



Cultural Diversity and Economic Policy

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Cultural Diversity and Economic Policy

Dirk Dohse (IfW), Robert Gold (IfW)

Contribution to the Project

This policy report builds on the empirical results of the preceding tasks and, in particular on the results of a survey among experts in 40 European cities to derive implications for policy - in particular immigration and integration policies.

Cultural Diversity and Economic Policy

By Dirk Dohse* and Robert Gold+

ABSTRACT

This paper discusses policy implications from the empirical results obtained in the preceding tasks and, in particular, from a survey among city representatives and representatives of migrant organizations in 40 European cities. It argues that cultural diversity is a distinct aspect of migration that must be taken into account when designing policies. Moreover, it pleads for integrating migration and innovation policies to better use the economic potentials linked to migration. In order to achieve this goal, local actors should be incorporated into the design and implementation of (future) integration policies to take adequately into account the regional heterogeneity in diversity effects observed.

JEL: M13, O18, R11

Keywords: Regional Development, Urban Development, Cultural Diversity.

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1. Motivation

In a recent outlook on its next migration report, the OECD identifies 3 economic areas that are mostly impacted by migration: the labor market, the public purse, and economic growth (OECD 2014). Particularly in the Single Market, free movement of labor is an important instrument to increase labor market flexibility and to address labor market imbalances. Thus migration is held to have positive impacts on the economic development of receiving regions and eventually on the public purse. While there is increasing consensus on the positive economic effects of migration, there is also evidence for costs related to migration and, specifically, for costs of ethnic and cultural diversity. Thus, the net effect of migration is still widely unknown. Moreover, the channels through which migration effects economic outcomes are not yet convincingly identified. Quantifying migration effects is additionally complicated by the large heterogeneity involved in the migrants' human capital structure, their cultural background, or in the economic structure of the host regions.

Consequently, it is very difficult to design appropriate migration and integration policies to fully tap into the economic potentials provided by migration. Undisputedly however, there is a need for such policies that might even increase if migration develops as expected. With this paper, we will add to the discussion of future immigration and integration policies in the EU and its appropriate measures. Based on the results obtained within the WWWforEurope research project so far (Dohse and Gold 2013, 2014), we will focus on policies that could help to address the nexus between immigration, cultural diversity, innovation, and growth. Moreover, we will derive policy conclusions from unique survey data from 40 European cities, complementing our previous analysis of European regions with information from the "hot spots" of immigration –i.e. the European cities.

Our previous work has revealed considerable regional variance within the EU regarding both the ethnical and cultural composition of its population as well as the effects of cultural diversity on regional development. It turned out that migrants tend to cluster in agglomerated regions, which complicates the identification of general diversity effects. With this paper, we deliberately focus on urban regions and employ survey data collected by our WWWforEurope research partners in 40 cities in 12 EU and 2 non-EU member states. In each city, one representative of the city administration and one representative of a migrant organization have been asked about positive and negative effects of migration in their cities, their evaluation of the city's migration policies and the city's future perspectives. These expert views on migration impacts are most informative for our purpose, since they complete the regional perspective dealt with in task 503.2 with a local perspective, thus helping to disentangle

different levels of governance that might be concerned with future immigration and integration policies.

The remainder of this paper is organized as follows: Section 2 provides a brief review of the literature on migration effects and immigration and integration policies. Section 3 derives policy conclusions from our regional-level analysis. Section 4 introduces survey evidence from 40 European cities and discusses policy implications. Section 5 synthesizes our findings and concludes.

2. Literature

The academic literature on economic effects of migration largely focuses on labor market effects of immigration. Most studies relate increasing migration and increasing diversity to productivity gains. However, the overall effects on productivity seem to be rather small, although there is also indication of significant effect heterogeneity.

Most obviously, labor market effects of migration depend on the new market entrants' qualifications and skills (Suedekum et al. 2009). Borjas (1995, 2003), Angrist and Kugler (2003) and Brunow and Blien (2011) find adverse labor market effects on native employees suddenly competing with migrants. Card (2001) points out that particularly low-skilled employees are negatively affected by immigration. In different empirical setups, other studies contrarily find positive migration effects on natives' wages and employment productivities (e.g. Ottaviano and Peri 2005, 2006). It seems as if the concrete labor market effects of immigration would depend on numerous covariates. While the overall labor market effects of migration tend to be positive, there still seem to be specific groups of employees in specific occupations and specific regions that are not or negatively affected by immigration. This is also true for previous cohorts of migrants that are exposed to labor market pressure by the arrival of new migrants (Ottaviano and Peri 2012; Manacorda et al. 2012; D'Amuri et al. 2010).

The policy-response to these effects is multileveled (c.f. OECD 2013): First, most countries restrict immigration to the labor markets to protect the native workforce from increasing competition. Second, many countries strive to selectively attract highly educated migrants with specific skills to overcome labor-market shortages. Third, (and increasingly) many countries introduce labor market policies addressing migrants already living in the countries. This group has turned out to be especially vulnerable to labor market frictions. Consequently, policies aim at better integrating migrants into the labor markets of their new home regions.

Another strand of literature concentrates on migration as source of human capital. It argues that migrants do not only bring along customs and traditions of their country of origin, but also specific knowledge and ways of thinking that are new to the receiving regions. In consequence, the knowledge base in the receiving region broadens and diversifies, what in turn increases the probability of innovations. This effect is fostered by migrants maintaining social ties to their sending regions, what might help to opening up new markets.

There is vast empirical evidence for a positive correlation between migration, diversity, and innovation, both on the regional (Ozgen et al. 2012; Kerr and Lincoln 2010; Niebuhr 2010; Chellaray et al. 2008; Partridge and Furtan 2008) as well as on the firm level (Ozgen et al. 2013; Parotta et al. 2014). Again, many studies stress the importance of high-skilled migration for innovation. Nevertheless, also with respect to innovation effects of diversity, there is also contradictory evidence, indicating ‘non-effects’ and even negative effects (e.g. Bratti and Conti, 2013; Qian 2013; Lee and Nathan 2013). Specifically, Borjas and Doran (2012) point out that increasing immigration of high-skilled researchers might crowd out incumbents’ productivity. Overall, there seems to be a link between immigration, cultural diversity and innovation—but the channel through which migration affects innovation are not yet entirely understood.

Policies already reacted to the challenges of the “knowledge based societies” by striving to better use knowledge spillovers created by migration to foster innovation. First, there are efforts to attract highly-skilled migrants, specifically scientists and researchers, by e.g. offering specific visa to them. However, given that this specific group of migrants is highly mobile, there seem to be more concerns about how to retain highly-skilled migrants in their new host regions. Indeed, when it comes to attracting the most brilliant minds, Europe faces fierce competition from other economies, specifically from Northern America and Asia. Yet, in most countries there seems to be no clear strategy how to better integrate outperforming migrants into their host societies. More generally, there are increasing efforts to attract highly-skilled migrants at an early stage of their career. Student exchange programs and scholarships are certainly an appropriate measure to tap into this knowledge source.

Moreover, there is evidence on links between migration and entrepreneurship. Migrant entrepreneurship can be both, necessity and opportunity driven. On the one hand, if migrants face discrimination on the labor markets— for instance because their formal qualifications are not acknowledged or for more irrational reasons— they might feel the necessity to becoming self-employed to cover their living expenses. On the other hand, migrants are a selective group of individuals. The decision to migrate requires certain characteristics like openness to

experience, self-reliance and self-efficacy, i.e. characteristics that are also conducive to entrepreneurship. Accordingly, many migrants might deliberately take the opportunity to start up a new business in their region of origin and become their own boss.

The link between immigration and entrepreneurship is widely accepted in the academic literature (c.f. Aldrich and Waldinger, 1990). Audretsch et al. (2010) extend this conjecture to the effects of cultural diversity on entrepreneurship, specifically with respect to technology-oriented start-ups. In general, the literature finds a positive correlation between migration and entrepreneurship (c.f. Baycan-Levent and Nijkamp, 2009; Fairlie and Meyer, 1996), which in turn has beneficial economic impacts (Anderson and Platzer, 2006; Wadhwa et al. 2008). However, the difference between opportunity entrepreneurship and necessity entrepreneurship has not yet conclusively been worked out.

From a policy perspective, differentiating necessity and opportunity entrepreneurship of migrants is perhaps not too important, since self-employment may anyhow be seen as effective measure to integrate migrants into labor markets and overcome frictions in migrant employment. In general, there are attempts to foster entrepreneurship in Europe (EU COM 2012, and migrants are explicitly accounted for in these strategies (ibid; EU COM 2013). However, migrants are not only more likely than natives to start new businesses, they are also more likely to fail (Pilat et al. 2009). This is not necessarily due to the unfeasibility of their business ideas, but often relates to migrants being unaware of local laws, regulations, and codes of conduct. Here is certainly scope for policies to better assist migrants in maintaining their businesses, e.g. by supporting networking activities to overcome information asymmetries.

Eventually, there is a literature discussing the costs of migration and cultural diversity. Very generally, this literature argues that with increasing diversity, transaction costs increase. From a methodological point of view, this hints at the existence of an optimal degree of diversity, from which on the negative diversity effects of diversity dominate the positive ones. From a policy point of view, it is certainly important to also address this issue, since migration induced costs are relevant for the acceptance of migrants in their regions of destination—and they are the main argument referred to by xenophobic movements throughout Europe.

Alesina et al. (1999) point to coordination costs when they relate diversity to increasing costs in the provision of public goods. Eventually, this might exacerbate ethnic conflicts as they are reported in DiPasquale and Glaeser (1998). Besides the economic arguments of costs and benefits of migration, there is a rather emotional component to dealing with immigration that

is still prominent in the public debate (c.f. Card et al. 2012). However, there is yet no systematic investigation of specific costs of migration on the regional level. Specifically, this is true for costs that might result from the composition of the migrant population, e.g. from its diversity or from the dominance of specific migrant groups.

