Parties, Governments and the Integration of Immigrants

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Abstract

Integration of immigrants into the labor market is a sizeable policy concern for developed democracies. This article argues that government type influences immigrants' labor market outcomes. Since immigrant integration constitutes a multidimensional policy space, differences in party preferences and the dynamics of intragovernmental and legislative bargaining make it hard for coalition and minority governments to implement effective labor market integration policies. Consequently, single-party majority governments are better able to foster the labor market integration of immigrants. Fixed-effects estimations in a panel of OECD countries provide evidence in favor of this argument. A single-party majority government reduces the employment gap between the foreign and the native born population with several percentage points.

Introduction

In most developed democracies, the share of immigrants – inhabitants which were born abroad – in the population has steadily increased over the past decades, confer figure 1. As a consequence, the issue of immigrant integration – the process in which immigrants become members of their host societies (Givens 2007: 72-75) – has come to the forefront of national politics in many developed countries. One of the most visible integration challenges in many countries is the gap in the labor market experience of natives and foreign born inhabitants.[1] Foreign born inhabitants of developed democracies often experience large gaps in both rate of employment and unemployment rate in comparison with the native born population.

Figure 1: Average share of population foreign born, OECD countries 1995-2013
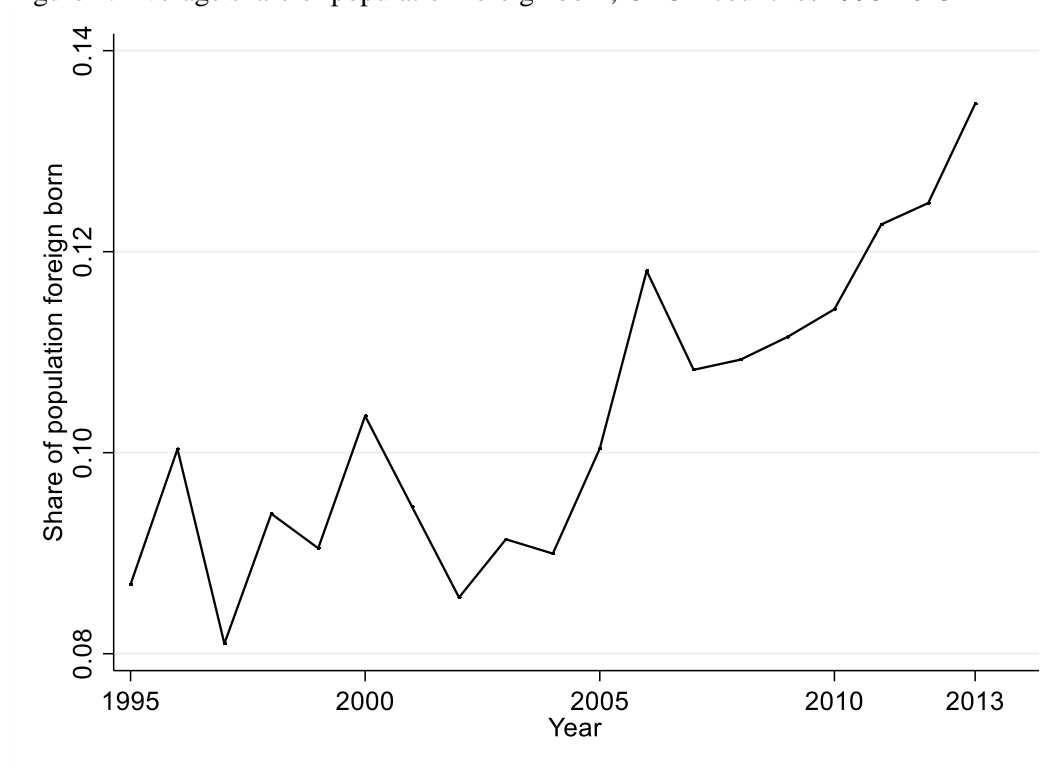
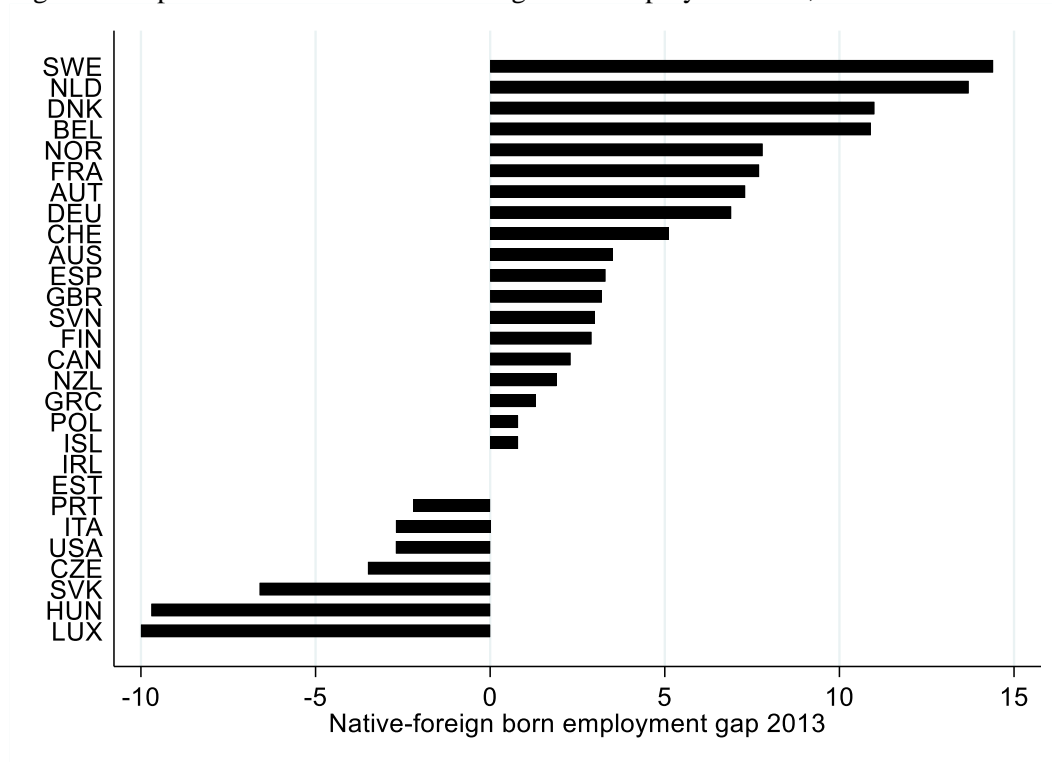Note: Source is OECD's International Migration Database.

