

Income inequality of EU and Non-EU citizens in Germany. Results on the basis of the German Mikrozensus from 1976 to 2005

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Agenda

1. Introduction
2. Theoretical considerations
3. Data
4. Results
5. Summary
6. Remarks on harmonization and data handling

1. Introduction

- A huge amount of research deals with the income situation of the foreign population in Germany (Diekmann et al. 1993, Riphahn 2003, Shahriari 2005, von Gostomski 2008).
- We have no information concerning the development of income inequality of the non-German population in Germany.
- Research question:
 - Development of incomes and income inequality of non-German households
 - Effects of becoming an EU Member State
The example of Spain (and Portugal)

2. Theoretical considerations

- Europeanization facilitates integration
 - harmonization of labor legislation
 - harmonization of vocational training (EuroB), increasing international occupational competence of skilled workers, European qualification frame (EQF)

- Integration restraining effects: Entsendegesetz (AEntG) 1996
 - Exclusion of “cheap employees“ (e.g. building industry)
 - AEntG is rather extended than diminished

2. Theoretical considerations

- “Gastarbeiteranwerbestopp”: since 1973 foreign workers are not allowed to enter the German job market.

- Becoming a member state of the EU and restrictions for the job market participation.
 - Portugal and Spain enter the EU in 1986. Before 1986 only highly qualified employees could work in Germany (scientists / experts and managers demonstrating a high income level).
 - There have been interim arrangements until 1992. Since then there are no limitations on access to the German job market.

2. Theoretical considerations

Hypotheses

Becoming an EU member state...

- Hypothesis 1:
... reduces the income level of Spanish (and Portuguese) households in Germany.
- Hypothesis 2:
... reduces the prestige of occupations of Spanish (and Portuguese) heads of households.
- Hypothesis 3:
... increases income inequality of Spanish (and Portuguese) households.

3. Data

- This topic is part of the project “Social and economic change in (West) Germany “
 - managed by Christof Wolf (German Microdata Lab)
 - third party finance: Leibniz-Gesellschaft
- The German Mikrozensus: 1 percent of the German resident population is randomly selected
- One wave contains about 800,000 cases, 70% are for scientists (Scientific Use Files). The cumulated file (1962-2005) contains more than 13 million cases
- Data has been collected every year since 1957 (since 1991 “East” Germany is included as well)
- Only parts of the questionnaire are to be answered voluntarily
- Predominantly face-to-face design (14% of the data are collected by postal questionnaires)

3. Data

- Prestige of occupations:
 - Magnitude Prestige Scale (MPS) based on the International Standard Classification of Occupations (ISCO)
 - The German Mikrozensus contains MPS since 1976
- Year of moving to Germany:
 - Non-Germans who have moved to Germany before 1973 were excluded from the calculations.
(Mikrozensus provides a proper variable since 1976)

3. Data

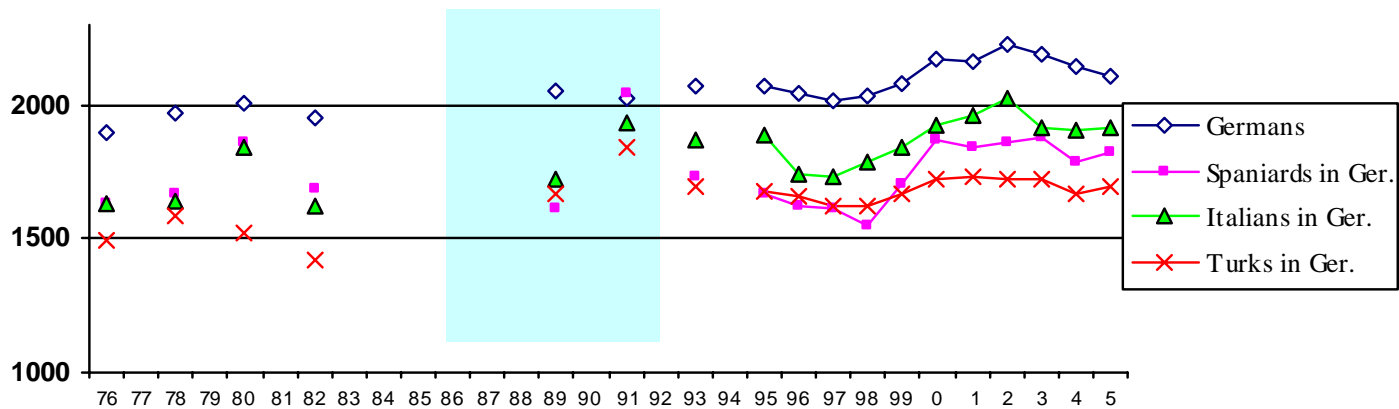
- Monthly net income
 - price-adjustment of the net income is calculated by the GML (Lengerer et al. 2008)
 - Pool-assumption of the budget of households
- Assignment of the persons of a household to categories of nationality
 - Assignment by the head of the household in private households
- Reference countries:
 - Italy (belongs to EU since 1957)
 - Turkey (does not belong to the EU, but has the biggest Non-German population)
- Number of cases: 3.6 million households (18 waves, 1976-2005)