Despite negative effects of migration and diversity being a highly relevant topic in public debates, there is no comprehensive policy strategy addressing this issue. Probably, the negative effects of migration diversity, whether they exist objectively or whether they are just felt subjectively, are too diverse to be thoroughly addressed with an overreaching policy instrument. Still, coping with potential negative effects of diversity and with negative sentiments that allege such effects is crucial for the acceptance of future immigration and integration policies. We will discuss this issue in more detail in the context of the city survey.

3. Cultural Diversity and Economic Policy on the Regional Level

The empirical investigation of WWWforEurope Milestone 99 in Dohse and Gold (2013) has revealed significant differences between European regions with respect to the ethnical composition of their population. The paper discusses different measures of ethnical and cultural diversity and applies those measures to the EU 27 Nuts 2 regions. Based on information from the European Labour Force Survey, we find the regional share of foreigners to be highest in Central European regions, Benelux, Scandinavia, Northern Italy, the Southern UK and some Mediterranean Coastal areas. Moreover, the share of foreigners is significantly higher in urban regions. This is true for the share of foreign citizens as well as for the share of citizens born abroad. In comparison, Eastern European regions seem to have a very low share of foreign citizens.

The overall picture remains the same if we consider ethnic diversity as measured by a Herfindahl or a Theil Index instead. However, the most diverse regions are not necessarily those with the highest share of foreigners, and vice versa. Apparently, the composition of the migrant population differs significantly across regions. Again, the least diverse regions are located in the Eastern European states. When we proceed to measuring cultural diversity by weighting the diversity indices with cultural distance measures (such as language differences), the picture changes again. Some regions (specifically, but not exclusively, the urban regions) attract migrants from very distinct cultural backgrounds, while other regions might be quite diverse in their ethnic composition, but still attract migrants with rather similar cultural background. On the other hand, some regions might have a low share of foreign citizens

consisting of only few ethnical groups, which are nevertheless culturally rather distant to the native population.

This multi-dimensional heterogeneity in the ethnical and cultural composition of the European regions certainly complicates the empirical investigation of diversity effects conducted for Milestone 101 of WWWforEurope in Dohse and Gold (2014). Employing the European Labor Force Survey of the years 2002-2010, we assess the effects of cultural diversity (measured by a diversity index based on the composition of the regional population with respect to 7 regions of origin) on regional economic performance, we find a positive correlation between diversity and regional GDP per capita that is robust to the inclusion of various regional-level control variables, adjustments to the model specification, and cannot be explained by unobserved time-invariant influence factors on the regional level (see Dohse and Gold 2014, Tables 2 – 5). However, we find significant effect heterogeneity across different types of regions. Specifically, there is a stronger correlation in Central-Western and in densely populated regions, while in Southern and Eastern European regions we do not find that cultural diversity affects GDP per capita.

We relate the positive effect of cultural diversity on regional economic performance to a positive correlation between regional innovation (as measured by per capita patent applications) and cultural diversity. Again, we find a significant and robust correlation between regional innovation and cultural diversity. Most interestingly, we also find strong indications for a non-linear relationship between innovation and diversity, which could relate to increasing transaction costs that occur when cultural diversity increases (Dohse and Gold 2014, Table 7).

The regional heterogeneity revealed in both the levels of cultural diversity and its effects on economic performance are surprisingly high. This does not only complicate the identification of general diversity effects, it also makes it difficult to define overarching targets of a European immigration and integration policy. While such a policy should certainly be oriented towards economic goals, appropriate measures must take regional heterogeneity into account to be effective. This speaks against a catch-all policy, but leaves much room for integrating actors from different levels of governance bottom-up.

One obvious result so far is that diversity is a substantive aspect of migration. Cultural diversity has a distinct impact on economic outcomes that go beyond mere level effects of the share of migrants or human capital effects resulting from the migrants' skill composition. Future immigration policies should take those diversity effects into account. Increasing the

share of migrants might help to overcome labor market shortages, specifically in ageing populations. This is particularly true for highly-skilled migrants. But increasing diversity has a separate effect on the innovative capacity of regions. One might forego beneficial migration effects if the relevance of diversity is ignored.

Cultural diversity affects economic outcomes through an innovation channel. Thus, migration policies also affect innovative capacities, and innovation policies feed back into the demand for specific migration. Policy design must take these interactions into account.

With respect to costs of diversity, there are indications that diversity might hamper innovations when it surpasses a certain threshold. These adverse effects can be mediated when policy succeeds in better integrating migrants into the receiving regions. Thus, immigration policies, integration policies, and innovation policies must be coordinated to better use the gains in innovative capacity from migration.

Cultural diversity is not only induced by migrants from outside Europe. There is already significant diversity with respect to the diversity of the European native population. Particularly when it comes to the integration of migrants, local actors must be involved to adjust policies to local needs and characteristics.

4. Cultural Diversity and Economic Policy on the Local Level

4.1 Survey Evidence

By now, our policy implications are derived from quantitative regional level analysis (i.e. the econometric analyses performed in task 503.2). To better account for the regional heterogeneity observed, we now turn to a local level analysis of survey data (qualitative analysis) conducted for the WWWforEurope research project. The principal idea behind this survey is to gain a deeper understanding of how cultural diversity is perceived in a cross section of European cities. For this purpose, expert interviews with key actors in 40 European cities were performed by trained interviewers. In each city, two key actors were interviewed: A representative of the city's administration responsible for migrant affairs and a representative of a leading migrants' organization within the city. This approach was taken in order to contrast the perceptions and assessments of the city administration with those of the migrants themselves, which yielded – in some cases – quite interesting results.

In a first step, 14 countries were chosen in order to represent: (1) all main regions of Europe (according to the UN classification in major areas and regions in the world); (2) a significant share of European population; and (3) a complete range of development levels in terms of

income per capita (Sauer et al. 2014). Note that the UN classification (2010) refers to the geographical region of Europe, such that Switzerland is included although it is not a member of the European Union. The city of Istanbul is included although only part of Turkey/Istanbul is part of the European continent, in order to have a third megacity (apart from London and Paris) in the sample. The countries selected cover all geographical parts of Europe (North, East, South and West) and represent about 85 % of the European population.

In a second step, 40 cities were chosen out of the 14 countries. The choice of cities was determined by the following principles: (i) Each country should be represented by at least two cities; (ii) Large countries should be represented by more cities than small countries; (iii) Cities with high GDP growth should be considered as well as cities with below-average GDP growth; (iv) Large cities should be considered as well as small cities; (v) The three European megacities London, Paris and Istanbul should be considered. This leaves us with the survey sample displayed in Table 1.

>>>Table 1 here<<<

The survey begins with questions concerning the characteristics of the cities investigated with respect to migration (i.e. development of migrant flows in the last decade and the share and structure of the migrant population), and continues with questions concerning the characteristics of the respondents, such as migrant organizations target groups, main activities and financing or the city administration's foreign staff. A third set of questions sheds light on the interplay between migrant organizations and city administration, asking in how far migrant organizations are integrated in the city administration's routines with respect to migration and in how far administrations and migrant organizations cooperate. Step 4 asks for a general assessment of ethnic and cultural diversity and whether there is a perception that cultural diversity causes major problems within the cities. Section 5 asks for the most important benefits and section 6 for the most important problems associated with cultural diversity. Section 7 deals with perspectives, identifies obstacles to integration, the tolerance of the native population and existing policies. The questionnaires can be found in the appendix.

4.2 City Characteristics

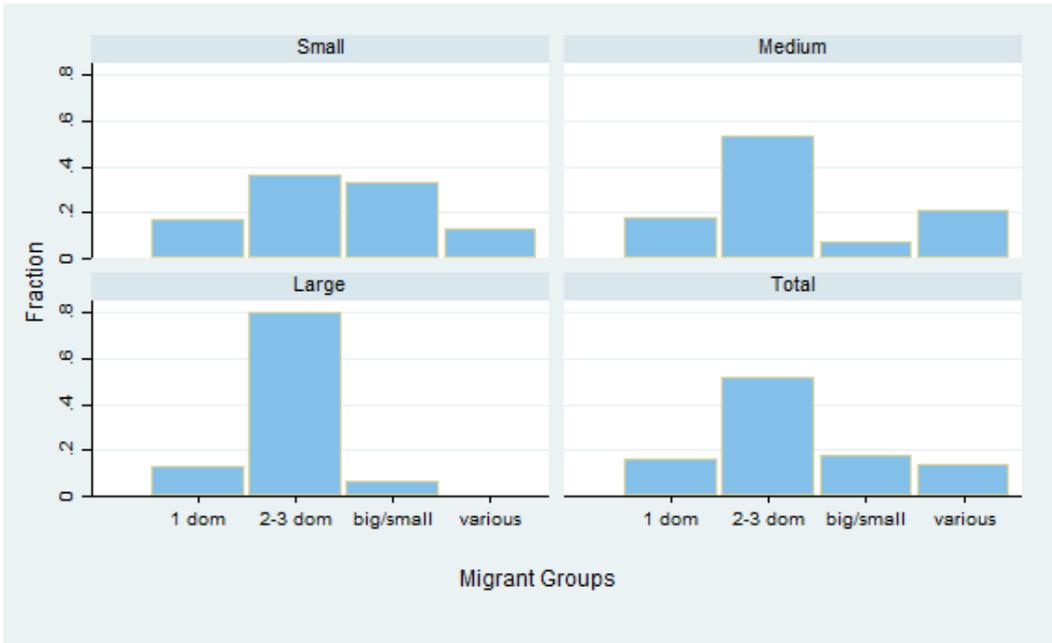
According to the survey respondents, most cities in our sample witnessed an increase in immigration over the last decade. 86 percent of the respondents state that their city overall has had more immigration than out-migration, while only 12 percent of the respondents report a

¹ Except for Turkey, which is a special case as mentioned above.

negative net-migration. With respect to foreign migration, two thirds of the respondents report an increase in immigration over the last decade, while 11 percent have observed a decrease in foreign immigration. Specifically, Northern and Southern cities have faced an increase in immigration, whereas Eastern European cities are much less affected.