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[1] This is not to devaluate the importance of other types of integration challenges both economic, social and political. However, focusing on the gap in national labor markets has the advantage that it is very visible and policy-relevant integration issue which can be transparently measured and compared across countries over time.

There are substantial economic, social and fiscal costs associated with these gaps, especially within the context of the European welfare states.[2] Furthermore, research shows that the employment status of immigrants matters for public attitudes towards immigrants in general (Hainmueller and Hopkins 2014: 241) as well as the effect of immigration on attitudes towards the welfare state (Burgoon 2014). Thus, these gaps might matter substantially for the wider political consequences of immigration. Consequently, the employment and unemployment gaps, to the extent they exist, are some of the most consequential aspects of integration challenges across developed countries.

Which factors in- or decrease the gap between native and foreign born's employment and unemployment rate are thus important topics to explore for both for social scientists and policy makers. Especially, since there are significant differences in the size of these labor market outcome gaps both between and within countries, confer figure 2. While the gap in the employment rate between native and foreign born was 14 percent in Sweden in 2013, inhabitants which were foreign born actually had a higher employment rate than native born in the United States in the same year according to data from the OECD. While Australia in the years 2000-2013 had a falling gap between the employment rate of natives and foreign born, this gap slightly widened in Switzerland in the same period. This article theorizes and explores the effect of government type for the labor market gap between the native born population and immigrants.

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[2] See Boeri (2010) cited in Burgoon (2014).

Figure 2: Gap between the native and foreign born employment rate, OECD 2013

While immigration and labor market outcomes is a huge topic in labor economics,[3] the political determinants of immigrant labor market integration outcomes have received less attention in the political science and political economy literature. Much of the political science and political economy literature has focused on the determinants of attitudes towards immigration and immigrants,[4] which sometimes treats labor market dynamics as an intermediate variable (Scheve and Slaughter 2001). However, this literature mainly concerns individual level factors.

The comparative politics literature, which deals with immigration and immigrant integration, tends to focus on countries' overall stances on immigration and integration approaches (Givens 2007;

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[3] See reviews mentioned in Foged and Peri (2016: 1).

[4] See Hainmueller and Hopkins (2014) for a review.

Peters 2015; Helbling et al. 2017; Helbling and Kalkum 2018; Lutz 2018), the link between immigration and welfare state politics (Burgoon 2014; Alt and Iversen 2017) or immigration's effect on national party systems (Golder 2016: 485) as well as political parties' positions on immigration (Alonso and da Fonseca, 2011; Akkerman, 2015) rather than actual labor market or other integration outcomes. While some political scientists have done research on the labor market integration of immigrants, this research has tended to focus on specific policies rather than the impact of political factors on variations in integration outcomes across and within countries, see Hainmueller et al. (2016).

This article specifically deals with the political determinants of immigrant labor market integration outcomes. It thus constitutes one of the first attempts to isolate the political factors which affect native/foreign born labor market gaps in a comparative perspective.

The central argument of this article is that since immigration policy and policies which seek to integrate immigrants into the national labor market constitute a multidimensional policy area, different party positions on immigration within cabinets and legislatures make it hard for a government to implement coherent integration policy packages when the passing of these policies require interparty bargaining and compromises. Consequently, single-party majority governments are better able to introduce policies which decrease the gap between native and foreign born employment. Panel data for 28 OECD countries provides substantial evidence in favor of this argument. Single-party majority governments decrease the employment rate gap between native and foreign born inhabitants by several percentage points. A similar but less statistically robust effect is found for the gap in unemployment. The results suggest that the dominant electoral and party

systems in developed democracies, and the type of government they produce, could be non-trivial institutional hindrances for the integration of immigrants into the national labor market.