3. Data

- Measures of inequality:
 - Citizenship Empowerment Measure
(similar to Gender Empowerment Measure, GEM)
 - Gini-Coefficient

4. Results

Development of the price-adjusted average monthly net income of households in Germany



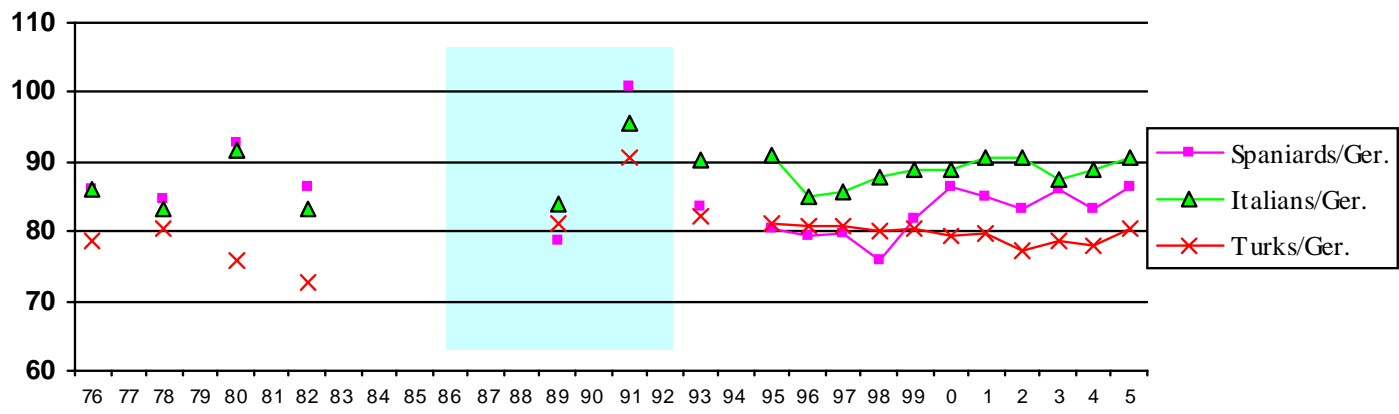
Sources: accumulated MZ interim arrangements

Spaniards in Germany:

test with unequal variances: before vs. after interim arrangements, mean (-1) – mean (1) > 0; pr = 0.69

