

# Do Immigrants Move to Welfare? Subnational Evidence from Switzerland

**Journal Article****Author(s):**

Ferwerda, Jeremy; Marbach, Moritz; Hangartner, Dominik

**Publication date:**

2023

**Permanent link:**

<https://doi.org/10.3929/ethz-b-000596660>

**Rights / license:**

[Creative Commons Attribution-NonCommercial 4.0 International](#)

**Originally published in:**

American Journal of Political Science, <https://doi.org/10.1111/ajps.12766>

# Do Immigrants Move to Welfare? Subnational Evidence from Switzerland

**Jeremy Ferwerda** Dartmouth College  
**Moritz Marbach** University College London  
**Dominik Hangartner** ETH Zurich

**Abstract:** *The welfare magnet hypothesis holds that immigrants are likely to relocate to regions with generous welfare benefits. Although this assumption has motivated extensive reforms to immigration policy and social programs, the empirical evidence remains contested. In this study, we assess detailed administrative records from Switzerland covering the full population of social assistance recipients between 2005 and 2015. By leveraging local variations in cash transfers and exogenous shocks to benefit levels, we identify how benefits shape intracountry residential decisions. We find limited evidence that immigrants systematically move to localities with higher benefits. The lack of significant welfare migration within a context characterized by high variance in benefits and low barriers to movement suggests that the prevalence of this phenomenon may be overstated. These findings have important implications in the European setting where subnational governments often possess discretion over welfare and parties frequently mobilize voters around the issue of “benefit tourism.”*

**Verification Materials:** The materials required to verify the computational reproducibility of the results, procedures and analyses in this article are available on the *American Journal of Political Science* Dataverse within the Harvard Dataverse Network, at: <https://doi.org/10.7910/DVN/IOVCO4>.

Are immigrants likely to move to localities with generous welfare benefits? This is a prominent question in developed democracies, where parties frequently leverage the prospect of “benefit tourism” to mobilize voters. Although historically the domain of the far right, these claims have become common among mainstream political actors (Blauberger and Schmidt 2014; Schumacher and Van Kersbergen 2016). In the United Kingdom, for instance, rhetoric from the Conservative party that claimed that the welfare state was under siege from immigrants may have increased support for Brexit (cf. Fetzer 2019; Goodwin and Milazzo 2017). And following the Syrian refugee protection crisis, parties of the center right and center left alike have cited welfare migration as a justification for imposing stricter limits on

asylum seeker admissions and curtailing their movement after arrival (Hagelund 2020).

Although concerns over welfare migration hold implications for immigration policy, they also impact the politics of welfare provision. Countries have routinely cut means-tested benefits or tightened eligibility requirements to discourage potential welfare migration. For instance, the United States and United Kingdom have barred categories of immigrants from accessing welfare programs for up to five years after arrival. In the European Union (EU), concerns over welfare migration have accelerated the rise of welfare chauvinism—a political ideology that supports redistribution but seeks to exclude new arrivals from welfare entitlements (Andersen and Bjørklund 1990; Cappelen and Peters 2018; Hjorth 2016;

---

Jeremy Ferwerda is an Assistant Professor at Dartmouth College, and a Faculty Affiliate of the Immigration Policy Lab. ([jeremy.a.ferwerda@dartmouth.edu](mailto:jeremy.a.ferwerda@dartmouth.edu)) Moritz Marbach is an Associate Professor at the University College London, and a Faculty Affiliate of the Immigration Policy Lab. ([m.marbach@ucl.ac.uk](mailto:m.marbach@ucl.ac.uk)) Dominik Hangartner is a Professor at ETH Zurich, and a Faculty Director of the Immigration Policy Lab. ([dominik.hangartner@gess.ethz.ch](mailto:dominik.hangartner@gess.ethz.ch))

The authors thank Silja Hausermann, Carsten Jensen, participants at EPSA 2017 and APSA 2018, and anonymous reviewers for helpful comments and suggestions. They also thank Marc Dubach and Luzius von Gunten from the Federal Statistical Office for many hours of help with the social assistance data.

*American Journal of Political Science*, Vol. 00, No. 0, January 2023, Pp. 1–17

© 2023 The Authors. *American Journal of Political Science* published by Wiley Periodicals LLC on behalf of Midwest Political Science Association. DOI: 10.1111/ajps.12766

This is an open access article under the terms of the Creative Commons Attribution-NonCommercial License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited and is not used for commercial purposes.

Mau and Burkhardt 2009). In response, several countries have cut benefit rates for third country nationals, while others have engaged in public battles with the European Court of Justice over the ability to restrict immigrants' access to social programs (Blauberger et al. 2018; Heindlmaier and Blauberger 2017; Martinsen and Werner 2019; Ruhs and Palme 2018). Viewed together, these efforts suggest that the prevailing response to presumed welfare migration is for governments to engage in a race to the bottom in welfare policy (Freeman 1986; Kvist 2004).

The assumption that benefits will act as a magnet for immigrants is not limited to national policy makers. Many countries have delegated authority over means-tested benefits to regional and local governments (Hooghe, Marks, and Schakel 2010), generating substantial intracountry variation in benefit levels (Ferrera 2005; Kleider 2018). Within these contexts, concerns surrounding welfare migration have generated two types of policy responses. First, subnational governments have proactively cut benefits to avoid attracting welfare recipients from neighboring jurisdictions with lower benefit rates (Brueckner 2000; Dahlberg and Edmark 2008; Fiva and Rattsø 2006; Saavedra 2000; Wildasin 1991). For instance, in Switzerland, councillors in Basel-Landschaft recently reduced welfare levels in order to curb the inflow of "social assistance tourists" from neighboring municipalities.<sup>1</sup> Played out over the long run, this form of welfare competition can lead to both retrenchment and centralization. For example, right-wing politicians in Austria have repeatedly called to harmonize regional minimum income schemes to a (low) national standard to eliminate perceived migration incentives.<sup>2</sup>

Second, the welfare magnet hypothesis has led to the proliferation of policies that actively or passively discourage immigrants from crossing subnational borders. For instance, concerns surrounding pressure on local services led Germany to implement a requirement that made it a criminal offense for refugees to leave the state to which they were initially assigned, for a period of three years (Hamann and El-Kayed 2018). In Norway, while refugees may relocate from their arrival municipality, this entails forfeiting access to initial language courses and accompanying cash benefits (Valenta and Bunar 2010). Other countries have implemented provisions that seek to discourage internal migration more broadly. For instance,

in Spain, regional governments implemented local residency requirements for minimum income schemes, with waiting periods ranging between six months and five years (Boso and Vancea 2012; Hernández, Picos, and Riscado 2022). Similarly, in Austria, immigrants are required to establish long-term residence within a particular federal state before they are eligible to apply for local welfare benefits, such as public housing (Friesenecker and Kazepov 2021).

Given the consequences of these politicized debates, it is critical to understand whether welfare migration actually occurs and to what extent. Although claims of widespread "benefit tourism" should be viewed with caution, the expectation that benefits will play some role in shaping immigrants' residential decisions is theoretically well established. As first formulated by Tiebout (1956), we should expect rational actors to "vote with their feet" and select a residential location that maximizes economic gains. This rational behavior may be particularly pronounced among immigrants, who may have less extensive social and labor market networks than citizens, reducing the potential costs of relocation (Borjas 1999).<sup>3</sup> Moreover, in the period after arrival, immigrants tend to be more economically vulnerable than citizens and thus may attain higher value from social safety nets, which cushion against future economic shocks.

Despite the theoretical consensus, the empirical evidence for welfare migration remains mixed. The earliest wave of studies focused on regional variation in welfare benefits in the United States and concluded that while the poor do tend to move to states with higher benefit levels (Brueckner 2000; Gelbach 2004; McKinnish 2007), observed flows are relatively "sluggish," suggesting that individuals may be unlikely to move in the absence of extreme policy gradients (Allard and Danziger 2000; Berry, Fording, and Hanson 2003). When examining immigrants specifically, empirical support for welfare migration is more widespread. The majority of studies have found that immigrants tend to concentrate in specific countries (Agersnap, Jensen, and Kleven 2020; De Giorgi and Pellizzari 2009; Razin and Wahba 2015) and regions (Åslund 2005; Borjas 1999; Dodson 2001; Dellinger and Huber 2021; Fiva 2009) with generous welfare benefits, consistent with the welfare magnet hypothesis. However, other work has found evidence that immigrants tend to prioritize employment or coethnic networks over welfare considerations when selecting

<sup>1</sup>"Freche Bezüger klappern Gemeinden ab. Der Kampf gegen Sozialhilfe-Touristen," *Blick*, October 5, 2018.

<sup>2</sup>"Tiroler ÖVP gefällt Deckelung der Mindestsicherung," *Der Standard*, November 23, 2016; "Landesrat Waldhäusl zu Änderung von NÖ Sozialhilfe-Ausführungsgesetz," *OTS Press Release*, January 28, 2020.