Theory: Governments, partisan bargaining and integration as a multidimensional issue

The core theoretical argument is that a single-party majority government is better able to implement policies which integrate immigrants into the national labor market, which in turn improves immigrant labor market integration outcomes, compared to other types of governments. Thus, the ability to implement more effective integration policies is the mechanism for why single-party majority governments are better able to foster immigrant labor market integration compared to other types of governments. This is based on the supporting arguments that increasing the labor market integration of immigration requires several complementary policies in order to be effective, and that compromises between several parties, which have different preferences along the various dimensions of the immigrant-integration policy area, make this coherent mix of policies difficult to achieve through inter-partisan bargaining. These assumptions and mechanisms are fleshed out in greater detail below.

The multidimensionality of integration policy

The central assumption behind this theoretical argument is that immigration and immigrant integration are multidimensional policy areas,[5] which is a common approach to studying the politics of immigration (Jeong et al. 2011; Hellwig and Kweon 2016: 714). The immigration and integration

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[5] Immigration and integration policies are often implemented in tandem, and thus issues within one of these areas spill over into the other. However, this article still argues that even given a specific immigration policy, integration policies still independently matter for immigrant labor market integration.

policy areas simultaneously concern several ideological dimensions regarding both social and economic equity, issues of fairness, economic efficiency, and labor market segmentation[6] as well as issues of cultural and national identity etc., which are not necessarily aligned or correlated across a single political dimension, for an example the traditional left-right scale, and or alternative non-economic political dimensions such as the Green-Alternative-Libertarian vs. Traditional-Authoritarian-Nationalist (GAL-TAN) dimension (Bakker et al. 2015: 145).[7] E.g. a party with a low GAL-TAN score might have a commitment to anti-discrimination but not necessarily an opposition to labor market segmentation.

This means that different political parties even within the same political bloc can be aligned among one dimension of immigration and integration policy, for an example antidiscrimination, while being divided on another dimension, for an example labor market segmentation. That immigration and subsequent integration policies might be issues which do not clearly align across the traditional left-right in developed democracies and can thus separate political parties, which might otherwise be ideologically close to each other, are generally recognized within the literature on partisan issue emphasis and competition (de Wardt et al. 2014: 987; Hobolt and de Vries 2015: 1167). However,

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[6] See Alt and Iversen (2017: 229).

[7] Due to the inherent relationship between the immigration and integration area, the ideological dimensions of the immigration area might also spill over into the integration area, even though the specific policies within these two policy areas can be very different. E.g. requirements for family reunification (immigration) and national programs for language training (integration), even though both might relate to the ideological dimension of national identity.

the implications of these insights for immigrant integration outcomes have not been previously studied.[8]

The complementarity of labor market integration policies

Within the policy sphere of integration policy, the core argument is that in order to facilitate the integration of immigrants, especially within the national labor market, several complementary policies are needed. That is, without some components of a given policy mix, the other components might be less or non-effective for labor market integration. An assumption which in line with several previous evaluations of the effectiveness of immigrant integration policies. For an example, within-company trainee programs for recent immigrants or other active labor market programs might be less effective for longer-term employment of immigrants if language training is also not provided (Clausen et al. 2009; Sarvimäki and Hämäläinen 2016; Neureiter 2018). Enforcing non-discrimination policies with regards to minimum wages in the labor market might lower immigrant labor market participation if either effective skill-training or wage subsidies for immigrants[9] are not introduced.

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[8] A potential exception in a recent paper by Lutz (2018), who however only looks at official integration policy and whether it is closer to a restrictive-assimilationist model or a liberal-multicultural model and not immigrant labor market outcomes.

[9] Confer Butschek and Walter (2014) for a meta-analysis of the effects of active labor market programs, including wage subsidies, on immigrant employment.

The dynamics of multi-party policymaking

The difficulty then arises when several political parties need to agree on a specific mix of immigrant labor market integration policies within a coalition cabinet and/or within the legislature in the case of a minority government. Some of the policies in a given coherent – and thus effective – integration policy mix might go against the preferences of the negotiating parties on one dimension of the integration policy area, while other policies are aligned with the parties' preferences in another dimension.

As a consequence, due to inter-cabinet[10] and legislative bargaining and compromises, some complementary policies might be removed from the initial more coherent policy mix, which makes the overall policy package ineffective in increasing the labor market integration of immigrants. Alternatively, a government faced only with a choice of implementing a mix of ineffective labor market integration policies might decide not to implement any integration policies at all but this would still have the same negative implications for the labor market integration of immigrants. To take an example, in a bargaining situation over an immigrant integration policy package, a social-democratic party might support an employment subsidy for recent immigrants but might also support a language training requirement, whereas its leftwing coalition party might support the employment subsidy but reject the language training requirement. Another example could be a bargaining between the dominant minority government party and its support party, where a pro-business conservative government party supports cuts to immigrants' public transfers as well as an

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[10] See Martin and Vanberg (2014) for evidence on how final enacted policies reflect inter-coalitional compromises in coalition governments.

introduction wage for immigrants,[11] whereas its coalition/support blue collar-constituency rightwing populist party might support the transfer cuts but reject the introduction wage.