With respect to the structure of the migrant population, most respondents observe “two to three dominant migrant groups, and various small factions” in their city. 18 percent of the respondents report “a couple of bigger and a couple of smaller groups”. 16 percent observe “one dominant migrant group, and various small factions”. For 14 percent of the respondents, their city’s migrant population consists of “various small factions without dominant groups”. As can be seen from Figure 1, the migrant population seems to be more concentrated in large cities, while in smaller cities respondents more often report a fractionalized migrant population.

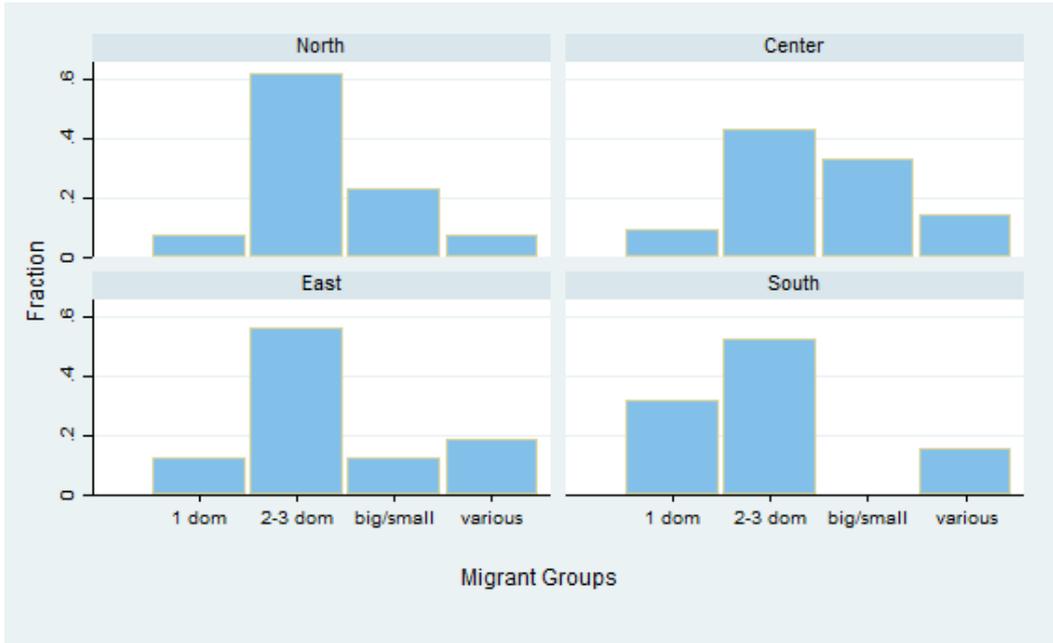
Figure 1. Structure of migrant population by city size



Notes: N=73 (total), 30 (small), 28 (medium), 15 (large). Survey question: “How would you describe your cities’ foreign migrant population?” 4 answer categories, fractions reported.

Moreover, the migrant population seems to be more concentrated in Southern European cities, while the migrant structure appears to be more fractionalized in the Central European cities.

Figure 2. Structure of migrant population by region



Notes: N=13 (north), 21 (center), 16 (east), 19 (south). Non-EU cities omitted. Survey question: “How would you describe your cities’ foreign migrant population?” 4 answer categories, fractions reported.

4.3 Respondent Characteristics

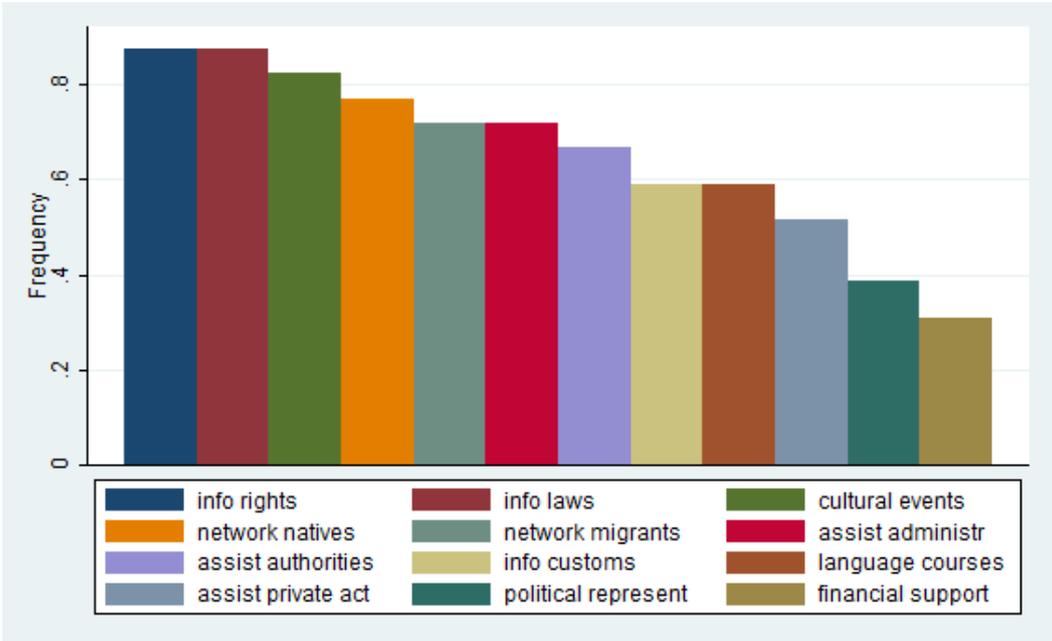
Migrant Organizations

The migrant organizations surveyed differ somewhat in the scope of their clientele. 40 percent define “specific foreign immigrant groups” as their main target group. 34 percent name “all foreign immigrants”, and 26 percent “all immigrants living in the city”. In central European cities, migrant organizations have a much broader focus, while in Eastern European cities they are most specialized. The least specialized migrant organizations can be found in small cities, while the most specialized migrant organizations are active in medium cities. The majority of the migrant organizations relies on more than one source of financing, with “public support by the city” (62 percent) and “other public support” (49 percent) being the most important sources.

Almost all migrant organizations engage in the information of migrants on their legal rights and on laws and regulations. Moreover, 82 percent of the migrant organizations organize cultural events. 76 percent engage in networking between migrants and the native population, and 72 percent in networking amongst migrants. Also 72 percent assist migrants in dealing with the local administration. Two thirds assist migrants in dealing with public authorities. More than half of the migrant organizations inform migrants about local norms, customs, and traditions; offer language courses; and assists migrants and dealing with private actors. 39 percent engage in the political representation of migrants, and 31 percent financially support

migrants. In large cities, networking is relatively more important, while in smaller cities more organizations financially support migrants.

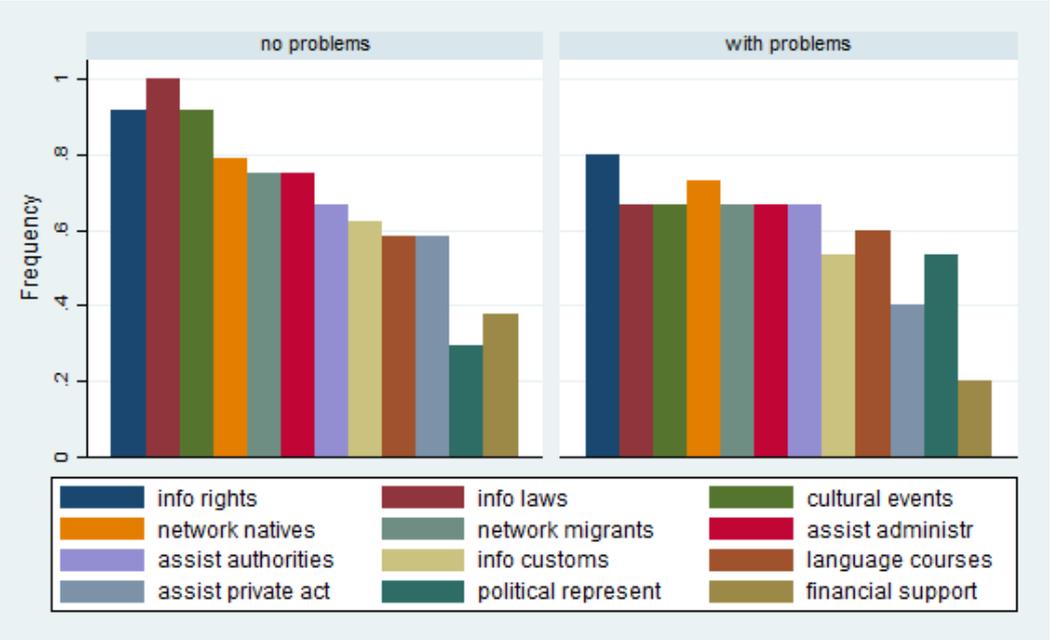
Figure 3. Activities of migrant organizations



Notes: N=39. Survey question: “Which activities does your organization engage in?” Multiple answer options, means reported. Migrant organizations only.

In cities that face problems from cultural diversity, migrant organizations generally engage in fewer activities. Moreover, they are more engaged in the political representation of migrants, and not so much in information, assistance, or the organization of cultural events.