<sup>3</sup>Empirically, immigrants have also been found to move in reaction to local economic conditions more quickly than citizens (Basso and Peri 2020).

residential locations within destination countries (Kaushal 2005; Mossaad et al. 2020; Zavodny 1999).

This empirical ambiguity can be traced, in part, to issues of data availability and research design. First, the majority of studies that examine immigrants' residential decisions examine aggregate rather than individual-level data. As a result, these studies tend to focus on all immigrants, regardless of welfare status. However, without identifying whether individuals subsequently enrolled in welfare programs after arrival, researchers cannot determine whether immigrants who select locations with higher benefits are in fact engaged in welfare migration. Second, locations with generous welfare benefits might also differ along other dimensions that are relevant to residential choices. For example, high welfare benefits may be correlated with other pull factors, such as economic prosperity or legal protections for immigrants, which may shape decisions and thus distort the observed relationship between benefit levels and residential choices (Ferwerda and Gest 2021). Finally, many studies do not account for the inherent endogeneity in the relationship between migration and welfare benefits (see also Fiva 2009). Individuals respond to benefit rates that are set by governments in response to actual or anticipated migration. Without accounting for this anticipatory relationship, studies that seek to uncover patterns of welfare migration may be confounded.

The welfare magnet hypothesis holds that immigrants prioritize welfare benefits when selecting the country as well as region where they reside (Borjas 1999). In this study, we empirically evaluate the latter claim by focusing on internal migration in Switzerland, where several institutional features enable us to address the limitations of existing studies. Switzerland's decentralized system of welfare provision implies that benefit levels for social assistance, the largest means-tested program, vary extensively across municipalities. Coupled with small geographic distances, a large immigrant population, and limited barriers to movement, these features suggest that Switzerland is a most likely case to detect subnational welfare migration. Methodologically, the sequential rollout and repeal of standardized guidelines for social assistance at the cantonal level enables us to exploit plausibly exogenous shocks to welfare benefits at the municipal level.<sup>4</sup> Lastly, we leverage administrative data covering the entire population of social assistance

<sup>4</sup>A study by Fiva (2009) causally identifies welfare migration by exploiting an exogenous change to municipal benefit levels. Our design differs in three respects. First, our design leverages shocks that vary temporally and spatially across our sample. Second, we assess welfare migration at the individual in addition to the aggregate level. Finally, we focus on differences in welfare migration between immigrants and citizens. Our focus on the full population of immigrant welfare recipients also distinguishes our study from

recipients over the 2005 to 2015 period. This administrative record contains all the information viewed by case officers when allocating welfare payments as well as accounting data, benefit eligibility, and movement histories. As a result, this dataset enables us to separate changes in individual-level welfare income from underlying changes to case structure or eligibility. Together, these advances in identification strategy and data enable us to credibly test the welfare magnet hypothesis.

The results are presented in three parts. First, we assess migration rates among welfare recipients as well as observed changes in individual welfare income following a relocation. These results indicate that while immigrant welfare recipients are relatively mobile, they do not migrate at elevated rates relative to citizens, and those who do relocate do not experience meaningful increases in welfare income. Second, we examine how the level of benefits within individuals' current municipality influences the likelihood of exit, and find that out-migration rates are only weakly predicted by extant benefit levels. Third, we aggregate flows at the municipal level and estimate the expected inflow of welfare recipients following a change to municipal benefit rates. To address endogeneity, we exploit regional shocks to welfare guidelines via an instrumental variable design.

As with the other analyses, we find limited support for the welfare magnet hypothesis. Increases in local benefit rates are associated with a small expected inflow of citizen welfare recipients, while the corresponding estimate for immigrants is precisely estimated at zero. Together, these findings suggest that the immigrant population, on average, does not engage in subnational welfare migration.

Our data also enable us to probe the mechanisms underlying the main result. By focusing on select subsamples of welfare recipients and destinations, we rule out the possibility that immigrant welfare recipients face unobserved barriers to movement or lack information on local benefit levels. Examining alternate pull factors, we find evidence that immigrants do in fact strategically select destinations, but that they prioritize other considerations over welfare. Specifically, we find that immigrant welfare recipients target municipalities with larger population sizes, lower housing costs, and a high share of conationals. This evidence reinforces the perspective that informal support networks, rather than state support, act as the primary pull factor for economically vulnerable immigrants (Mossaad et al. 2020; Zavodny 1999; Zorlu and Mulder 2008).

Dellinger and Huber's (2021), who leverage over-time variations in benefit rates in two Austrian states to identify asylum seekers' secondary migration choices.

Assessing the empirical validity of the welfare magnet hypothesis contributes to several streams of research. Beginning with Freeman (1986), scholars have recognized the challenge that mobility poses to welfare states. Although research has demonstrated that support for redistribution tends to decline, on average, following an increase in diversity (Alesina, Glaeser, and Glaeser 2004; Dahlberg, Edmark, and Lundqvist 2012), recent work has demonstrated that the primary response is increased demand for welfare *conditionality* (Hjorth 2016; Goerres, Karlsen, and Kumlin 2020). These demands are typically rooted in moral reasoning surrounding reciprocity (Ennser-Jedenastik 2018; Kootstra 2016), which can be activated by the assumption that immigrants are engaged in welfare-seeking behavior. Parties have routinely exploited these assumptions by reframing migration in terms of “benefit tourism” and proposing welfare chauvinistic policies, which aim to statutorily exclude migrants from national or local welfare programs. While these platforms have been challenged on normative grounds, the underlying assumptions of the welfare magnet hypothesis have remained relatively unquestioned. The evidence presented in this article raises questions about the empirical prevalence of this phenomenon at the subnational level.

These results also have implications for the literature on the political economy of decentralization and redistribution. Concerns over welfare migration have led observers to argue that regional variation in welfare benefits will result in a race to the bottom in levels of provision (Brueckner 2000; Dahlberg and Edmark 2008). In turn, this has led to calls for uniform welfare standards set at the lower end of the benefit distribution scale (De Giorgi and Pellizzari 2009; Kvist 2004; Razin and Wahba 2015). However, our findings suggest that since immigrant welfare recipients do not appear to optimize welfare considerations when choosing destinations, such standardization may effectively lower aggregate levels of welfare provision without meaningfully altering migration patterns. More broadly, our results provide direct evidence for local governments that it may be unnecessary to proactively cut benefit levels to shield public finances from welfare-driven migration.

## Empirical Context

Switzerland currently features the largest foreign-born population (25%) among all developed democracies, with the exception of Luxembourg. As a result, disputes surrounding policies that govern immigrants’ access to

permanent residency, citizenship, and the welfare system are recurring features of the political landscape. This debate is reflected in the many referendums and initiatives that have been launched to curb migration inflows or restrict immigrants’ rights and entitlements as well as the rise of the far-right Swiss People’s Party (SVP), which regularly exceeds 25% support in federal elections.

Along with the high proportion of foreign-born residents, one of the precipitating factors in the popular backlash toward immigration has been the scale of the Swiss welfare state. A single person without dependents is entitled to unemployment benefits of 70% of their last salary. After prolonged periods of unemployment, welfare recipients are transferred to the means-tested social assistance program and receive an average of CHF 1,286 (EUR 1,180) per month (for a single-person household).<sup>5</sup> Although social assistance benefits are lower than unemployment benefits, levels of support remain considerably higher than the amount an individual with the same profile would be entitled to in neighboring Austria (EUR 828), France (EUR 514), Italy (maximum EUR 485), or Germany (EUR 399).<sup>6</sup>

Immigrants are approximately three times more likely to rely on means-tested welfare benefits than Swiss citizens (6.3% versus 2.2%).<sup>7</sup> While there are many different factors that contribute to this gap, ranging from differences in education and skills to ethnic discrimination, parties on the right have leveraged this statistic as *prima facie* evidence that immigrants are a burden on the welfare state. In addition, policy makers and voters have exhibited concern over the movement of immigrant welfare beneficiaries between Swiss cantons and municipalities, which exhibit considerable heterogeneity in benefit generosity. While empirical evidence of “benefit tourism” remains limited, the subject is frequently discussed in the media and leveraged by the SVP to push for lower benefit levels.<sup>8</sup>

Immigrants with a residence permit are entitled to access local welfare benefits in the municipality and canton where they reside. This right is transferable, with the majority of welfare recipients facing no barriers to internal movement. Those with full mobility include Swiss citizens, immigrants from EU or European Free

<sup>5</sup>BFS, Social Assistance Statistics, as of 2015.

<sup>6</sup>These numbers reflect average benefit rates for single-person households as of January 1, 2015, based on the European Commission’s Mutual Information System on Social Protection ([www.missoc.org](http://www.missoc.org)).

