless, regardless of whether we consider earlier reports or more recent ones, we find that immigration and integration do not hinder natives in the labour market. Following a cohort since 2007, a report finds that only 40% of individuals following the Civil Integration Act track were employed as of 2022, and most are struggling to complete the track due to the increasing restrictiveness of the rules²⁶. It is reasonable to assume that immigrants are not effectively acting as imperfect substitutes to native workers and thus hindering them, as they are still underperforming compared to those without an immigrant background in the labour market²⁷. Although we find that employment levels for immigrants in the Netherlands are rising as of the introduction of the Civil Integration Act as a means of structural integration, until they close the gap to natives in the labour market,

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²³ Martin Guzi, Martin Kahanec, and Lucia Mýtna Kureková, "The Impact of Immigration and Integration Policies on Immigrant-Native Labour Market Hierarchies," *Journal of Ethnic and Migration Studies* 49, no. 16 (October 2, 2023): 4169–87.
²⁴ Guzi, Kahanec, and Mýtna Kureková.

²⁵ Christian Dustmann, Uta Schönberg, and Jan Stuhler, "The Impact of Immigration: Why Do Studies Reach Such Different Results?," *Journal of Economic Perspectives* 30, no. 4 (November 2016): 31–56; "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market*," *The Quarterly Journal of Economics* 118, no. 4 (November 1, 2003): 1335–74; Card, "Immigration and Inequality," *American Economic Review* 99, no. 2 (May 2009): 1–21.

²⁶ Annemieke Mack et al., "Inburgeraars Onder de Wi 2007," *Regioplan*, December 22, 2022.

²⁷ Martine de Mooij, Dion Dieleman, and Sabrina de Regt, "Jaarrapport Integratie" (The Netherlands: Centraal Bureau voor de Statistiek, 2020).

immigrants will most likely not be able to compete at a level which hinders natives. Quantitative research focusing solely on the Netherlands seems to be lacking, thus we must review studies conducted on other countries in the EU to infer and suggest policy implications accordingly. As discussed in the literature review, broader studies on the EU support the idea that immigrants are not effectively acting as direct competitors to native workers in the labour market. Instead, they fill in vacancies which seems to have a slight positive effect on the wages of native workers.

7. Conclusion

This paper comes at a time when anti-immigrant sentiment is flourishing in political discourse and has successfully secured a majority of seats and thus a great deal of power in the Dutch parliament. We initially discussed the history of immigration and integration policies in the Netherlands, which provided us with a contextual framework to understand how the current influx of immigration could influence the labour market. Preceding the introduction of the Civil Integration Act, we find that the influx of immigration in the Netherlands had no major influence on the labour market. Theory and literature suggest that a structural integration program would allow immigrants to perform more efficiently in the country's labour market, possibly posing themselves as imperfect substitutes for native workers. However, when conducting a qualitative review of the existing literature concerning the Netherlands, the EU, and the USA, we find limited evidence that the integration of immigrants is currently posing a threat to natives in the labour market..

Related to this, an important finding suggests that the more restrictive integration into a country, the worse immigrants following the integration plan perform economically. Therefore, I would suggest that as long as immigrants are still underperforming in comparison to natives in the labour market, we should continue to focus on their integration. Therefore, the Dutch government should foster smoother and more efficient integration, through an easing of the Civil Integration Act to have immigrants perform as effectively as possible in Dutch society. Furthermore, the success of the act in question still needs to be investigated due to the underperformance of immigrants. Therefore the government should potentially pair the Integration Act with appropriate financial benefits or educational aid. This ensures that immigrants are following the integration policy effectively, without being hindered financially. However, further research should be maintained focusing on the performance of natives in European countries, to see if they would be negatively impacted if immigrants were to close the gap to them in the labour market. Moreover, quantitative analysis of the labour market performance of natives at a country-specific level could yield insightful results on policy-specific impacts on labour market dynamics.

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