Figure 4. Activities of migrant organizations by problems stated

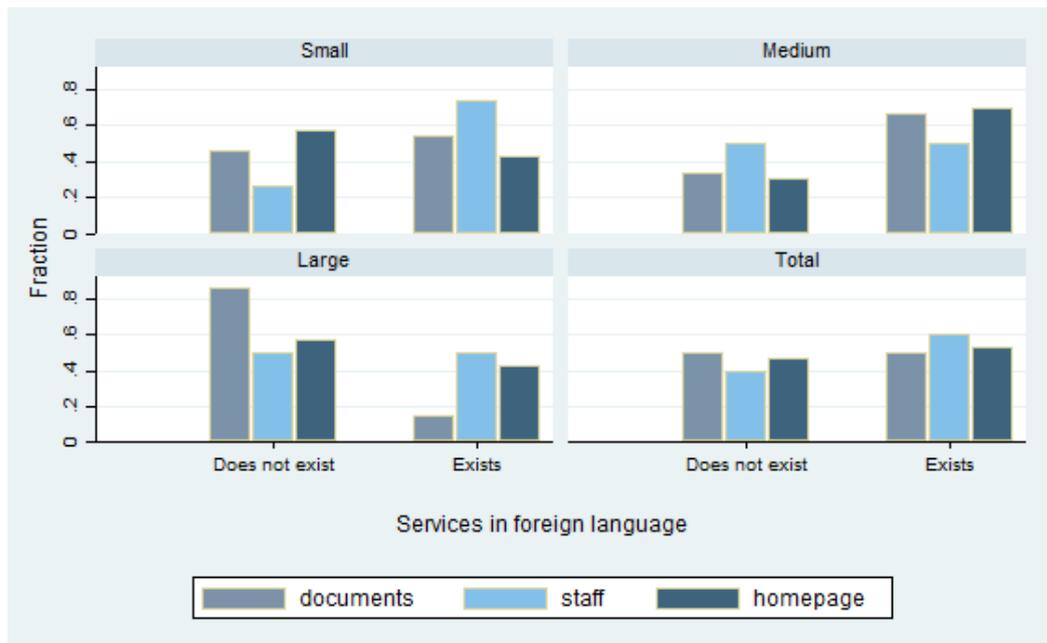


Notes: N=24 (no problem), 16 (with problems). Survey question: “Which activities does your organization engage in?” Multiple answers options, means reported. Migrant organizations only.

City administrations

60 percent of the city administrations surveyed deliberately employ foreign-speaking staff to deal with migrants. 53 percent have homepages in foreign languages, and 50 percent publish official documents and forms in more than one language. It is not necessarily the large cities that offer services in foreign languages. Indeed, smaller cities seem to put more effort into these services.

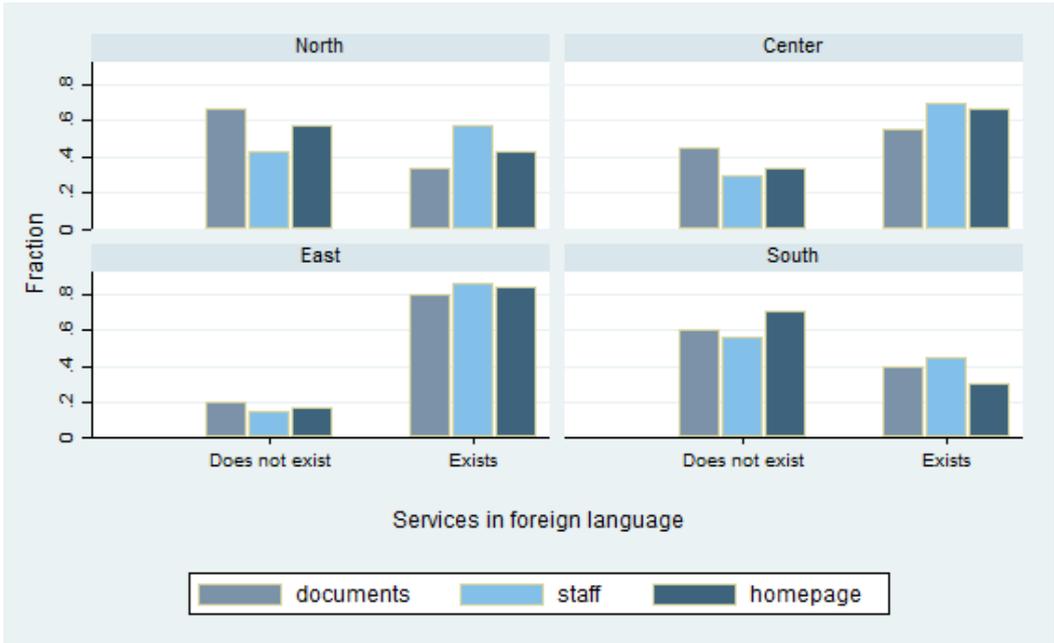
Figure 5. Administrative services by city size



Notes: N=32/35/34 (total), 13/15/14 (small), 12/14/13 (medium), 7/6/7 (large). Survey questions: “In how many languages does your city publish its official documents and forms?”/”Do you deliberately employ foreign-speaking staff to deal with migrants?”/”Does your city administration have a homepage in foreign language?” Means reported. City administrations only.

Offering services in foreign languages is much more common in Eastern European cities. Southern European cities are less active in this respect.

Figure 6. Administrative services by region



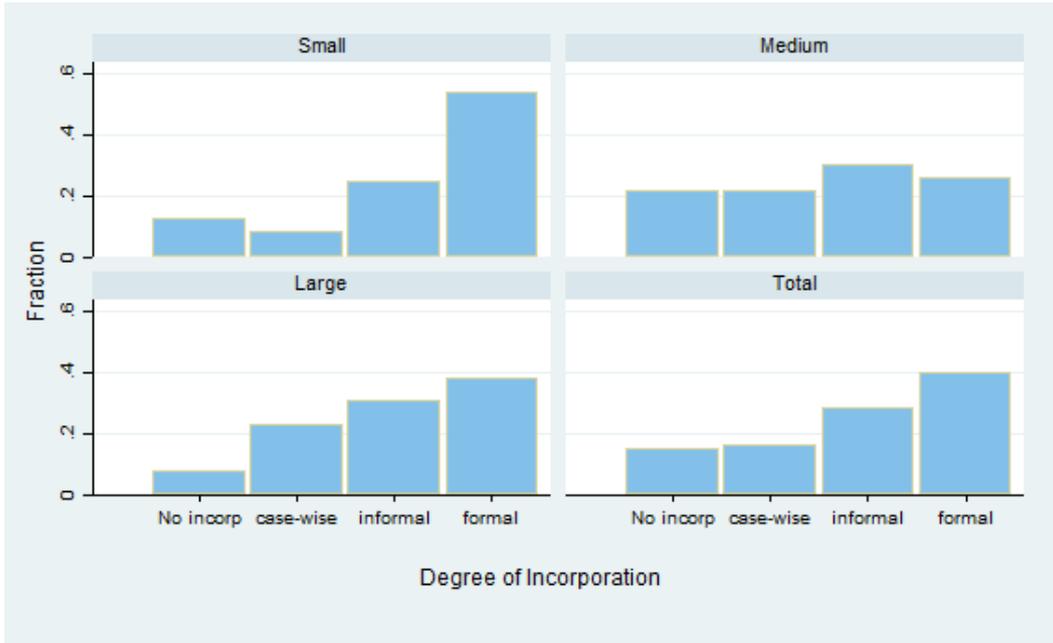
Notes: N=6/7/7 (north), 9/10/9 (center), 5/7/6 (east), 10/9/10 (south). Non-EU cities omitted. Survey questions: “In how many languages does your city publish its official documents and forms?”/”Do you deliberately employ foreign-speaking staff to deal with migrants?”/”Does your city administration have a homepage in foreign language?” Means reported. City administrations only.

4.4 Relationship between migrant organizations and city administrations

Incorporation of Migrant Organizations

In most cities, migrant organizations are incorporated into administrative routines, either on a formal (40 percent) or an informal (28 percent) basis. 17 percent of the respondents report that migrant organizations are incorporated case-wise on an informal basis, and only 15 percent state that no incorporation exists. City size does not seem to be a major determinant of incorporation. Indeed, levels of incorporation are particularly high in small, but also in large cities.

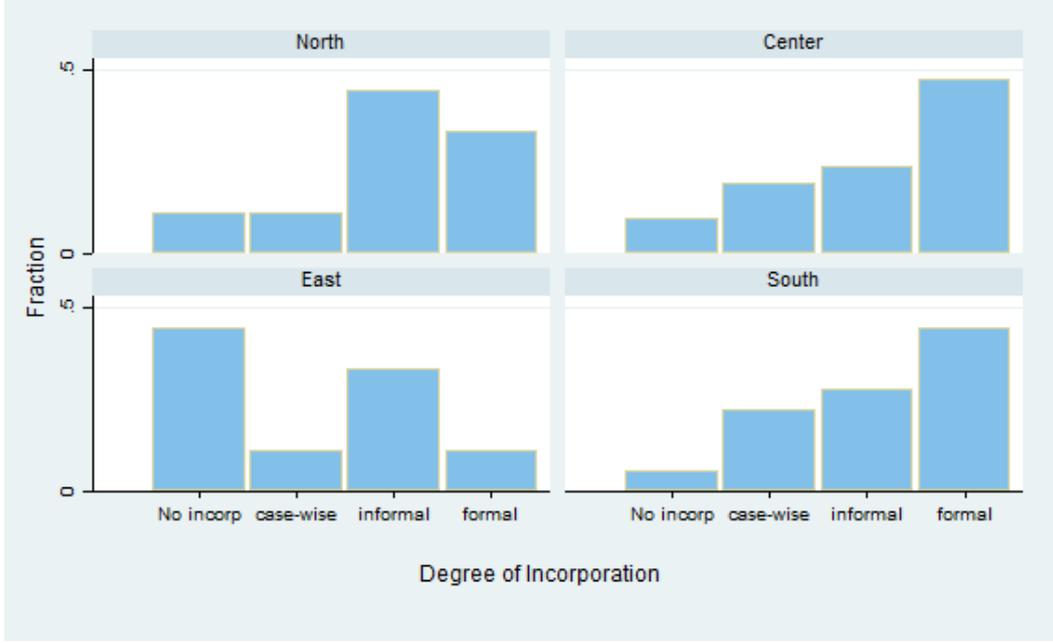
Figure 7. Incorporation of migrant organizations by city size



Notes: N=60 (total), 24 (small), 23 (medium), 13 (large). Survey questions: “Is/are your city’s migrant organization(s) incorporated into administrative routines?” 4 answer categories, fractions reported.