4. Results

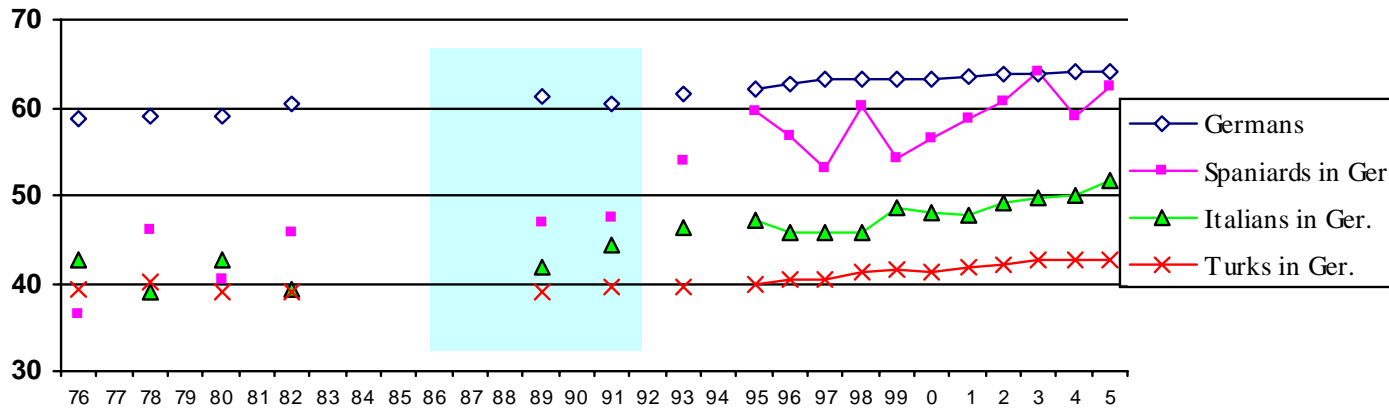
Citizenship Empowerment Measure related to price-adjusted average monthly net income of households (percent)



Sources: accumulated MZ interim arrangements

4. Results

Magnitude Prestige Scale (MPS) of occupations



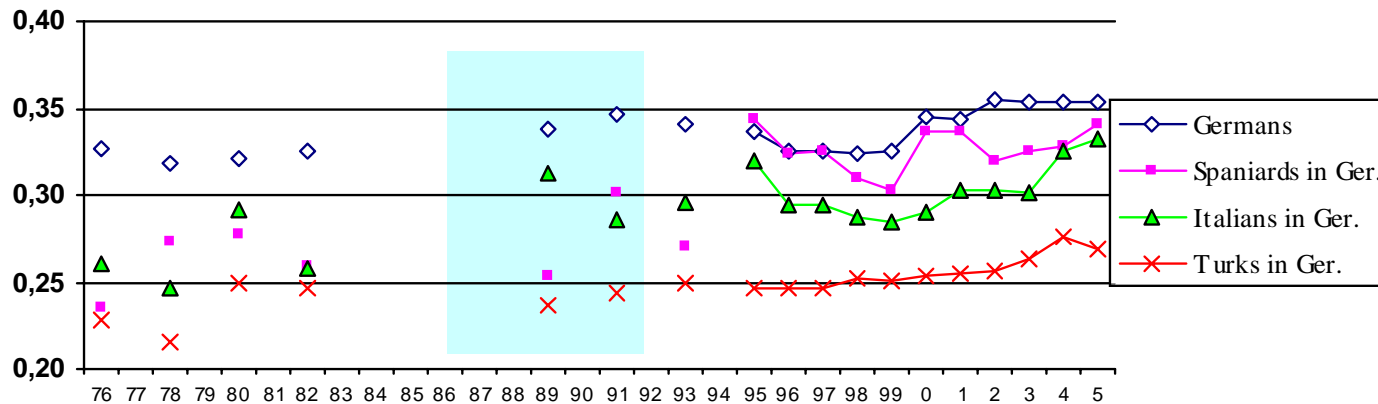
Sources: accumulated MZ interim arrangements

Spaniards in Germany:

test with unequal variances: before vs. after interim arrangements, mean (-1) – mean (1) > 0; pr = 1.0

4. Results

Gini-Coefficient of price-adjusted average monthly net income of households



Sources: accumulated MZ interim arrangements

Spaniards in Germany:

Test 1: variance before vs. after interim arrangements, $sd(-1) / sd(1) < 1$; $pr = 0.000$

Test 2: gini before vs. after interim arrangements (equal variances), $mean(-1) - mean(1) < 0$; $pr = 0.001$

5. Summary

Becoming an EU member state...