This situation, described above, actually arose in Denmark in 2015-2016, where a center-right minority government came into power in 2015 and introduced a transfer cut to recent immigrants with the help of its rightwing populist support party, the Danish People's Party. However, when the government six months later proposed to further the labor market integration of immigrants, including recent refugees, by introducing an introduction wage, a policy approach which was even supported by the general secretary of the Danish Refugee Council, the Danish People's Party openly opposed this policy which was soon abandoned.[12]

Taking the veto actor approach to policymaking popularized by Tsebelis (2002), more veto actors, in this case political parties, both within the government and the parliament, thus constrain the policy space within the labor market integration area and make it harder for a government to implement new and effective policies and to change current less effective policies for immigrant labor market integration. Research specifically on labor market policy also suggests that veto actor

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[11] See Rosholm and Vejlin (2010) for research on the effects of immigrant transfer cuts.

[12] The frustrated efforts of the Danish center-right minority government to find legislative support for its immigration and integration policies, could be contrasted with the experience of another OECD center-right government, the (from 2011) single-party majority Canadian Harper government, which was able to push through substantial changes to the Canadian immigration and integration policies (Omidvar 2016). The years following the Harper government's change to a single-party majority government in 2011 saw declines in the labor market gap between the native and foreign born Canadian population.

dynamics might make it harder for governments to implement their preferred labor market policies (Becher 2013). Recent research further suggests that ideologically differences in minimal winning coalition governments decrease reform intensity in European countries (Angelova et al. 2018).[13]

Thus, the existence of several partisan veto actors both within the government and the parliament should make it more difficult for an incumbent government to adjust potential non-effective policies and to introduce new effective policies to facilitate the labor market integration of immigrants, even when this issue becomes relatively more important as the immigrant population increases. This is both due to the increased policy stability arising from the existence of several veto actors (Tsebelis 2002: 2-3) inside and outside the government, and the fact that these partisan veto actors, even when ideologically close, can be divided on one or more of the multiple dimensions of immigration and integration policy.[14] As a consequence, governments, which have to rely on inter-party cabinet bargaining and/or support from non-government legislative parties in order to introduce policies, are less able to facilitate the labor market integration of immigrants. This is due to the difficulty of introducing a mix of labor market integration policies which are both sufficiently complementary to be effective and which at the same time do not go against the preferences of one or more of the

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[13] Lindvall (2017) argues that the dispersion of political power can sometimes increase reform capacity since they provide the ability to compensate losers from reforms. However, since, as argued, the integration and immigration policy areas are multidimensional in nature and concern many policy dimensions, such as anti-discrimination and national identity, which are not strictly economic in nature and provide little ability for loser compensation, this line of argumentation is less likely to hold within the integration policy area.

[14] Research using a veto actor framework often measure distance between parties on the traditional left-right scale but as argued above integration and immigration policy might divide political parties on other policy dimensions even though these parties are close to each on the traditional left-right scale.

coalition/bargaining partners in at least one dimension of the immigration/integration policy area. This will be the case, even if the all the bargaining partners actually agree that improving the labor market integration of immigrants is a desirable goal.

Theoretical implications and hypothesis

Consequently, a single-party majority government, which does not have to bargain with coalition partners and/or seek support from parties in the legislatures in order to decide on and implement policies, is in a better position to decide on a policy package which satisfies its own preferences with regards to type of labor market integration policies but which still retains the complementary policies needed in order for the policy package as a whole to be effective in increasing immigrant labor market integration.[15] This theoretical reasoning gives rise to the central hypothesis of this article.

> **H1**: Labor market integration of immigrants improves under a single-party majority government in comparison with other types of governments.

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[15] In the veto actor vocabulary of Tsebelis (2002: 35), a single-party majority government is a single veto player and is thus unconstrained in the policy outcomes also within the area of integration policy.

Data

The dataset used to test the argument that single-party majority government improves immigrant labor market integration consists of a panel of 28 OECD countries[16] in the years 2000-2013.[17] Labor market integration of immigrants is measured by the gap between native and foreign born inhabitants for both the employment rate and the unemployment rate. The advantage of looking at the employment rate as well as the unemployment rate, is that the employment rate also takes into account whether immigrants are actually part of the labor force, while unemployment rates are usually only calculated using data for individuals which are part of the labor force. These two variables thus give a fuller picture of the labor market experiences of foreign born inhabitants in comparison with the native population. Higher values on the employment gap variable mean that foreign born have an on average lower employment rate in comparison with those native born. While higher values on the unemployment gap variable mean that foreign born have a higher average unemployment rate in comparison with native born. As a consequence, lower values on both variables are proxies for better labor market integration of immigrants.

The use of gaps to measure the distance between the labor market experiences of native and foreign born have been applied in other comparative studies of immigrants' labor market outcomes (Bergh 2014) and has also been used by other authors in the comparative politics literature (Burgoon 2014). Thus, gaps in employment and unemployment are arguable meaningful measures of immigrants' relative labor market experiences, and thus their level of labor market integration, since they

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[16] The countries are Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and the United States.

[17] Coverage is based on the OECD labor market data which becomes available after 2000 and the coverage of the Comparative Political Dataset 1960-2013 (Armington et al. 2015).

directly measure how attached immigrants are to the national labor market compared to the native population. However, the effect of a single-party majority government on immigrant labor market integration is similar if the absolute foreign born employment and unemployment rates are used as the measures of immigrant labor market integration. These results can be found in appendix B. Data for both native and foreign born employment and unemployment rates are from the OECD's migration statistics database accessed through the OECD's main online database *OECD.Stat* (accessed on July 6th 2016).