Patterns of incorporation vary across European regions, with least incorporation of migrant organizations in the Eastern European cities. However, these are also the countries where the fewest foreigners live.

Figure 8. Incorporation of migrant organizations by region

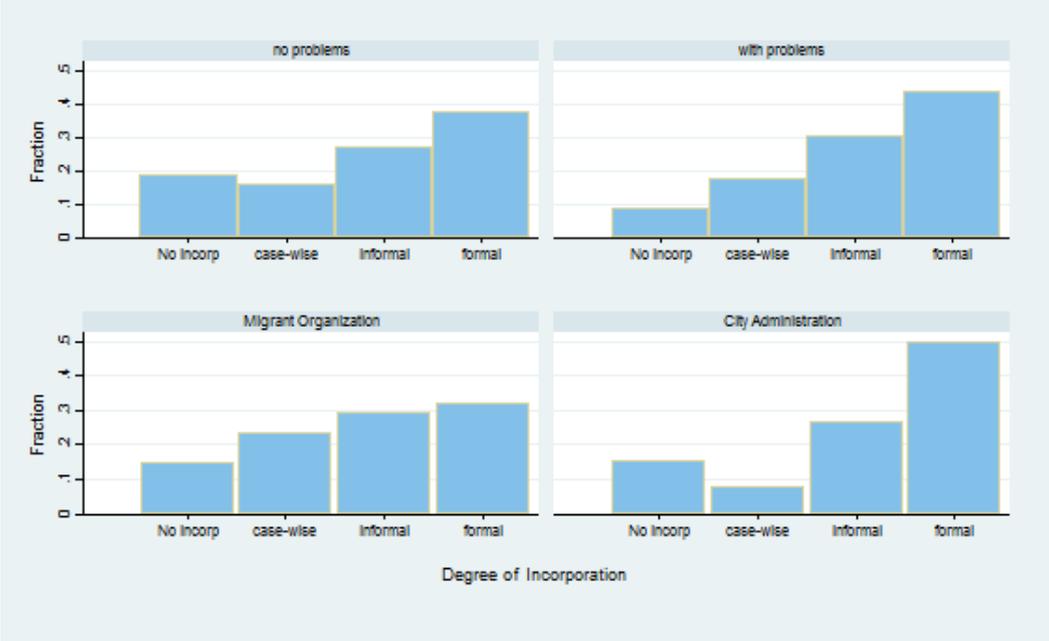


Notes: N=9 (north), 21 (center), 9 (east), 18 (south). Non-EU cities omitted. Survey questions: “Is/are your city’s migrant organization(s) incorporated into administrative routines?” 4 answer categories, fractions reported.

Somewhat unexpectedly, levels of incorporation are higher in cities where respondents state that problems resulting from cultural diversity exist. This suggests that incorporation might

partly be a response to perceived problems. Eventually, city administrations and migrant organizations differ in their evaluation of the degree of incorporation of migrant organizations into administrative routines. City administrations see a higher degree of formality in the cooperation with migrant organizations. Still, both groups agree on the existence of an incorporation into administrative routines.

Figure 9. Incorporation of migrant organizations by problems stated/respondent

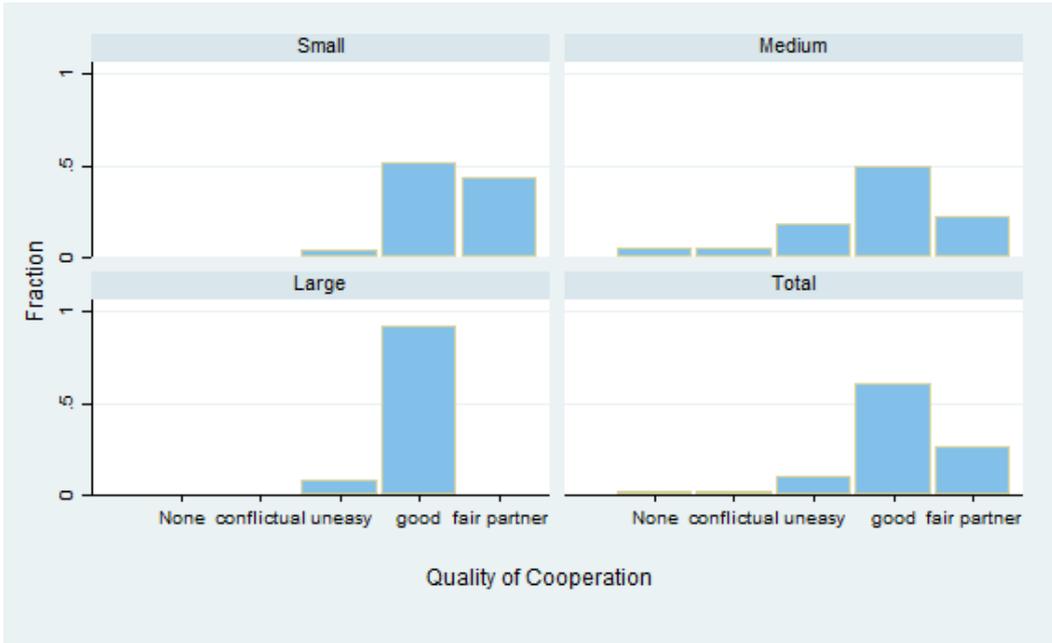


Notes: N=37 (no problems), 23 (with problems) // 34 (migrant organization), 26 (city administration). Survey questions: “Is/are your city’s migrant organization(s) incorporated into administrative routines?” 4 answer categories, fractions reported.

Cooperation

Most respondents evaluate the cooperation between migrant organizations and city administration in their city positively. 60 Percent describe their relationship as “good relationship”, and 26 percent even as “fair partnership”. 10 percent see the cooperation between city administration and migrant organization as “uneasy relationship”. Less than 2 percent in each case evaluate the relationship as “conflictual”, or state that there is “no cooperation at all”. Specifically in small cities, cooperation between migrant organizations and the city administration is seen positively. The evaluation in large cities is also good, but without top values. The largest spread is observed in medium-sized cities.

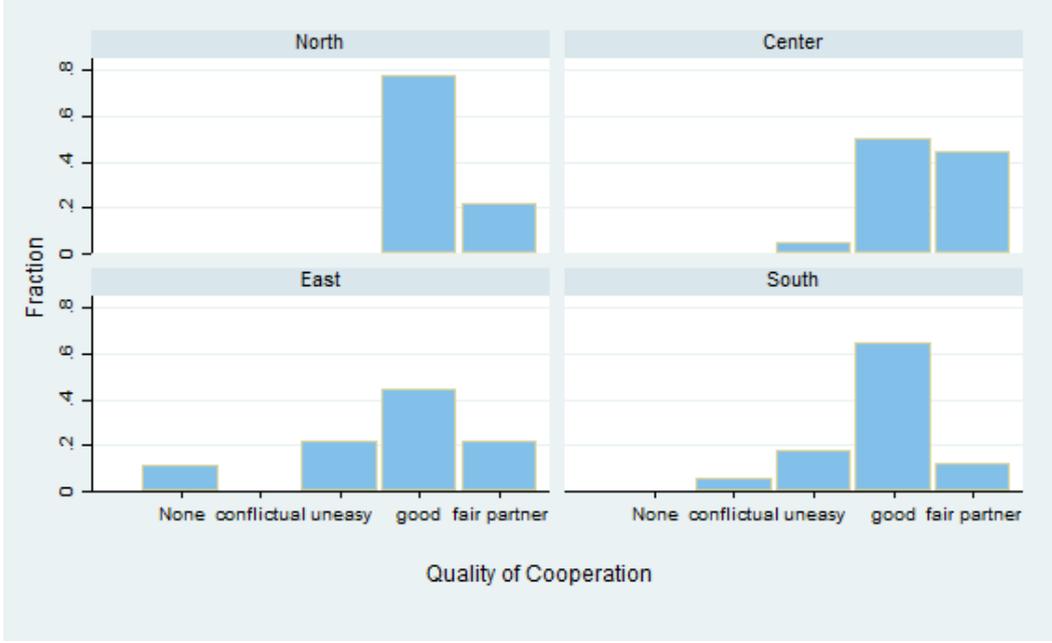
Figure 10. Relationship migrant organization-administration by city size



Notes: N=58 (total), 23 (small), 22 (medium), 13 (large). Survey questions: “How would you describe the cooperation with your city’s administration/migrants’ organization(s)?” 5 answer categories, fractions reported.

In all regions, the majority of respondents evaluates the cooperation between city administration and migrant organizations positively. Most negative responses come from Southern and Eastern European cities.

Figure 11. Relationship migrant organization-administration by region



Notes: N=9 (north), 20 (center), 9 (east), 17 (south). Non-EU cities omitted. Survey questions: “How would you describe the cooperation with your city’s administration/migrants’ organization(s)?” 5 answer categories, fractions reported.

Also in cities facing problems from cultural diversity, the cooperation between city administration and migrant organizations is positively evaluated. Indeed, the relationship between those organizations seem to be a little better than in cities where no problems resulting from cultural diversity are identified by the respondents. Respondents from the city administrations gave only positive evaluations of the cooperation with the migrant organizations. In consequence, all critical judgments were raised by respondents from migrant organizations. However, the overall assessment by the migrant organizations is still rather positive.