<sup>7</sup>BFS, Social Assistance Statistics 2015.

<sup>8</sup>See, for example, “SVP Greift Sozialhilferichtlinien an,” *Tages Anzeiger*, September 7, 2013.

Trade Association countries,<sup>9</sup> and third-country nationals who have lived in Switzerland for 15 years. Third-country nationals who are shorter-term residents have an unrestricted right to move to a different municipality within the same canton, but face *de jure* restrictions on cross-cantonal movement if they are unemployed. However, our data suggests that these restrictions are seldom enforced. Therefore, to avoid undercounting welfare mobility, our main analysis includes all immigrants with long-term residence permits (known as B or C permits), regardless of length of residency.<sup>10</sup> In subsequent robustness checks, we limit the analysis to individuals who face no discretionary legal barriers to movement, with similar results (Appendix C, 15–16).

Beyond legal barriers to mobility, one potential concern is that restrictive Swiss naturalization laws serve as an indirect impediment to migration. In addition to meeting a federal residence requirement, immigrants must have established residence within a canton and municipality to apply for citizenship. Most cantons have local residency requirements between two and five years (Hainmueller and Hangartner 2019). However, since the residency requirement for federal naturalization exceeds these waiting periods (12 years during our study period), and since welfare-dependent immigrants are barred from naturalization, these local requirements are unlikely to be an effective barrier to mobility for our study population. Indeed, in the years under study, the annual rate of cross-cantonal movement is higher among immigrants (2.1%) than among citizens (1.5%).

## Moving to Benefit?

To assess the prevalence of subnational welfare migration, we focus on cash transfers to the poor (social assistance), which represents the largest means-tested welfare program in Switzerland. To qualify for benefits, individuals need to be registered with a municipality, have the right to remain in Switzerland, and provide evidence of monthly income and assets below the poverty threshold. While legislative authority over social assistance rests with the cantons, they have in turn delegated responsibility to municipalities, which are responsible

<sup>9</sup>After the enlargement of the EU, Eastern Europeans received full rights in 2006 and 2011 depending on their origin country.

<sup>10</sup>Asylum seekers whose application is accepted receive a B permit and then later a C permit. Asylum seekers whose claims have not yet been accepted receive an F permit and are excluded from this analysis.

for administering, funding, and delivering the program to local residents.

Historically, municipalities set benefit rates and eligibility criteria on a discretionary basis. However, to equalize levels of provision, a nongovernmental organization known as the *Schweizer Konferenz für Sozialhilfe* (SKOS) began circulating guidelines to establish criteria for handling social assistance cases and assessing eligibility. In a major reform in 1997, these guidelines were modified to include a recommended monthly cash payment. Shortly thereafter, a subset of cantons declared that the SKOS recommendations would henceforth serve as a binding standard for municipalities. Although originally intended to precipitate a convergence in benefit rates across Switzerland, the incomplete adoption of the guidelines disrupted regional systems of welfare provision. For instance, in the canton of Zurich, the 1998 adoption of the SKOS standard led to a sizable increase in payments. Yet in the six neighboring cantons, the guidelines were not adopted, introducing sharp disparities in regional benefit levels. In 2005, SKOS published revised recommendations featuring lower benefit levels and work incentives. This reform was widely implemented across cantons (see Appendix E, 18), with adoption gradually increasing to 19 out of 26 cantons by 2010. However, upon publication of the 2013 guidelines, several cantons deemed the SKOS criteria overly complex and reimplemented their own welfare standards. As a result, by 2015, at the end of the period we examine, the number of cantons mandating SKOS benefit levels had decreased to 16 (Dubach et al. 2015).<sup>11</sup> Together, the sequential adoption and repeal of SKOS standards generated a series of regional shocks to local benefit rates across Switzerland in the time period we examine.

## Data

We leverage individual-level administrative data provided by the Swiss Federal Office of Statistics that covers the full population of social assistance recipients, on a monthly basis, between 2005 and 2015.<sup>12</sup> Complete movement records are available up to the 2014 fiscal year; given our focus on welfare migration we thus remove observations from 2015. In addition to recipient demographics, the dataset includes information on program eligibility and line items for Swiss francs (CHF)

<sup>11</sup>The remaining cantons either prescribed different amounts or indicated that the SKOS guidelines were not legally binding.

<sup>12</sup>Prior to 2005, each canton maintained separate data on social assistance, with varying reporting standards.

disbursed to recipients in each month. As a result, these data enable us to separate changes in eligibility or case structure from changes in benefit rates. The dataset contains 1,347,136 complete social assistance records and 413,134 unique individuals. After removing immigrants without a long-term residence permit during the period under observation and focusing on adults aged 18–65 years, the final dataset consists of 368,069 unique individuals. In the subsequent analysis, we focus primarily on welfare migration among immigrants ( $n = 155,001$ ) but present estimates for Swiss citizens throughout to provide a benchmark.

In addition to tracking individual changes in benefits, the population-level data also enable us to estimate the average benefit rate for a standard case at the municipal level (see Appendix D, 17) as well as the flow of welfare recipients between municipalities over time.<sup>13</sup> The upper panel of Figure 1 demonstrates spatial variation in municipal benefit rates across Switzerland in 2010.<sup>14</sup> The gap in the average benefit rate between the twentieth and eightieth percentile municipalities in 2010 was 142 CHF per month. The lower panel provides a snapshot of the mobility of welfare recipients within our dataset by aggregating observed flows of immigrant welfare recipients to and from the canton of Zurich across the study period. Overall, immigrant movement patterns are widely dispersed, with high rates of movement across cantons and municipalities.

### Migration and Changes in Benefit Levels

Although many welfare migration studies focus on aggregate settlement patterns, our data enable us to isolate specific welfare recipients' residential choices. We draw on three variables within the social assistance dataset—the current municipality providing benefits, the number of years of residence, and the previous municipality—to construct a robust measure of intermunicipal migration.<sup>15</sup>

As seen in Table 1, welfare recipients in Switzerland are relatively mobile. In a typical year, approximately 7.8% of citizen beneficiaries relocate and receive benefits

<sup>13</sup>A standard case is defined as a single healthy individual without children. These rates are highly correlated with rates for all cases, with a correlation coefficient of 0.91.

<sup>14</sup>Municipal variation is comparatively lower in the French-speaking cantons of Geneva and Vaud as well as within the Italian-speaking canton of Ticino.

<sup>15</sup>This measure includes all welfare recipients (and associated dependents) who activated a welfare case in the calendar year following a move from another municipality.

**TABLE 1 Proportion of Welfare Beneficiaries Who Recently Migrated**

Year	Citizen Beneficiaries	Immigrant Beneficiaries
2005	0.082	0.042
2006	0.079	0.044
2007	0.077	0.044
2008	0.079	0.045
2009	0.073	0.039
2010	0.076	0.058
2011	0.080	0.063
2012	0.080	0.061
2013	0.078	0.058
2014	0.074	0.063
Average	0.078	0.052

*Notes:* The numerator is the number of current welfare recipients who opened a social assistance case in a new municipality. The denominator is the total number of welfare beneficiaries in each year. Source: BFS; Social Assistance Dataset.

from a new municipality. Despite frequent media coverage surrounding immigrant “benefit tourism,” the annual migration rate among immigrant welfare recipients is consistently lower, at 5.2%.