Single-party majority government is a dummy based on data from the Database of Political Institutions (Cruz, Keefer and Scartascini 2016). It takes the value 1 if the government's Herfindahl index score is equal to 1, which means that only one party holds government cabinet seats, and if the government party controls at least 50 percent of the seats in the legislature. Otherwise, it takes the value 0. In around 17 percent of the country-years in the dataset, the country was governed by a single-party majority government.[18]

As an additional political control variable, I include a measure of the effective number of legislative parties. The logic of the theory section, about immigrant integration as a multidimensional issue and the difficulty of achieving coherent integration policies from partisan bargaining, should also apply to partisan fragmentation in the legislature. However, as the article's hypothesis concerns the effect of a single-party majority government, whose occurrence could be endogenous to the effective number of legislative parties, controlling for the number of legislative parties is necessary to isolate the independent effect of single-party majority government on immigrant integration. Data for this variable is from the Comparative Political Dataset (Armingeon et al. 2015). As a final political

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[18] Not all countries experience a single-party majority government during the analysed period. This issue is dealt with in the robustness test section in appendix F.

control variable, I include the share of leftwing cabinet members from the Comparative Political Dataset in order to hold the ideological makeup of the government constant. Leftwing and rightwing government might pursue different immigration and integration policies while in office, and the prevalence of single-party majority government might be larger under either leftwing or rightwing governments in certain countries.[19] Furthermore, recent research even suggest that leftwing parties have more coherent stances on immigration policy and therefore potentially also on integration policy (Carvalho and Ruedin 2018).

I also include GDP growth and the national unemployment rate as control variables in order to control for the general state of the economy and the labor market, which could be affected by the government type and thus affect the relative labor market experiences of immigrants, both through an effect of immigrant employment and unemployment rate and the employment and unemployment rate of the native born population. Since the article's theoretical argument is that labor market integration of immigrants improves under a single-party majority government due to labor market integration policies, these controls are necessary. The unemployment rate data is from the Comparative Political Dataset (Armingeon et al. 2015), while GDP growth data is from the OECD's national accounts database, accessed through its main online database *OECD.Stat* (extracted on March 14th 2016).

As a final economic control in some of the later estimations, I also include a control for government spending to proxy for the size and scope of the national welfare state. In both public discourse and research, the relationship between welfare state spending and immigration integration is both

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[19] If, for an example, either the left or the right is united in one large party, while its ideological counterpart is fragmented in several smaller parties.

controversial[20] and potentially endogenous (Boräng 2015: 224). However, since recent research suggests that welfare states generosity might affect the type of migrants entering a country (Boräng 2015), the control should not be left out, especially since the level of public spending is also endogenous to government fragmentation (Bawn and Rosenbluth 2006) and thus potentially the occurrence of a single-party majority government. As the measure for the size and scope of the government spending, I use general government outlays as a percentage of GDP. Data is from the Comparative Political Dataset (Armingeon et al. 2015). This measure is arguable a crude measure of the welfare state spending but it is available for most country-years of the panel. However, replacing the government spending variable with other measures of welfare state generosity such as unemployment insurance replacement rates from the Comparative Welfare Entitlements Dataset (Scruggs et al. 2013) yields similar results for the effect of single-party majority government on immigrant labor market integration.[21]

Finally, in later specifications, I include controls for the structure and size of the immigrant population. Immigrant are not necessarily a homogenous group, and different types of immigrants might face different types of difficulties in the national labor mark. Furthermore, the government type might also affect total number of immigrants and the type of immigrants allowed to enter the country, it is necessary to investigate whether a potential labor market integration effect of single-party majority government reflect mainly immigration policies rather than integration policies. A single-party majority government might - according to the above theoretical argument - also be able

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[20] See Bergh (2014) for a discussion of Sweden.

[21] Results are available upon request. There is also much fewer observations for the replacement rates variables, which is another reason why I have chosen to stick with the general government outlays variable.

to implement more coherent immigration policies, which might also increase immigrant labor market integration. However, the argument is still that even given the number and type of immigrants, a single-party majority government should be able to introduce more effective policies to facilitate these immigrants' integration into the national labor market.

The control variables capturing the type and number of immigrants are refugees as share of total population as well as the percent of total population which is foreign born. Refugee population share should proxy for an immigration policy which has a large humanitarian component and the existence of relatively weaker immigrants, which are not necessarily easily integrated into the national labor market. Foreign born's share of total population could proxy for a country's general stance towards immigration. Furthermore, the share of population foreign born might in itself directly affect the employment and unemployment experiences of immigrants.[22] Data for the refugee population is from the World Bank's World Development Indicators (accessed on April 8th 2019), population data is from the Comparative Political Dataset (Armingeon et al. 2015), while data for the percent of the population foreign born is from the OECD's International Migration Database (accessed from *OECD.Stat* on July 6th 2016).