Figure 12. Relationship migrant organization-administration by problems/respondent



Notes: N=34 (no problems), 24 (with problems) // 34 (migrant organization), 24 (city administration). Survey questions: “How would you describe the cooperation with your city’s administration/migrants’ organization(s)?” 5 answer categories, fractions reported.

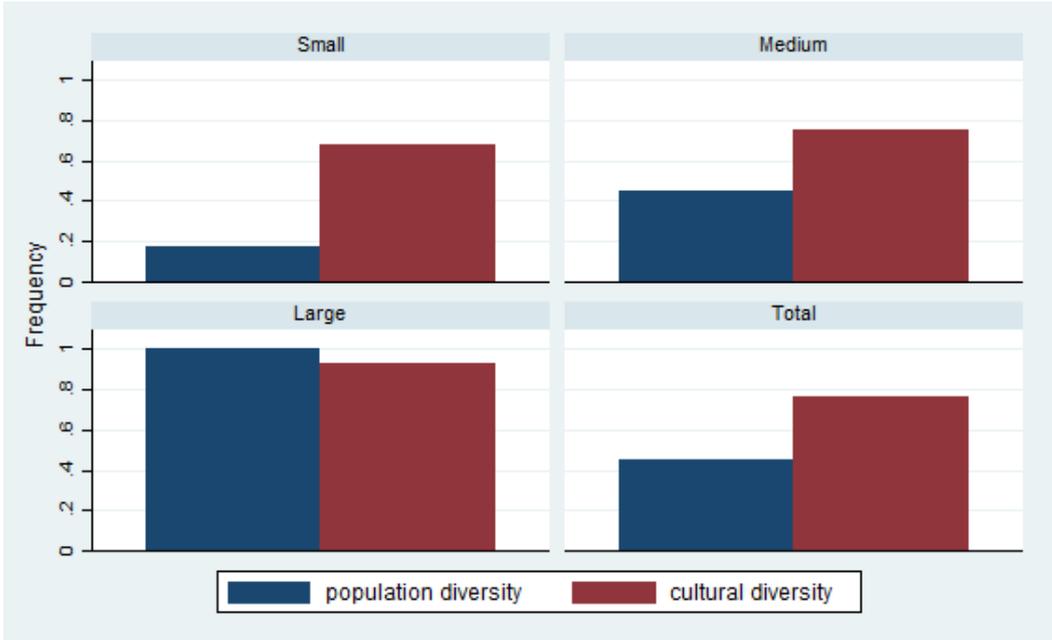
4.5 General assessment of cultural diversity

Ethnic and cultural diversity

On a scale from -2 (little diversity) to +2 (much diversity)², respondents evaluate the diversity of their city’s population with 0.45 and their city’s cultural diversity with 0.76, on average. The evaluation of diversity corresponds to city size. The variance in the evaluation of the population’s diversity is much higher, with large cities evaluating their population’s diversity higher than their city’s cultural diversity. Apparently, the experts differentiate between the ethnic and the cultural diversity of their city.

² After rescaling. Original scale in the questionnaire ranged from 1 to 5.

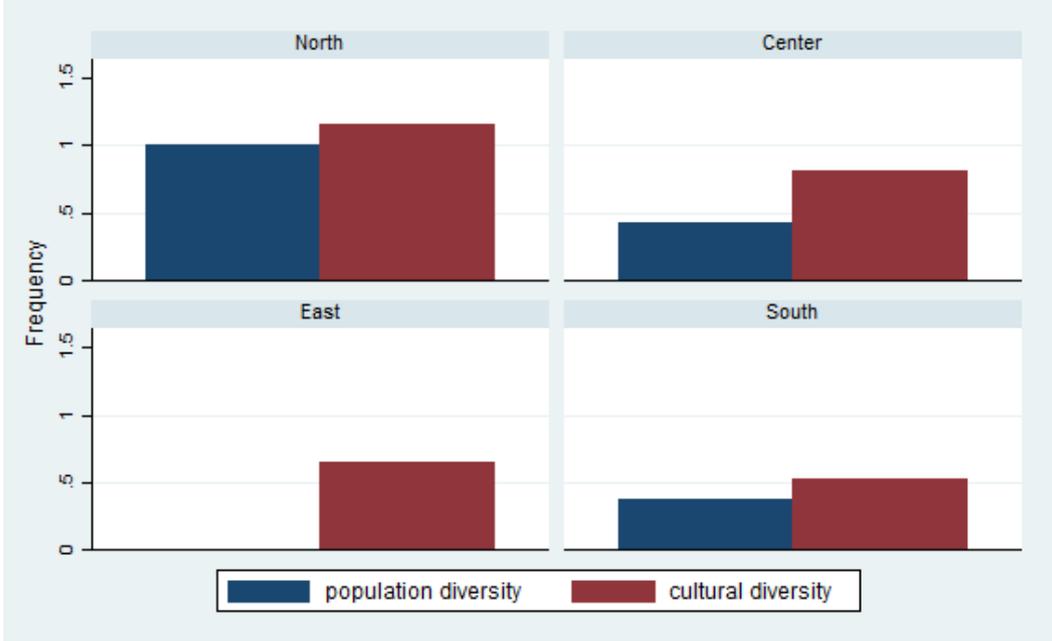
Figure 13. Evaluation of diversity by city size



Notes: N=71/71 (total), 28/28 (small), 29/28 (medium), 14/15 (large). Survey questions: “How diverse do you rate your city’s population?”/”How do you evaluate your city’s cultural diversity?” 5 point scale [-2, 2], means reported.

In all sub-regions, respondents rate their city’s cultural diversity higher than their population’s diversity, while both are always rated zero or higher. Population’s diversity as well as city’s cultural diversity are rated highest in Northern cities. The city’s diversity is rated lowest in Southern cities, while the population’s diversity is rated lowest in Eastern cities (value 0 on a scale from -2 to +2).

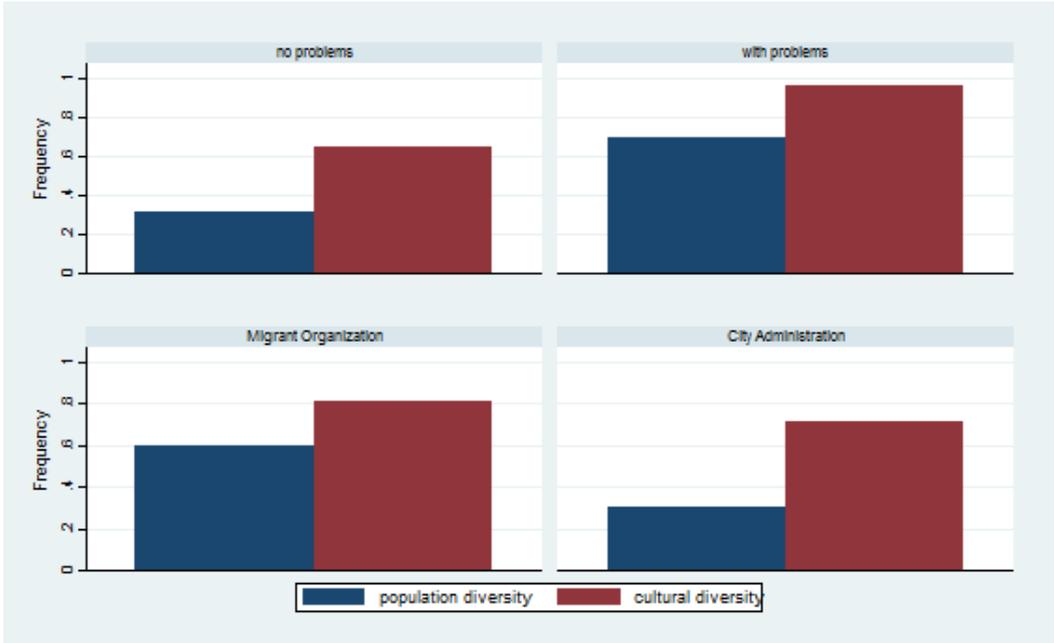
Figure 14. Evaluation of diversity by region



Notes: N=13/13 (north), 21/21 (center), 13/14 (east), 19/19 (south). Non-EU cities omitted. Survey questions: “How diverse do you rate your city’s population?”/”How do you evaluate your city’s cultural diversity?” 5 point scale [-2, 2], means reported.

Cities having problems resulting from cultural diversity evaluate both the degree of population diversity as well as their city’s cultural diversity higher. On average, migrant organizations evaluate their city’s cultural diversity and specifically their city population’s diversity higher than city administrations. This might be due to both a perception bias as well as better information about the migrants’ structure and activities.

Figure 15. Evaluation of diversity by problems stated / respondent

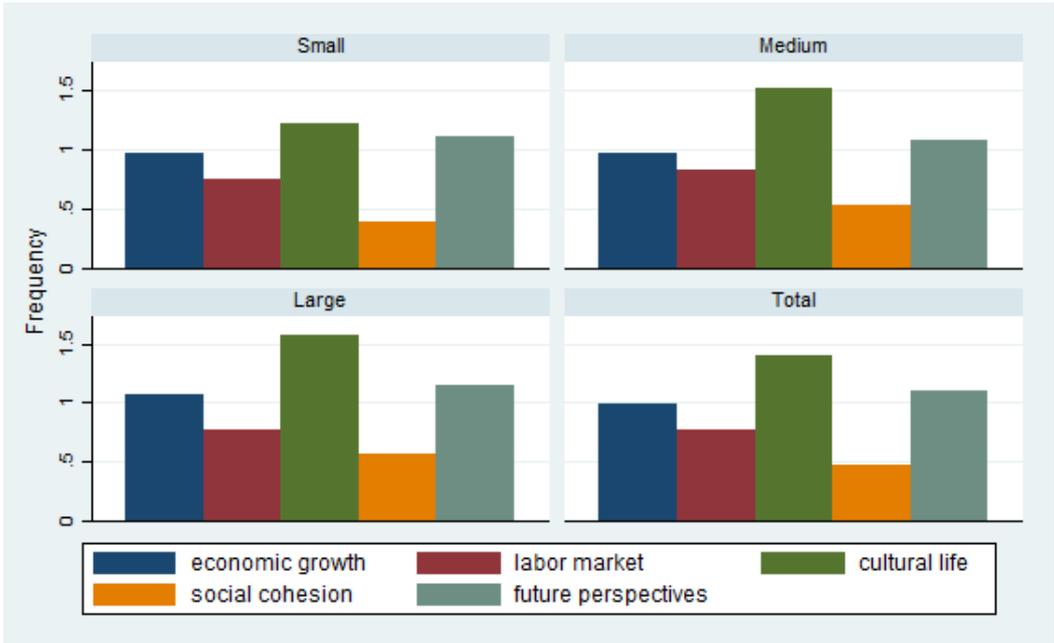


Notes: N=45/45 (no problems), 26/26 (with problems) // 35/36 (migrant organization), 36/35 (city administration). Survey questions: “How diverse do you rate your city’s population?”/”How do you evaluate your city’s cultural diversity?” 5 point scale [-2, 2], means reported.