- | | |
|--|-------------------------|
| → Hypothesis 1:
... reduces the income level of Spanish households in Germany. | rejected |
| → Hypothesis 2:
... reduces the prestige of occupations of Spanish heads of households. | rejected |
| → Hypothesis 3:
... increases income inequality of Spanish households. | preliminarily confirmed |

6. Remarks on harmonization and data handling

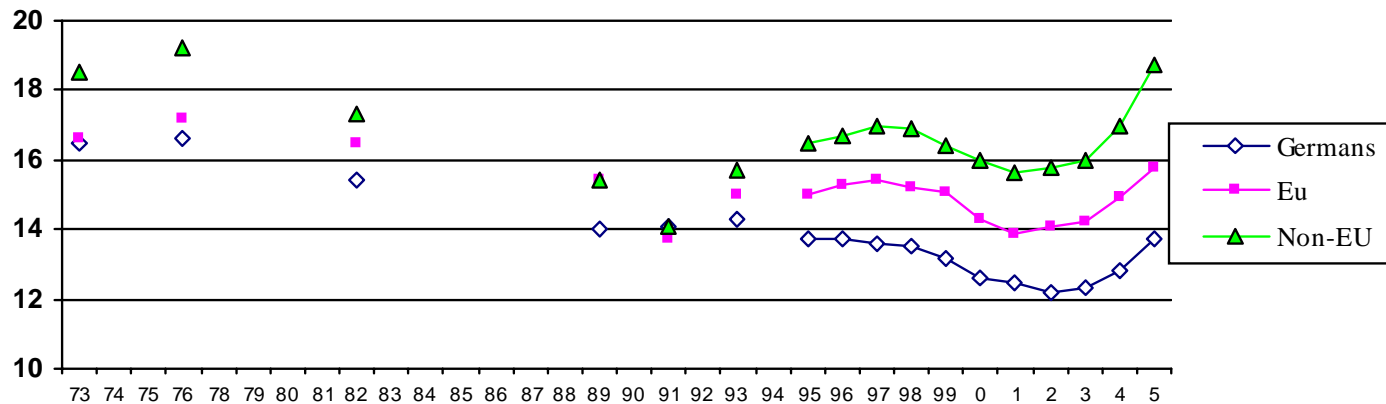
- Comments using Stata
 - Using data with a huge number of cases stata 64bit and 8GB working memory is recommended
 - Collapse (aggregation e.g. on household level) does not work with more than 5 Million cases
 - Delete missing cases before calculating gini coefficients (the old fashioned “inequal.ado” works better than “ginidesc.ado”)
- Comments using SPSS
 - Aggregation works properly, but takes time

Many thanks for your attention!

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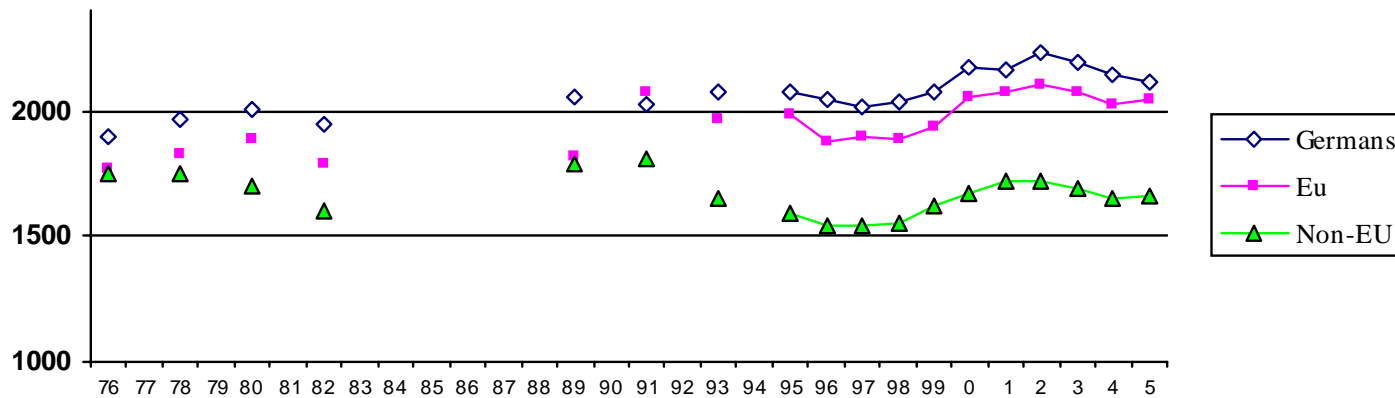
5. Additional material

Share of average monthly net income of households to purchase 100 Big-Macs



5. Additional material

Development of the price-adjusted average monthly net income of households in Germany



5. Additional material

Citizenship Empowerment Measure related to price-adjusted average monthly net income of households (percent)