Regarding potential additional control variables, I choose not to control for any measures of actual immigration policies such as the dimensions of the Migration Integration Policy Index (MIPEX) (Ruedin, Alberti and D'Amato 2015: 6-8; Kogan 2016: 336). Given that the article's theoretical argument is that a single-party majority government would increase the labor market integration of

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[22] Research suggest that additional immigration might affect the labor market experiences of other immigrants more than the native population at least with regards to wages (Ottaviano and Peri 2011).

immigrants through more coherent immigrant integration policies, including measures of actual immigration policies and other related policies in the statistical analysis would be an example of including *bad controls* and would thus be a source of bias for estimating the potential effect of single-party majority government (Angrist and Pischke 2009: 64-68). Additionally, it is not obvious that all the dimensions in the MIPEX and other of immigration and integration policy indexes (de Haas et al. 2015) are actual capturing policies which de-facto better integrate non-native into the national labor market.[23] Furthermore, the MIPEX index's does not have full coverage over the analyzed time period. Consequently, I have chosen measures of the actual relative labor market attachment of immigrants as the dependent variables rather than a measure of official integration policy. Descriptive statistics for all variables included in the analysis can be seen in appendix A.

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[23] E.g., in the distinction between a restrictive-assimilationist model or a liberal-multicultural model which forms the basis of the integration policy measure used by Lutz (2018), it is not clear whether one of these model are necessarily superior to the other in fostering immigrant labor market integration. Regarding the MIPEX index, it is not clear whether better scores on indicators relating to the MIPEX Index's "Family reunion" dimension have any positive effects on immigrant labor market integration. On the other hand, indicators related to the MIPEX index's "Labour market mobility" dimension might reflect policies which have a real positive effect on immigrant labor market integration.

To estimate the effect of a single-party majority government on native/foreign born labor market gaps, I run a number of OLS regressions with country-fixed effects. Using fixed-effects enables me to analyze deviations in labor market gaps from the country-mean. It also enables me to hold general characteristics and history of each country constant, which might have large effects on immigration and general labor market policy such as the language of the country,[24] its colonial history and its general political-economic and welfare state model. All of these factors might affect the ability to integrate immigrants into the labor market.[25]

To control for a general trend in immigrant labor market integration over the analyzed period, year-fixed effects are included as well. In order to address issues of autocorrelation, standard errors are clustered at the country-level. The estimation can be seen in the equation below, where countries are indexed by i and years by t. *Gap* is the native/foreign born employment or unemployment gap. *Single.maj.gov.* is the single-party majority government dummy, while *N.parties* is the effective number of legislative parties, *Leftwing* is the share of leftwing cabinet members, while *X* is a vector of control variables. γ_t and δ_i are the year- and country-fixed effects respectively while ε is the error term. All political variables are lagged two years, since the integration policies would take some time to actually be implemented and affect the labor market gap, after they have been passed or

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[24] Presumably, integration of immigrants might be easier in English speaking countries or in countries where the native language is very widely spoken and taught abroad.

[25] Especially, when taking the influential Varieties of Capitalism approach to comparative differences in public policies and outcomes (Hall and Soskice 2001), the issue of fundamental institutional and historical difference between countries is potentially very important.

decided on in the cabinet and the legislature. However, the main results are similar if the political variables are only lagged one year.[26]

$$Gap_{it} = \beta_1 Single.maj.gov._{it-2} + \beta_2 N.parties_{it-2} + \beta_3 Leftwing_{it-2} + \beta_4 X_{it} + \gamma_t + \delta_i + \varepsilon_{it}$$

Results

Core results

In table 1, the results from the test of the effect of single-party majority government on the native/foreign born employment gap can be seen. The results in columns 1-4 provide evidence in favor of a positive effect of single-party majority government on immigrant labor market integration. With a single-party majority government in office, then two years later the gap between native and foreign born employment rate decreases with two percentage points with the effect being statistically significant at the p<0.01-level. A reduction in employment gap of about two percentage points would for many countries be enough to eliminate the native/foreign born employment gap almost entirely and would mean the integration of thousands of immigrants into the labor market. Thus, the substantial effect of this decrease is far from trivial. This result is robust to controlling for government spending, refugees as share of population and the share of population foreign born, which suggests that the effect of a single-party majority government on the reduction of the native/foreign born employment gap not only reflects pure immigration policies but also labor market integration policies.

The national rate of unemployment is positively associated with the gap between native and foreign born employment rate, which indicates that immigrants might face relative disadvantages in labor

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[26] Results can be found in appendix C.

markets with high unemployment, which is hardly surprising. The share of leftwing cabinet members is associated with a larger employment gap, which indicates that leftwing governments might have more difficulties implementing successful integration policies in comparison with more center- or rightwing governments. However, this effect is not statistically significant when introducing a control for the share of population foreign born.[27] While the effective number of legislative parties have the expected positive association with the gap between native and foreign born, the effect is not statistically significant. None of the other control variables have any statistically significant effect on the employment gap, except refugees as share of the population. As mentioned, refugees might be an especially socio-economically weak immigrant group, which might be especially hard to integrate in the native labor market, which the results suggest is the case. The results above are even robust to controlling for the native population employment rate, which suggests that the results are not driven by comparing country-years with extraordinary high native born employment rates to country-years with relatively low native born employment rates. These results can be seen in appendix D.

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[27] The inclusion of this variable somewhat lowers the number of observations, but as shown below, this does, if anything, increase the effect of single-party majority government.