Economic effects of cultural diversity

On a scale from -2 (very negative) to +2 (very positive), respondents on average give a positive evaluation of cultural diversity’s overall impact on economic growth (0.99), the labor market (0.78), cultural life (1.40), social cohesion (0.48), and their city’s future perspectives (1.11). There is not much variance in the evaluation of diversity effects with respect to city size. On average, small city evaluate the impact on cultural life somewhat lower than larger cities.

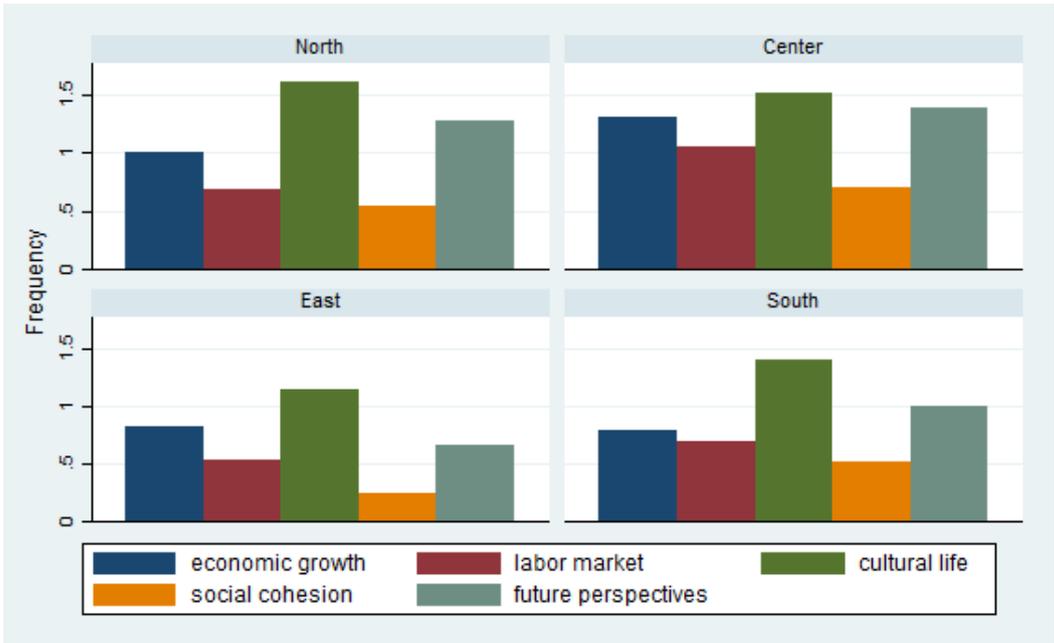
Figure 16. Evaluation of diversity effects by city size



Notes: N=66/68/72/67/65 (total), 27/27/29/28/27 (small), 26/28/29/25/25 (medium), 13/13/14/14/13 (large). Survey questions: “Please evaluate the overall impact of cultural diversity on the following aspects in your city”. 5 answers on a 5 point scale [-2, 2], means reported.

Overall, the evaluation is highest in central European cities, specifically with respect to positive impacts on economic growth and future perspectives. It is lowest, but still very positive, in the Eastern European cities.

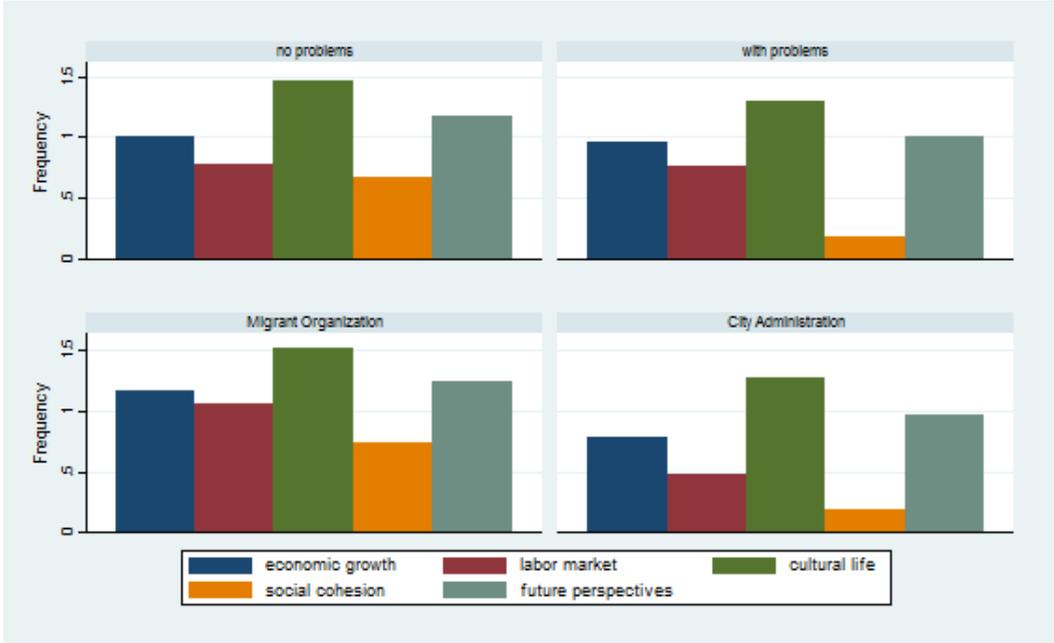
Figure 17. Evaluation of diversity effects by region



Notes: N=12/13/13/13/11 (north), 19/18/21/20/20 (center), 11/13/14/12/12 (east), 20/20/20/19/19 (south). Non-EU cities omitted. Survey questions: “Please evaluate the overall impact of cultural diversity on the following aspects in your city”. 5 answers on a 5 point scale [-2, 2], means reported.

Cities facing problems from cultural diversity still have a positive evaluation of diversity effects. Only with respect to the positive impacts on social cohesion, they score clearly lower. Not too surprisingly, migrant organizations evaluate the impacts of cultural diversity more optimistic than city administrations. Specifically, City administrations are more skeptical with respect to hard economic effects on growth and the labor market and, in particular, on social cohesion – but still give a positive evaluation, on average.

Figure 18. Evaluation of diversity effects by problems stated / respondent



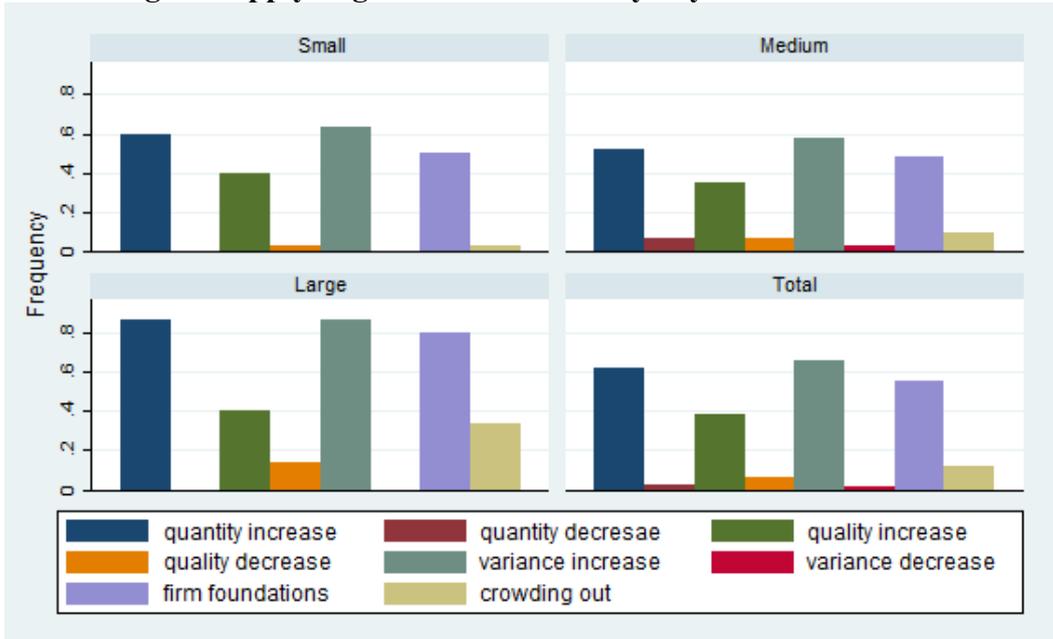
Notes: N=40/42/45/40/40 (no problems), 26/26/27/27/25 (with problems) // 34/35/36/35/33 (migrant organization), 32/33/36/32/32 (city administration). Survey questions: “Please evaluate the overall impact of cultural diversity on the following aspects in your city”. 5 answers on a 5 point scale [-2, 2], means reported.