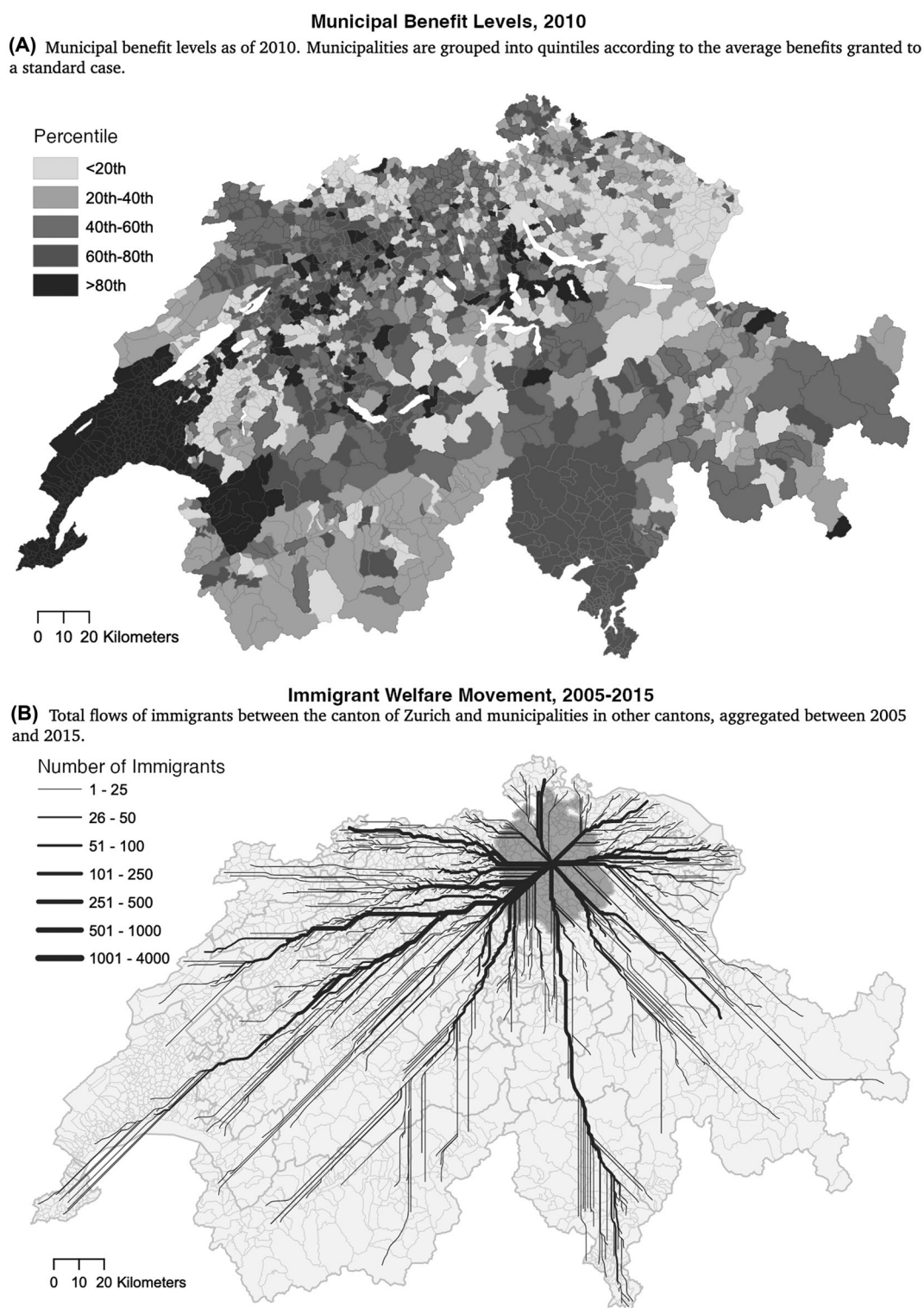
The finding that welfare recipients frequently relocate is consistent with extant theory. Although individuals on welfare have limited funds to pay fixed relocation costs, they are likely to have weak labor market ties, reducing potential barriers to movement. Moreover, as predicted by the welfare magnet hypothesis, given that long-term welfare recipients derive a proportion of their livelihood from public benefits, they may plausibly expect to increase their income by relocating to municipalities with more generous benefits.

If the welfare magnet mechanism is active, we should expect mobility to be associated with subsequent increases in welfare income. To evaluate this prediction, we draw on data from individual welfare recipients. We focus on realized income, which accounts for factors that may lead to deviations from the municipal benefit rate, such as local discretion, discrimination, or idiosyncrasies associated with each welfare case.<sup>16</sup>

These data enable us to compare average levels of actual welfare income preceding and following each move. However, the unadjusted comparison is potentially confounded by several factors. First, if an individual does not open a welfare case in the new municipality in the

<sup>16</sup>Specifically, we assess the total cash value of the standard benefit rate (*Grundbedarf*) plus integration subsidies (*Integrationszulage*).

## FIGURE 1 Benefit Variation and Mobility in Switzerland



*Notes: Upper panel:* Municipal benefit levels as of 2010. Municipalities are grouped into quintiles according to the average benefits granted to a standard case. *Lower panel:* Total flows of immigrants between the canton of Zurich and municipalities in other cantons, aggregated between 2005 and 2015.



**TABLE 2 Change in Individual Benefits Following a Move (CHF Per Month)**

	Citizens	Immigrants	Citizens	Immigrants
Moved	34.94 (3.29)	40.47 (5.19)	15.35 (2.56)	22.32 (3.49)
Person fixed effects	✓	✓	✓	✓
Year fixed effects	✓	✓	✓	✓
Case structure controls			✓	✓
Standard deviation	502.69	593.62	502.69	593.62
Observations	708,193	485,128	708,193	485,128

*Notes:* OLS estimates, with standard errors in parentheses clustered by individual. Coefficients report the effect of moving to a new municipality on average monthly benefits. The sample includes all welfare recipients between 2005 and 2014. The dependent variable is aggregated annually and measures the average monthly benefit rate received by an individual in each year. Case structure controls include nationality, immigration status, household size, conditional versus unconditional welfare support, and type of support unit (family structure).

calendar year in which they moved, the difference between the former and current monthly payment may be misleading due to secular time trends. In Table 2, Columns 1 and 2, we therefore report the results from a specification that regresses individuals' average monthly benefit on a binary indicator of whether an individual relocated to a new municipality, while controlling for year and person fixed effects.<sup>17</sup> Second, benefits may be affected by changes that are orthogonal to local discretion, such as births, deaths, or marital status. We therefore also report the results of an alternative specification that controls for changes in case structure (Columns 3 and 4).

The coefficients from the person- and year-fixed effects model suggest that following a move, Swiss welfare recipients increased their monthly welfare payment by 34.94 CHF and immigrants by 40.47 CHF. In the specification with controls, which accounts for changes in case structure, the estimated gains from moving are lower: 15.35 CHF for Swiss citizens and 22.32 CHF for immigrants. Although these estimates are positive and statistically significant, they are substantively small, representing 1.5% and 1.8% of the standard monthly benefit within our data, respectively. These mild changes in benefit levels are unlikely to outweigh fixed costs incurred by moving.

One potential explanation for this pattern is that social assistance recipients may move to municipalities with similar benefit levels but with a lower cost of living. To investigate this possibility, we draw on individual-level data on the average monthly rental costs paid by

welfare recipients in their former and new municipalities.<sup>18</sup> We then deduct the change in the monthly rental cost from the change in the benefit rate following the move. As seen in Table SM5 (Appendix, A), while we find that immigrants slightly reduce their rental costs following a move, the resulting savings do not substantively impact the purchasing power of welfare benefits. Overall, these findings do not provide consistent evidence in favor of the welfare magnet hypothesis. Despite high mobility and extensive variation in municipal benefit levels, we find that immigrant welfare recipients do not systematically move to municipalities that offer them higher welfare benefits in either nominal or real terms.

### Probability of Moving

If immigrants are engaged in welfare-maximizing behavior, we should expect them to not only select destinations with generous benefits but also condition their likelihood of exit on the level of benefits they currently receive. Specifically, immigrants should be less likely to leave municipalities that already provide a high level of benefits. Table 3 assesses how the probability of moving changes as a function of benefit levels by regressing each individual's lagged benefits on an indicator for relocating to a new municipality. Given that the probability of migration may be nonlinear across different benefit thresholds, we split individuals' monthly benefits into five quintiles. As with the prior model, we include fixed effects for each

<sup>17</sup>Since not all welfare spells last a year, individual-level benefits are standardized by dividing the total amount of annual benefits by the number of months the individual had an active welfare case.

<sup>18</sup>Switzerland does not publish price indices at the cantonal level. Rental costs comprise the majority of welfare recipients' fixed expenditures, and are likely correlated with other living costs.

**TABLE 3 Probability of a Move, by Current Level of Benefits (CHF Per Month)**

	Citizens	Immigrants	Citizens	Immigrants
750 or less	-	-	-	-
751–1000	–0.017 (0.002)	–0.013 (0.002)	–0.015 (0.002)	–0.013 (0.002)
1001–1250	–0.022 (0.002)	–0.015 (0.003)	–0.020 (0.002)	–0.015 (0.003)
1251–1500	–0.025 (0.002)	–0.016 (0.003)	–0.021 (0.002)	–0.014 (0.003)
1501–3000	–0.032 (0.002)	–0.026 (0.003)	–0.025 (0.003)	–0.020 (0.003)
Person fixed effects	✓	✓	✓	✓
Year fixed effects	✓	✓	✓	✓
Case structure controls			✓	✓
Number of persons	148,249	104,974	148,249	104,974
Observations	457,929	307,496	457,929	307,496

Notes: OLS estimates, with standard errors in parentheses, clustered by individual. The sample includes all welfare recipients between 2006 and 2014. Case structure controls include nationality, immigration status, household size, conditional versus unconditional welfare support, and type of support unit (family structure).

individual and year as well as controls that account for changes in case structure over a benefit spell.

The results from this “push model” demonstrate that individuals are indeed more likely to exit municipalities with lower benefit levels. However, the observed gradient is small across all specifications. According to the specification with controls presented in Table 3, moving from the least generous group of monthly benefits ( $\leq 750$  CHF) to the highest (1,501–3,000 CHF) decreases the probability of exit by 2.5% for citizens and 2.0% for immigrants. Table SM6 (Appendix A) shows similar results among different subgroups of welfare recipients. Together, these findings suggest that among welfare recipients, factors other than the generosity of welfare benefits play the dominant role in the decision to maintain residence or relocate to another region.