Table 1: Single-party majority government and employment gap

	(1)	(2)	(3)	(4)
Single-party majority government	-2.29 (0.83)***	-2.27 (0.80)***	-2.36 (0.77)***	-3.29 (0.56)***
Effective number of legislatives parties	0.56 (0.79)	0.55 (0.78)	0.78 (0.80)	0.81 (0.51)
Share of leftwing cabinet members	0.02 (0.01)**	0.02 (0.01)**	0.02 (0.01)*	0.01 (0.01)
Unemployment	0.37 (0.12)***	0.35 (0.14)**	0.38 (0.15)**	0.55 (0.14)***
GDP growth	0.15 (0.11)	0.16 (0.12)	0.18 (0.12)	0.14 (0.08)
Government outlays pct. of GDP	-	0.05 (0.10)	-0.01 (0.10)	-0.05 (0.13)
Refugees as share of population	-	-	359.48 (169.61)**	578.18 (148.17)***
Share of population foreign born	-	-	-	2.19 (8.34)
Country-fixed effects	Yes	Yes	Yes	Yes
Year-fixed effects	Yes	Yes	Yes	Yes
Number of countries	28	28	28	27
Number of observations	379	379	372	237
Within R-squared	0.25	0.25	0.27	0.44

Note: Dependent variable is native/foreign born employment gap. Single-party majority government, effective number of legislatives parties and share of leftwing cabinet members are lagged two years. Country-clustered standard errors in parentheses. *: $p<0.10$, **: $p<0.05$, ***: $p<0.01$.

There seems to be evidence in favor of a non-trivial effect of single-party majority government on the employment rate gap between immigrants and native born. In table 2, the employment gap variable is replaced by the unemployment gap variable to test whether a similar labor market integration effect exists for the unemployment rate. While the single-party majority government dummy has a negative sign, which means that immigrant unemployment is relatively lower under single-party majority governments in comparison with other types of governments, this effect is only statistically significant with the addition of the controls in column 4. While the argument that a single-party majority government improves immigrant labor market integration still receives some support in the case of the unemployment gap, the effect seems to be less statistically robust than in

the case of the employment gap and seems contingent on holding the characteristics of the immigrant population constant.

Table 2: Single-party majority government and unemployment gap

	(1)	(2)	(3)	(4)
Single-party majority government	-0.48 (0.55)	-0.49 (0.55)	-0.59 (0.55)	-1.36 (0.31)***
Effective number of legislatives parties	0.01 (0.29)	0.01 (0.29)	-0.05 (0.28)	0.25 (0.28)
Share of leftwing cabinet members	0.01 (0.00)	0.00 (0.00)	0.01 (0.00)	0.01 (0.01)
Unemployment	0.39 (0.12)***	0.41 (0.13)***	0.39 (0.13)***	0.53 (0.09)***
GDP growth	0.07 (0.04)	0.06 (0.04)	0.05 (0.04)	0.10 (0.05)*
Government outlays pct. of GDP	-	-0.03 (0.05)	-0.05 (0.05)	-0.08 (0.11)
Refugees as share of population	-	-	-23.42 (55.20)	23.88 (59.34)
Share of population foreign born	-	-	-	-8.53 (11.84)
Country-fixed effects	Yes	Yes	Yes	Yes
Year-fixed effects	Yes	Yes	Yes	Yes
Number of countries	28	28	28	28
Number of observations	379	379	372	237
Within R-squared	0.30	0.30	0.27	0.43

Note: Dependent variable is foreign born/native unemployment gap. Single-party majority government, effective number of legislatives parties and share of leftwing cabinet members are lagged two years. Country-clustered standard errors in parentheses. *: p<0.10, **: p<0.05, ***: p<0.01.

Visualized effects over time

The results above provide evidence in favor of the theoretical argument that a single-party majority government is better able to facilitate immigrant integration into the national labor market. However, the above results rely on fixed-effects estimation, so we can only conclude that the average labor market gap seems to be lower in the years where a single-party majority government was in office two years before in comparisons with other years. So, to further explore how the occurrence of a single-party majority government affects the native/foreign born employment and unemployment gap in a more dynamic way, in figure 3a and 3b, I plot the predicted employment and unemployment gaps in the years just before and just after a single-party majority government comes into office.[28] In this way, it is possible to explore trends in the employment gap in the years before a single-party majority government comes into office and to see how long it takes for this government's policies to come into effect.

For both the predicted employment and unemployment gap, a clear pattern emerges from figure 3. In all the years preceding the occurrence of a single-party majority government, the predicted labor market gap is quite high and not statistically significantly different from each other and most other years. However, as in the main estimations from table 1 and 2, two years after a single-party majority government takes over, both the employment and unemployment gap begin to trend downwards, and three years after the single-party majority government comes into office the predicted labor market gap is about half the size it was in the other years. An effect which is

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[28] The figures are based on estimations where the single-party majority government dummy is replaced with dummies which measure the number of years before and after a single-party majority government comes into office. These regression results can be found in appendix E.

arguable substantially and statistically significant. As mentioned, figure 3 also shows that the takeover of a single-party majority government is not preceded by a general trend towards a lower native/foreign born labor market gap. Consequently, this graphing alleviates some of the potential endogeneity concerns about the relationship between the occurrence of a single-party majority government and the decrease in the native/foreign born labor market gap. Endogeneity could be an issue if a single-party majority government was more likely to emerge during times of downward trending native/foreign born labor market gaps. However, the results reported in figure 3 suggest that this is not the case. Figure 3a and 3b do provide further evidence of a non-trivial effect of a single-party majority government on the labor market integration of immigrants but suggest that the effect might occur more profoundly when the this type of government has been in office for some years. This is plausible given that integration policies would take some to be decided on, implemented and eventually have an actual effect of the labor market experiences of immigrants.