### Migration and Local Benefit Levels

The analysis thus far demonstrates that although immigrant welfare recipients frequently move, their choice of destination is largely orthogonal to welfare considera-

tions. In other words, on average we do not detect strategic out-migration or meaningful increases in welfare income following a move. However, given the generosity of welfare benefits in Switzerland and the reliance on local funding, strategic welfare-seeking behavior by a subset of immigrants may nevertheless induce strain on municipal finances. As a result, we next assess welfare migration from the perspective of municipalities and estimate how many additional welfare recipients a municipality could expect to receive after raising their benefit levels.

Aggregating the individual-level data, we measure the annual flow of incoming welfare recipients to each municipality, separately for citizens and immigrants.<sup>19</sup> We then regress the municipal benefit rate on the number of incoming welfare cases in each year, controlling for municipality and year fixed effects. Although welfare benefits are set by the local council, actual payments may deviate from the standard rate according to noncompliance, discrimination, or caseworker discretion. As a result, we estimate the annual benefit level for a standard

<sup>19</sup>This measure excludes long-term residents who open a new welfare case within the municipality in which they already reside.

case using individual-level data on realized welfare payments within each municipality (see Appendix D, 17). In the specification, we lag the local benefit level by one year to avoid possible bias stemming from within-year welfare benefits adjustments. In additional specifications, we also include a vector of lagged time-variant covariates at the municipal level, which may plausibly affect migration, including the log of population size, the share of noncitizens, the unemployment rate (measured at the county level), and municipal wealth (proxied by the percentage of residents in the top federal income tax bracket). To control for differences in the cost of living, we also include the median rental price of a one bedroom apartment within the specification, measured for each municipality on an annual basis.

Local welfare rates are set by municipal governments and may be biased by anticipatory or reactionary changes to observed flows of welfare recipients. To address this potential endogeneity, we used an instrument to measure changes in the municipal benefit level as a function of changes to cantonal welfare policy and present these two-stage least squares (2SLS) regressions as a separate specification. Specifically, the instrument measures the recommended monthly benefit rate for a single individual.<sup>20</sup> This empirical strategy exploits the fact that while welfare benefits are delivered and funded by municipalities,<sup>21</sup> cantons set the recommended benefit rates. Municipalities either comply with cantonal guidelines or continue enacting local welfare standards, with rates of cantonal enforcement varying spatially and over time.

The validity of this instrument relies on assumptions concerning exogeneity as well as an exclusion restriction. Given that social assistance is delivered at the municipal level, the exclusion restriction is likely to hold: it is plausible to assume that changes to cantonal-recommended benefit levels only influence welfare migration via changes in municipal benefits. Although the exclusion restriction would potentially be undermined if changes to cantonal welfare legislation coincided with other legal changes, we did not find evidence of such policy bundles.

With respect to exogeneity, there are two factors that suggest that the timing of changes to cantonal rates is plausibly exogenous to the observed flows of welfare recipients into a particular municipality. First, cantonal guidelines are typically influenced by national-level

recommendations made by the nonprofit organization SKOS.<sup>22</sup> Outsourcing the guidelines to a nonprofit organization means it is unlikely that an individual locality can influence the recommended rate. Second, municipalities within the same canton are likely to have heterogeneous preferences over optimal benefit rates, depending, for example, on the ideology of local voters. While cantons may indirectly aggregate these municipal preferences, standards are unlikely to directly reflect the preferences of an individual locality.

Table 4 displays the results for the ordinary least squares regression (OLS) and 2SLS specifications, with and without municipal controls. The coefficients indicate the number of incoming welfare recipients that municipalities can expect to receive per 1,000 residents following a change in local benefit levels. The results across all specifications demonstrate that changes to local welfare benefits have a limited influence on the number of incoming welfare recipients. For instance, the OLS specification with controls suggests that a municipality with 10,000 residents could expect to receive 1.2 ( $\pm 0.78$ ) additional citizen welfare recipients each year after increasing its monthly benefit rate by 100 CHF. Countering arguments that immigrants are more likely to engage in welfare migration than citizens (Borjas 1999), the expected influx of immigrant welfare recipients following a similar shift in benefits is indistinguishable from zero, at  $-0.03$  ( $\pm 0.06$ ).

The 2SLS specification similarly suggests that changes in benefit levels induced by higher-level governments do not lead to an influx of additional immigrant welfare recipients at the local level. The first stage (lower panel) demonstrates a clear relationship between cantonal guidelines and municipal welfare rates, with an *F* statistic of 192.9. Despite this strong first stage, the second-stage coefficients are statistically indistinguishable from zero, suggesting that welfare recipients are minimally responsive to local benefit shifts induced by higher-level governments.<sup>23</sup>

These findings are robust to a variety of checks and alternate specifications. Table SM8 (Appendix, B) demonstrates that an effect cannot be detected in the years preceding the actual cantonal reforms. In Table SM9 (Appendix, B), we demonstrate that the OLS results are substantively similar when using a nonlinear functional form as well as alternative lag structures (Table SM10, Appendix, B). Assessing heterogeneity, Tables SM11–SM12 (Appendix, B) demonstrate that the

<sup>20</sup>See Appendix E, 18 for a visualization of the instrument across cantons.

<sup>21</sup>There are a few exceptions, such as welfare support for asylum seekers. However, in those cases, funding comes from the federal budget.

<sup>22</sup>Depending on the canton and time period, these guidelines may consist of fully transposed SKOS guidelines or may deviate from SKOS recommendations. See Dubach et al. (2015).

<sup>23</sup>See Appendix E (p. 20) for alternative instruments.

**TABLE 4** Expected Arrival of Welfare Recipients Following a Change in Municipal Benefit Levels

	Citizens	Immigrants	Citizens	Immigrants
<b>OLS</b>				
Prior year benefit	0.134 (0.039)	-0.025 (0.028)	0.118 (0.039)	-0.027 (0.027)
<b>2SLS</b>				
Prior year benefit	0.062 (0.160)	0.045 (0.084)	0.040 (0.195)	0.034 (0.083)
Municipality fixed effects	✓	✓	✓	✓
Year fixed effects	✓	✓	✓	✓
Municipal controls			✓	✓
Observations	13,966	13,966	13,529	13,529
<b>First stage</b>				
Prior year cantonal guidelines	0.192 (0.014)			

*Notes:* Standard errors in parentheses, clustered by municipality (OLS) and by canton (2SLS). Coefficients refer to the expected number of welfare recipients arriving within the destination municipality in the year following a 100 CHF change to municipal benefits, scaled per 1000 residents.  $N = 1,678$  municipalities, 2005–2014. Municipalities that participated in a municipal merger or have less than 500 population are dropped from the sample. The average municipal benefit is instrumented by cantonal benefit guidelines (see Appendix E, 18). The 2SLS specification includes only moves across cantonal borders, given that all municipalities within a canton are exposed to the same instrument. Conditional  $F$ : 192.9.

relationship does not differ when only examining large municipalities or specific regions. Across these tests, we find limited evidence that Swiss welfare recipients move at elevated rates to municipalities that raise their benefit levels and no evidence that the behavior is common among immigrants.

## Mechanisms

Our analysis suggests that welfare migration is not widespread within Switzerland. Immigrant welfare recipients are mobile, but when they relocate, they do not significantly increase their disposable welfare income. Nor do they appear to target municipalities with higher benefit levels; municipalities induced by higher-level governments to raise their benefits do not observe any meaningful increase in immigrant welfare recipients. Given the characteristics of the Swiss case, which includes small geographic distances coupled with substantial differences in benefit levels, these findings

present challenges for accounts that stress the prevalence of immigrant welfare migration.

In this section, we consider three potential explanations for these findings. First, immigrant welfare recipients may face high costs or unobserved constraints that limit the attractiveness of welfare migration as a revenue-maximizing strategy. Second, immigrants may lack the information necessary to strategically select their place of residence. Third, immigrant welfare recipients may place greater utility on factors beyond benefit rates, such as the support provided by familial or conational networks.

## Movement Costs and Informal Barriers

We first evaluate the possibility that movement is constrained by offsetting costs. As argued by Tiebout (1956), individuals will not move if the costs of relocation exceed expected gains in welfare income. These costs may be monetary, or nonpecuniary (such as loss of social networks). While we do not have access to a precise measure of relocation costs, we address this implication by

examining movement patterns among specific types of individuals and regions where relocation costs are minimized. If relocation costs are the relevant constraint, we should expect to observe elevated rates of welfare migration within these subsamples.

First, we leverage the fact that relocation costs are lower for a single-member household. Accordingly, Table SM2 (Appendix, A) focuses on movement rates among single individuals with no children. We find that mobility for this group is higher, on average, than other welfare recipients (shown in Table 1, Column 4). However, as seen in Table SM13 (Appendix, B), we find no evidence that this group targets municipalities that increase their benefit rates. Nor do we find that single-member households condition their mobility on current benefit levels (Table SM6, Appendix, A). Second, we examine movement across geographically proximate municipalities. In addition to reducing monetary relocation costs, individuals who engage in proximate moves may be able to retain existing social networks. To model these dynamics, Figure SM1 (Appendix, B) fits a specification that assesses the expected number of incoming welfare recipients following a benefit change from sending municipalities within different distance cutoffs, ranging from 5–40 kilometers from the receiving municipality. Across these bandwidths, point estimates for immigrant welfare recipients remain statistically indistinguishable from zero. Together, these results suggest that fixed relocation costs are not moderating the lack of welfare migration we observe.

Even if fixed costs are not a relevant constraint, immigrant welfare recipients may plausibly face high nonpecuniary costs. While our analysis focuses on immigrants who have the legal right to receive social assistance benefits, it is possible that welfare recipients nevertheless face informal discrimination. For instance, municipalities may be reluctant to provide information on benefit eligibility following a move, suggest that visa renewal is conditional on welfare usage, or delay the registration of incoming welfare recipients and the processing of their claims.

To evaluate the potential impact of this mechanism, we disaggregate immigrant flows and focus on a subset of immigrants from Western Europe that have protected access to benefits via EU–Swiss treaties. Table SM14 (Appendix, B) shows that although point estimates for this group (Columns 1 and 3) are elevated relative to other categories of immigrants (Columns 2 and 4), the effect remains substantively small and statistically insignificant; according to the estimates, a municipality of 10,000 people could expect 0.19 additional Western European welfare recipients ( $\pm 0.30$ ) following a 100 CHF increase in the monthly benefit rate. As a result, it

is unlikely that institutional barriers or bureaucratic discrimination explain the low rate of movement observed for immigrant welfare recipients within Switzerland.<sup>24</sup>

## Information Availability

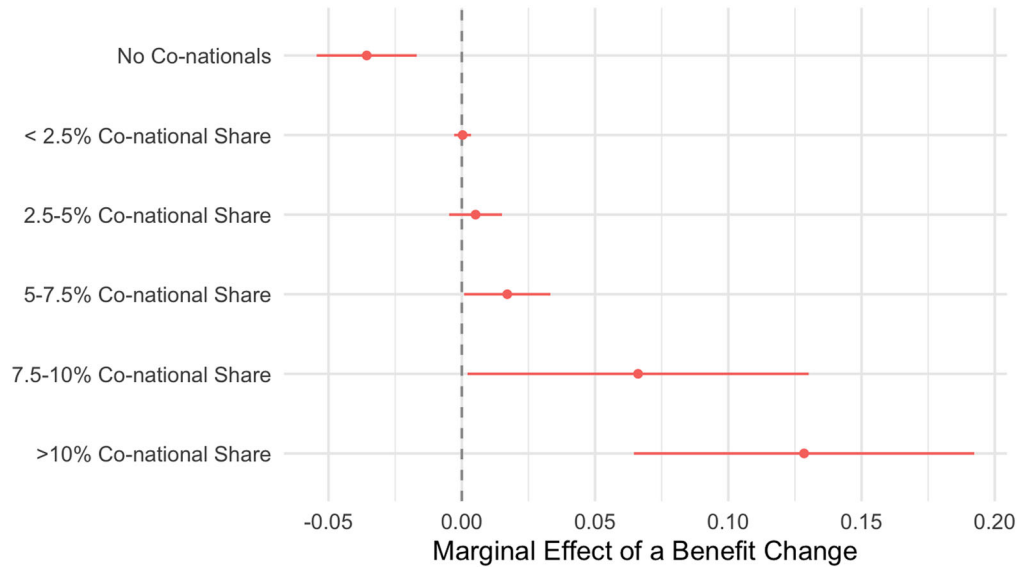
To engage in welfare migration, individuals must have access to information regarding the relative level of benefits in other regions. One potential explanation for the results we document is that welfare recipients do not in fact have ready access to this information or lack the bandwidth to make a strategic decision. While this counterargument suggests that welfare migration could occur if such information was widely disseminated, it is worth noting that Switzerland is not idiosyncratic with respect to the transparency of welfare benefits. For instance, the instrumental variable specification we use for the pull models leverages a shock to cantonal welfare guidelines. These legal changes tend to be widely covered within the press (see Figure SM2, Appendix, B), and information concerning benefit levels is publicly available from cantonal administrations. As a result, if information availability accounts for the lack of welfare migration we observe in Switzerland, this pattern is also likely to translate to other developed democracies in which policy makers presume that welfare migration is widespread.

To understand the degree to which information barriers may shape our results, we focus on heterogeneity within our sample. First, we assess education as a moderating variable at the individual level. If the main barrier to welfare migration relates to the difficulty of collating data and identifying optimal destinations, we should expect highly educated individuals to be more effective at targeting municipalities with higher benefit levels. However, as shown in Table SM4 (Appendix, A), we find that welfare recipients with postsecondary education are not more likely to select destinations that increase their benefit rates relative to other welfare recipients. Second, we assess whether we observe more welfare migration when examining destinations with larger population sizes. Information availability is likely higher for cities with professionalized welfare departments. However, when we restrict the sample of potential destinations to large municipalities, as in Table SM12 (Appendix, B), we do not observe significantly higher point estimates.

If data on benefit levels are indeed available to a subset of welfare recipients, we should expect to detect a gradual response to local benefit changes as

<sup>24</sup>Appendix C (15–16) estimates welfare migration using immigrants with unrestricted movement rights. We detect no effects for this pooled sample.

**FIGURE 2 Marginal Effect of Benefit Change on Immigrant Movement, by Destination Conational Share**



*Notes:* Coefficients refer to the marginal effect of a 100 CHF increase in benefits on incoming immigrant welfare recipients, per 1,000 population, with 95% confidence intervals. Estimated via 2SLS. The first stage is fit at the municipality–year level, as in Table 4. The second stage is fit at the municipality–year–nationality level, with fixed effects, weighted by nationality shares. Standard errors for the second stage are cluster-bootstrapped. See Table SM15 (Appendix, B) for coefficients. The share of observations in the three upper groups for nationalities with at least 100 residents in Switzerland is 4.2%, 1.4%, and 1.8%, respectively.

information diffuses through the network of welfare recipients. Table SM10 (Appendix, B) evaluates this implication by including four different lags of changes to benefit rates within the OLS specification used for Table 4. The results suggest a clear lag structure: while changes to benefit rates have a limited effect in the first year, higher flows are visible one and two years following a shift in average municipal benefits, with the effect sharply decreasing in the third year after the change. This lag structure suggests that information on welfare benefits is likely percolating in the period following shifts in benefit levels. However, the observed effect is substantively small; for instance, two years after a 100 CHF increase in benefits, municipalities could expect to receive 1.33 additional citizens and 1.02 additional immigrants per 10,000 population. Thus, while these results show that some welfare migration does occur, the magnitude is limited and the effects are short-lived.

A likely mechanism of information flow between welfare recipients is linked to word-of-mouth social networks. We examine this possibility by interacting changes in benefit rates with the presence of conationals within each potential destination municipality. To do so, we first disaggregate flows to municipalities by nation-

ality. For each nationality, we draw on registry data to calculate the share of conationals residing in the destination municipality in the prior year. We then fit a similar model as the 2SLS specification in Table 4 but with the addition of separate observations for each nationality as well as nationality fixed effects. To recover a population-level estimate, we weight each observation by nationality shares within Switzerland across the duration of our panel.

The results of this model are displayed in Figure 2. The estimates suggest that immigrants are more likely to move to destinations that increase benefit levels, conditional on a large population of conationals. For instance, a municipality with 10,000 residents that increased its benefits level by 100 CHF could expect to receive an additional 1.3 immigrant welfare recipients from each nationality with a conational share greater than 10% in the destination municipality. While these results suggest that a subset of immigrants engage in welfare migration following information obtained via conational networks, the number of municipalities with these concentrated networks is substantively small. These results are therefore best viewed as an upper bound for welfare migration under conditions of high information availability.

## Alternative Pull Factors

Existing accounts of welfare migration assume that individuals act strategically to maximize their welfare income. However, it remains possible that they optimize on other considerations that may only be weakly correlated with municipal benefit levels. For instance, individuals may seek to improve their quality of life by reducing their living expenses. Alternately, they might prioritize familial or social support over institutional sources of social security (Damm 2009; Martén, Hainmueller, and Hangartner 2019; Portes and Jensen 1989).