Figure 3: Predicted labor market gap before and after single-party majority government takeover
a: Employment gap   *b. Unemployment gap*
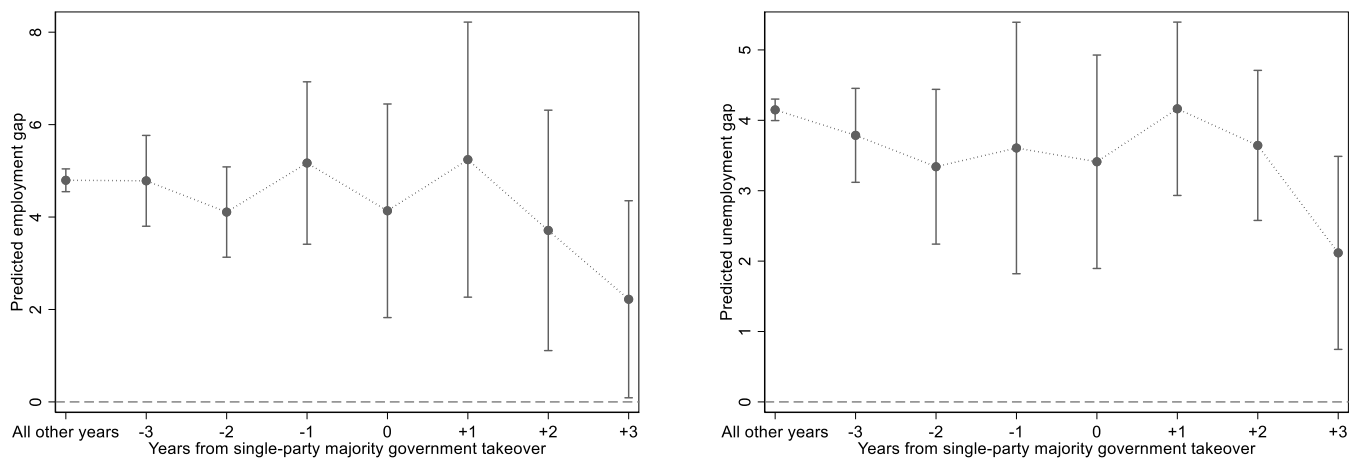
Note: Vertical lines show 90 pct. confidence intervals.

The empirical results show evidence in favor of the argument that immigrant labor market integration improves under a single-party majority government. The results above are robust to various additional robustness tests which can be found in appendix F.[29]

Conclusion

Labor market integration of immigrants has become one of the most discussed policy areas within developed democracies in recent years. This article has made the argument that the multidimensionality of the immigration and integration policy area and the need for complementary policies in order to facilitate the integration of immigrants into the national labor market make it hard to achieve effective integration policies through partisan bargaining both within the cabinet and within the legislature. Consequently, the labor market integration of immigrants should be relatively better under single-party majority governments, who are better able to introduce and implement a more coherent and effective mix of integration policies than other types of governments.

Results from panel data regressions in 28 OECD countries support this argument. Even holding country-specific characteristics constant, the occurrence of a single-party majority government decreases the employment gap between native and foreign born inhabitants with about two percentage points, an effect which is statistically robust to several sensitivity checks. A similar but somewhat smaller and statistically less robust effect is found for the unemployment gap. Single-party majority government improves immigrant integration in comparison with other types of government at least within the labor market area.

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[29] Appendix G contains an additional analysis which provides evidence in favor of the theoretical mechanism.

These results hold significant implications for labor market integration policies within developed democracies. On the positive side, democratic governments are presumably sometimes able to implement policies which improve the labor market integration of immigrants. However, the most common government types in most developed democracies, coalition and/or minority governments, which are especially common within Europe, are apparently less able to decide on and implement effective labor market integration policies.

The results of this article suggest that many countries face substantial political obstacles for more effective labor market integration of immigrants in a time where this issue becomes increasingly pressing. The party and electoral systems which give rise to multi-party and minority governments might thus indirectly be a non-trivial hindrance for better labor market integration of immigrants within developed democracies. This article thus adds to the classical and continuing scholarly and normative debate about the effects, desirability and relative trade-offs between different types of democratic governments and the electoral systems which affect these (Taylor and Herman 1971; Carey and Hix 2011; Chang et al. 2011: 223-233; Lindvall 2017). In a time where electoral system reform is increasingly being discussed – especially in majoritarian political systems[30] – these trade-offs, including those which follow from this article, are important to keep in mind both in general public discussions and future research.

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[30] For an example, French president Emmanuel Macron's plan to introduce more proportionally in the French electoral system, ironically after the second round of the French legislative election of 2017 gave his own party a majority in the French National Assembly.

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