In this section, we explore the relative pull of these alternative factors. Specifically, we construct a dataset of individual-level moves and measure the gradient (average difference) in characteristics between receiving and sending municipalities (Table SM16, Appendix, B).<sup>25</sup> We find that welfare recipients tend to move from smaller to larger municipalities, with this tendency particularly pronounced among immigrants. For instance, Swiss citizens move to destinations that are on average 12% larger than their origin municipality, while the corresponding gradient for immigrants is 23%. We also find that welfare recipients are slightly more likely to choose destinations with lower housing costs than their origin municipality.

We evaluate the relative draw of networks by focusing on conational ties among immigrant welfare recipients. For each immigrant move within the dataset, we calculate the percentage of conationals within the destination and origin. Consistent with the literature (Mossaad et al. 2020; Zavodny 1999; Zorlu and Mulder 2008), the results suggest that coethnic networks are a primary factor shaping destination choices among immigrants. Figure SM3 (Appendix, B) demonstrates that the choice of destination is right-skewed with respect to conational shares, with immigrants consistently choosing municipalities with networks that are larger than average. Examining the differences between sending and receiving municipalities, we find that the number of conationals within the destination municipality increases, on average, by 19% relative to the origin and by 25% when considering more distant moves. This pattern is consistent with a mechanism wherein vulnerable welfare recipients seek regionally concentrated conational networks to provide informal support.

<sup>25</sup>In Appendix SM17–SM18 (13–14), we adopt a fully dyadic approach and fit models with dyadic fixed and random effects. Due to the large number of parameters, we restrict the sample to destination municipalities with more than 5,000 residents. The results from this approach are broadly similar to the results from the gradient approach and suggest that favorable demographic and rental characteristics predict location decisions among immigrants.

We also employ the gradient approach to explore how labor market conditions and political factors shape residential location choices. Table SM16 (Appendix, B) shows that for both immigrants and Swiss citizens, the average change in the unemployment rate is effectively zero. This is likely a function of the low baseline rate of unemployment throughout the period we examine (mean = 2%). Second, we examine differences in federal vote share for the Swiss People's Party (SVP), which has positioned itself at the forefront of efforts to curb immigration. We find evidence of a mild gradient: support for the SVP was, on average, one percentage point lower within immigrants' destination municipalities, in contrast with a difference of 0.4 percentage points among citizens. This finding suggests that a subset of immigrant welfare recipients prefers destinations where less voters support for anti-immigrant parties.

Our data do not permit us to assess all determinants of welfare recipients' destination choices. Yet the data suggest that the movement of immigrant welfare recipients is not haphazard. In particular, immigrants appear to optimize on population size, housing costs, and coethnic networks when selecting their residence. These findings are consistent with a process in which immigrants engage in strategic behavior but select destinations on the basis of factors beyond marginal changes in expected welfare benefits.

## Conclusion

Developed democracies are simultaneously facing challenges from fiscal pressure and rising levels of diversity. Within this context, fears of welfare migration often encounter fertile political soil. As a result, the assumption that immigrants engage in “benefit tourism” is increasingly prominent in the rhetoric and policy actions of mainstream parties. In this article, we empirically test this welfare magnet hypothesis by leveraging individual-level data on the full population of social assistance recipients in Switzerland to evaluate the degree to which citizen and immigrant beneficiaries settle across municipalities in response to differences in local welfare benefits. Although our results are limited to a single national case, Switzerland arguably constitutes a most-likely setting for subnational welfare migration, thanks to its small geographic size, large immigrant population, and high spatial and temporal variation in benefit levels. As a result, the effect sizes we obtain may be plausibly viewed as an upper-bound estimate.

Our results demonstrate that while immigrant welfare recipients in Switzerland are relatively mobile, there is limited evidence that they systematically optimize on welfare benefits when relocating. Assessing individual-level payment data, we find that immigrants do not meaningfully increase their welfare income following a move and that their rates of out-migration do not vary as a function of their current rate of benefits. Aggregating flows and implementing an instrumental variable design, we also find that municipalities which increase their benefits do not experience an influx of immigrant welfare recipients. The absence of strategic welfare-seeking behavior over the decade of data we evaluate suggests that fears of an influx of benefit-seeking migrants are not borne out by the evidence.

Although these findings demonstrate that welfare considerations do not meaningfully shape immigrants' residential decisions, it is important to acknowledge that this article examines a specific aspect of welfare migration—namely the selection of residential locations within a destination country. Our evidence thus does not permit us to conclude whether immigrants arriving from abroad favor Switzerland over comparable countries with lower levels of social provision. Indeed, it is possible that international migration decisions are subject to different calculations. For instance, for refugees fleeing their origin country, the cost–benefit decision is not about whether to move or not but rather where to move to among potential destination countries. This may raise the salience of the welfare state, especially among vulnerable individuals seeking to avoid future economic shocks.

While this scope condition implies that our findings speak to a specific form of welfare migration, they nevertheless have several direct policy implications. First, research has demonstrated that attitudes toward the welfare state are influenced by misperceptions regarding immigrants' welfare dependence and underlying motivations (Alesina, Miano, and Stantcheva 2018; Kootstra 2016). Within this context, disseminating information on the limited extent to which immigrants engage in internal welfare migration can potentially influence discourse surrounding the sustainability of the welfare state. Second, our findings are particularly relevant to policy debates in decentralized countries. Within these contexts, concerns over internal “benefit tourism” have emerged as a common refrain. The claim that immigrants strategically select their residence on the basis of local benefit levels has moved beyond rhetoric to direct policy consequences, as governments have cut benefit levels or restricted eligibility to discourage presumed welfare migration. However, the results of this article suggest that immigrants' residential decisions are, on average, driven

by a different set of considerations than is commonly assumed. As a result, anticipatory cuts to benefit levels are unlikely to be a useful deterrent. If internalized by policy makers, our findings thus hold the potential to moderate reductions in welfare provision within diversifying societies.

## References

- Agersnap, Ole, Amalie Jensen, and Henrik Kleven. 2020. “The Welfare Magnet Hypothesis: Evidence From An Immigrant Welfare Scheme in Denmark.” *American Economic Review: Insights* 2(4): 527–42.
- Alesina, Alberto, Armando Miano, and Stefanie Stantcheva. 2018. Immigration and Redistribution. Working Paper 24733. National Bureau of Economic Research.
- Alesina, Alberto, Edward Glaeser, and Edward Ludwig Glaeser. 2004. *Fighting Poverty in the US and Europe: A World of Difference*. New York: Oxford University Press.
- Allard, Scott W., and Sheldon Danziger. 2000. “Welfare Magnets: Myth or Reality?” *The Journal of Politics* 62(2): 350–68.
- Andersen, Jørgen Goul, and Tor Bjørklund. 1990. “Structural Changes and New Cleavages: The Progress Parties in Denmark and Norway.” *Acta Sociologica* 33(3): 195–217.
- Åslund, Olof. 2005. “Now and Forever? Initial and Subsequent Location Choices of Immigrants.” *Regional Science and Urban Economics* 35(2): 141–65.
- Basso, Gaetano, and Giovanni Peri. 2020. “Internal Mobility: The Greater Responsiveness Of Foreign-Born to Economic Conditions.” *Journal of Economic Perspectives* 34(3): 77–98.
- Berry, William D., Richard C. Fording, and Russell L. Hanson. 2003. “Reassessing the “race to the Bottom” in State Welfare Policy.” *Journal of Politics* 65(2): 327–49.
- Blauberger, Michael, and Susanne K. Schmidt. 2014. “Welfare Migration? Free Movement of EU Citizens And Access to Social Benefits.” *Research & Politics* 1(3): 2053168014563879.
- Blauberger, Michael, Anita Heindlmaier, Dion Kramer, Dorte Sindbjerg Martinsen, Jessica Sampson Thierry, Angelika Schenk, and Benjamin Werner. 2018. “ECJ Judges Read the Morning Papers. Explaining The Turnaround of European Citizenship Jurisprudence.” *Journal of European Public Policy* 25(10): 1422–41.
- Borjas, George J. 1999. “Immigration and Welfare Magnets.” *Journal of Labor Economics* 17(4): 607–37.
- Boso, Alex, and Mihaela Vancea. 2012. “Basic Income for Immigrants? The Pull Effect Of Social Benefits on Migration.” *Basic Income Studies* 7(1): 1–24.
- Brueckner, Jan K. 2000. “Welfare Reform and the Race to the Bottom: Theory And Evidence.” *Southern Economic Journal* 66: 505–25.
- Cappelen, Cornelius, and Yvette Peters. 2018. “The Impact of Intra-EU Migration on Welfare Chauvinism.” *Journal of Public Policy* 38(3): 389–417.



- Dahlberg, Matz, and Karin Edmark. 2008. "Is There a "race-To-The-Bottom" in the Setting Of Welfare Benefit Levels? Evidence From a Policy Intervention." *Journal of Public Economics* 92(5): 1193–209.
- Dahlberg, Matz, Karin Edmark, and Heléne Lundqvist. 2012. "Ethnic Diversity and Preferences for Redistribution." *Journal of Political Economy* 120(1): 41–76.
- Damm, Anna Piil. 2009. "Ethnic Enclaves and Immigrant Labor Market Outcomes: Quasi- Experimental Evidence." *Journal of Labor Economics* 27(2): 281–314.
- De Giorgi, Giacomo, and Michele Pellizzari. 2009. "Welfare Migration in Europe." *Labour Economics* 16(4): 353–63.
- Dellinger, Fanny, and Peter Huber. 2021. The Impact of Welfare Benefits on the Location Choice of Refugees Testing the Welfare Magnet Hypothesis. Working Paper 626 WIFO.
- Dodson, Marvin E. 2001. "Welfare Generosity and Location Choices Among New United States Immigrants." *International Review of Law and Economics* 21(1): 47–67.
- Dubach, Philipp, Melania Rudin, Livia Bannwart, Laure Dutoit, and Severin Bischof. 2015. *Evaluation der Leistungen mit Anreizcharakter Gemäss SKOS-Richtlinien*. Schlussbericht Büro für Arbeits und Sozialpolitische Studien BASS AG.
- Ennsner-Jedenastik, Laurenz. 2018. "Welfare Chauvinism in Populist Radical Right Platforms: The Role of Redistributive Justice Principles." *Social Policy & Administration* 52(1): 293–314.
- Ferrera, Maurizio. 2005. *The Boundaries of Welfare: European Integration And the New Spatial Politics of Social Protection*. New York: Oxford University Press.
- Ferwerda, Jeremy, and Justin Gest. 2021. "Pull Factors and Migration Preferences: Evidence from the Middle East and North Africa." *International Migration Review* 55(2): 431–59.
- Fetzer, Thiemo. 2019. "Did Austerity Cause Brexit?" *American Economic Review* 109(11): 3849–86.
- Fiva, Jon H. 2009. "Does Welfare Policy Affect Residential Choices? An Empirical Investigation Accounting for Policy Endogeneity." *Journal of Public Economics* 93(3): 529–40.
- Fiva, Jon H., and Jørn Rattsø. 2006. "Welfare Competition in Norway: Norms And Expenditures." *European Journal of Political Economy* 22(1): 202–22.
- Freeman, Gary P. 1986. "Migration and the Political Economy of the Welfare State." *The Annals of the American Academy of Political And Social Science* 485(1): 51–63.
- Friesenecker, Michael, and Yuri Kazepov. 2021. "Housing Vienna: The Socio-Spatial Effects of Inclusionary and Exclusionary Mechanisms of Housing Provision." *Social Inclusion* 9(2): 77–90.
- Gelbach, Jonah B. 2004. "Migration, the Life Cycle, and State Benefits: How Low Is the Bottom?" *Journal of Political Economy* 112(5): 1091–130.
- Goerres, Achim, Rune Karlsen, and Staffan Kumlin. 2020. "What Makes People Worry About the Welfare State? A Three-Country Experiment." *British Journal of Political Science* 50(4): 1519–37.
- Goodwin, Matthew, and Caitlin Milazzo. 2017. "Taking Back Control? Investigating the Role Of Immigration in the 2016 Vote for Brexit." *The British Journal of Politics and International Relations* 19(3): 450–64.
- Hagelund, Anniken. 2020. "After the Refugee Crisis: Public Discourse and Policy Change in Denmark, Norway and Sweden." *Comparative Migration Studies* 8(1): 1–17.
- Hainmueller, Jens, and Dominik Hangartner. 2019. "Does Direct Democracy Hurt Immigrant Minorities? Evidence From Naturalization Decisions In Switzerland." *American Journal of Political Science* 63(3): 530–47.
- Hamann, Ulrike, and Nihad El-Kayed. 2018. "Refugees' Access to Housing and Residency in German Cities: Internal Border Regimes and Their Local Variations." *Social Inclusion* 6(1): 135–46.
- Heindlmaier, Anita, and Michael Blauberber. 2017. "Enter at Your Own Risk: Free Movement of EU Citizens in Practice." *West European Politics* 40(6): 1198–217.
- Hernández, Adrián, Fidel Picos, and Sara Riscado. 2020. "Moving Towards Fairer Regional Minimum Income Schemes in Spain." *Journal of European Social Policy* 32(4): 452–466.
- Hjorth, Frederik. 2016. "Who Benefits? Welfare Chauvinism and National Stereotypes." *European Union Politics* 17(1): 3–24.
- Hooghe, Liesbet, Gary N. Marks, and Arjan H. Schakel. 2010. *The Rise of Regional Authority: A Comparative Study of 42 Democracies*. New York: Routledge.
- Kaushal, Neeraj. 2005. "New Immigrants' Location Choices: Magnets Without Welfare." *Journal of Labor Economics* 23(1): 59–80.
- Kleider, Hanna. 2018. "Redistributive Policies in Decentralised Systems: The Effect of Decentralisation on Subnational Social Spending." *European Journal of Political Research* 57(2): 355–77.
- Kootstra, Anouk. 2016. "Deserving and Undeserving Welfare Claimants In Britain and the Netherlands: Examining the Role Of Ethnicity and Migration Status Using a Vignette Experiment." *European Sociological Review* 32(3): 325–38.
- Kvist, Jon. 2004. "Does EU Enlargement Start a Race to the Bottom? Strategic Interaction Among EU Member States in Social Policy." *Journal of European Social Policy* 14(3): 301–18.
- Martén, Linna, Jens Hainmueller, and Dominik Hangartner. 2019. "Ethnic Networks Can Foster the Economic Integration of Refugees." *Proceedings of the National Academy of Sciences* 116(33): 16280–5.
- Martinsen, Dorte Sindbjerg, and Benjamin Werner. 2019. "No Welfare Magnets—Free Movement and Cross-Border Welfare in Germany and Denmark Compared." *Journal of European Public Policy* 26(5): 637–55.
- Mau, Steffen, and Christoph Burkhardt. 2009. "Migration and Welfare State Solidarity in Western Europe." *Journal of European Social Policy* 19(3): 213–29.
- McKinnish, Terra. 2007. "Welfare-Induced Migration at State Borders: New Evidence From Micro-Data." *Journal of Public Economics* 91(3): 437–50.
- Mossaad, Nadwa, Jeremy Ferwerda, Duncan Lawrence, Jeremy Weinstein, and Jens Hainmueller. 2020. "In Search of Opportunity and Community: Internal Migration of Refugees in the United States." *Science Advances* 6(32): Eabb0295.

- Portes, Alejandro, and Leif Jensen. 1989. "The Enclave and the Entrants: Patterns of Ethnic Enterprise in Miami Before and After Mariel." *American Sociological Review* 54: 929–49.
- Razin, Assaf, and Jackline Wahba. 2015. "Welfare Magnet Hypothesis, Fiscal Burden, And Immigration Skill Selectivity." *The Scandinavian Journal of Economics* 117(2): 369–402.
- Ruhs, Martin, and Joakim Palme. 2018. "Institutional Contexts of Political Conflicts Around Free Movement in the European Union: A Theoretical Analysis." *Journal of European Public Policy* 25(10): 1481–500.
- Saavedra, Luz Amparo. 2000. "A Model of Welfare Competition With Evidence From Afdc." *Journal of Urban Economics* 47(2): 248–79.
- Schumacher, Gijs, and Kees Van Kersbergen. 2016. "Do Mainstream Parties Adapt to the Welfare Chauvinism of Populist Parties?" *Party Politics* 22(3): 300–12.
- Tiebout, Charles M. 1956. "A Pure Theory of Local Expenditures." *Journal of Political Economy* 64(5): 416–24.
- Valenta, Marko, and Nihad Bunar. 2010. "State Assisted Integration: Refugee Integration Policies in Scandinavian Welfare States: The Swedish and Norwegian Experience." *Journal of Refugee Studies* 23(4): 463–83.
- Wildasin, David E. 1991. "Income Redistribution in a Common Labor Market." *The American Economic Review* 81: 757–74.
- Zavodny, Madeline. 1999. "Determinants of Recent Immigrants' Locational Choices." *International Migration Review* 33(4): 1014–30.
- Zorlu, Aslan, and Clara H. Mulder. 2008. "Initial and Subsequent Location Choices of Immigrants to the Netherlands." *Regional Studies* 42(2): 245–64.

## Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

**Appendix A:** Individual-level Models

**Appendix B:** Municipal-level Models

**Appendix C:** Main Results, Excluding Shorter Term C Permits

**Appendix D:** Estimating Municipal Benefit Levels Using Individual Data

**Appendix E:** Details for Instrument