4.6 Positive Effects of Cultural Diversity

Provision of goods and services

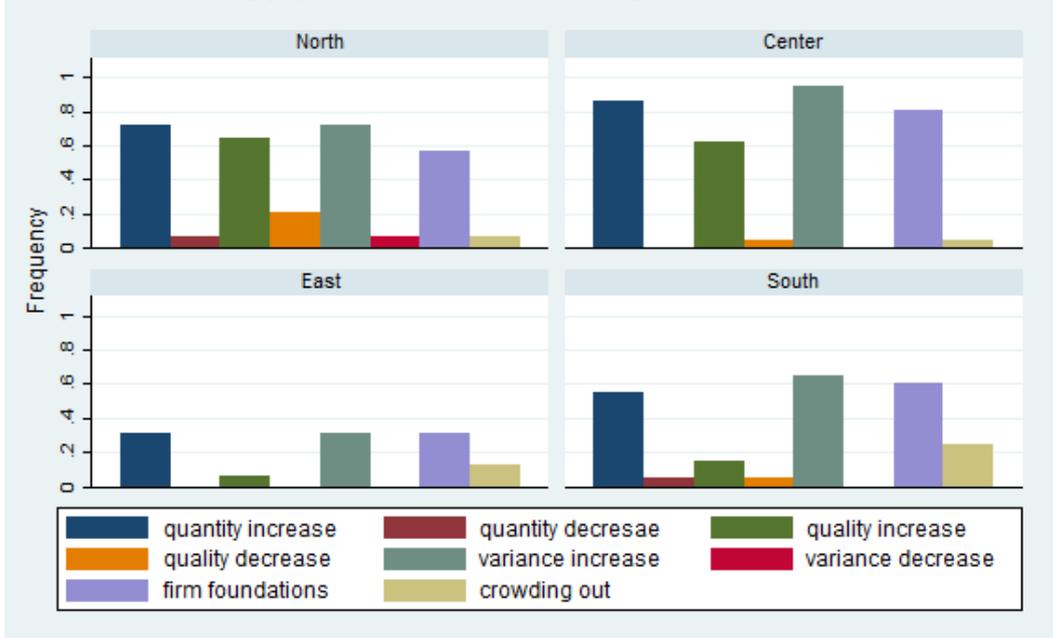
Two thirds of all respondents state that the supply of goods and services in their city has changed significantly due to increasing cultural diversity. Of those, 62 percent say that the quantity of supply has increased, and 3 percent that it has decreased. 38 percent see the quality of supply increased, and 7 percent decreased. 66 percent state that the variety of supply has increased, 1 percent says that it has decreased. 55 percent respond that new firms and businesses have been founded as result of increasing cultural diversity, and 5 percent that incumbent suppliers have been crowded out. In large cities, positive supply effects of increasing cultural diversity seem to be more prominent. However, they also tend to state decreasing quality and crowding out of incumbents more often.

Figure 19. Change in supply of goods and services by city size



Notes: N=76 (total), 30 (small), 31 (medium), 15 (large). Survey questions: “How has the supply of goods and services in your city changed due to increasing cultural diversity?” Multiple answers, means reported.

Figure 20. Change in supply of goods and services by region

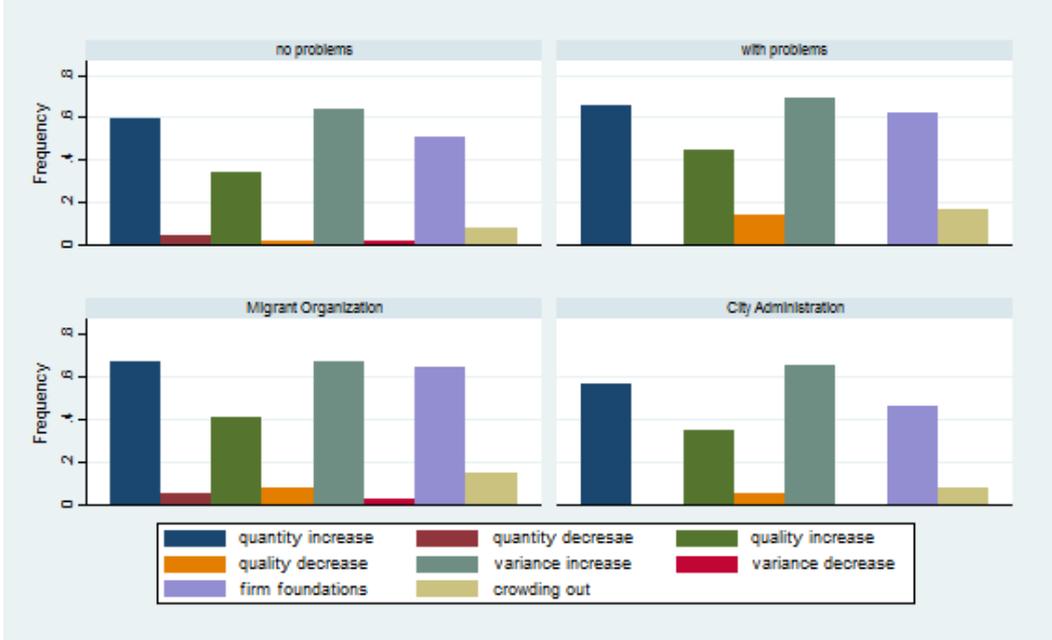


Notes: N=14 (north), 21 (center), 16 (east), 20 (south). Non-EU cities omitted. Survey questions: “How has the supply of goods and services in your city changed due to increasing cultural diversity?” Multiple answers, means reported.

While all regions, specifically the Center and the North, report an increase in quantity, only the North and the Center report a significant increase in the quality of supply of goods and services due to increasing cultural diversity. However, quite some Northern respondents also state that quality has decreased. For the Center as well as for the South, increase in variety is the most important supply effect of increasing cultural diversity. In all regions, firm foundations are seen as more prominent effect as crowding out of incumbents. However, crowding out seems to be a concern in the Southern cities.

Cities with problems from cultural diversity differ only slightly with respect to their evaluation of supply effects of cultural diversity. They see somewhat more often crowding out of incumbents and decrease in the quality of supply as outcomes, but are less likely to state other negative effects. Migrant organizations and city administration are remarkably similar in their evaluation of cultural diversity’s supply effects. Migrant organization slightly more often see an increase in quantity and foundations of new firms and businesses as result of increasing cultural diversity, but they also state negative effects more often, particularly crowding out of incumbents.

Figure 21. Change in supply of goods and services by problems stated / respondent



Notes: N=47 (no problems), 29 (with problems) // 39 (migrant organization), 37 (city administration). Survey questions: “How has the supply of goods and services in your city changed due to increasing cultural diversity?” Multiple answers, means reported.

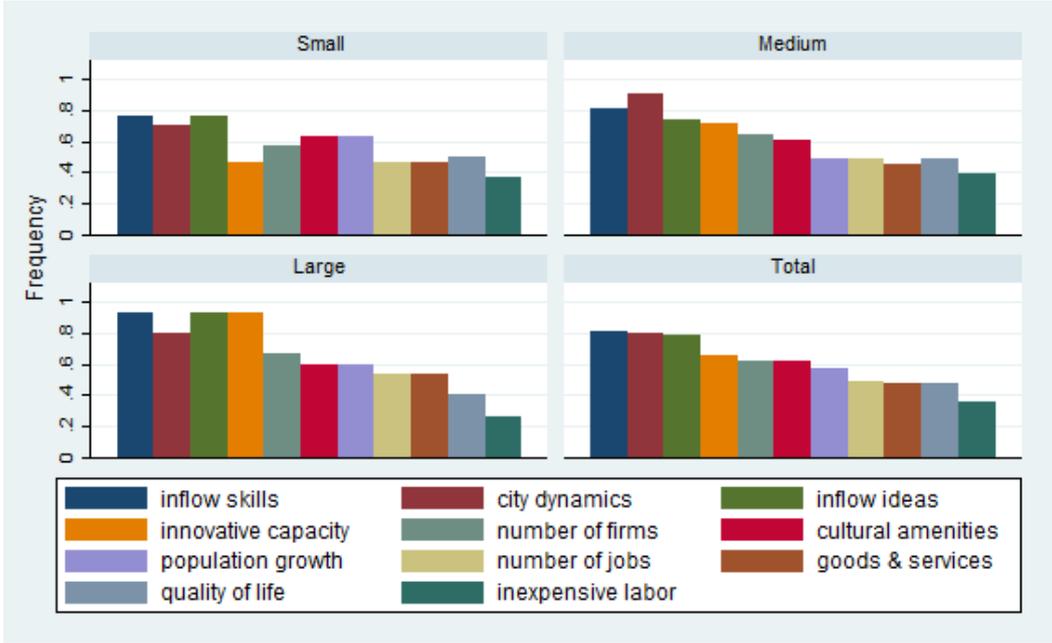
In sum, the overall assessment of the effects of cultural diversity on the quantity, quality and variety of goods and services provision is very positive. The same is true for the net assessment of new firm formation.

Other benefits

82 percent of all respondents see the “inflow of skills” as major benefit of an increase in cultural diversity. 80 percent name “increase in city’s dynamics”. “Inflow of ideas” is stated by 79 percent of the respondents. 66 percent refer to “increase in innovative capacity”, and 62 percent to “increase in number of firms” as major benefit. 57 percent state that “population growth” is a benefit of diversity, and 49 percent name “increase in number of jobs”. For 47 percent, “improvement of supply of goods and services” is a major benefit, and the same

share of respondents sees “quality of life” increased due to increasing cultural diversity. For 36 percent of the respondents, cultural diversity leads to “inflow of inexpensive labor”. For large cities, the relative importance of benefits for increases in the innovative capacity is comparatively higher. Medium cities stress effects on the city’s dynamics. For small cities, the evaluation of benefits from increasing cultural diversity is on average lower and less diversified

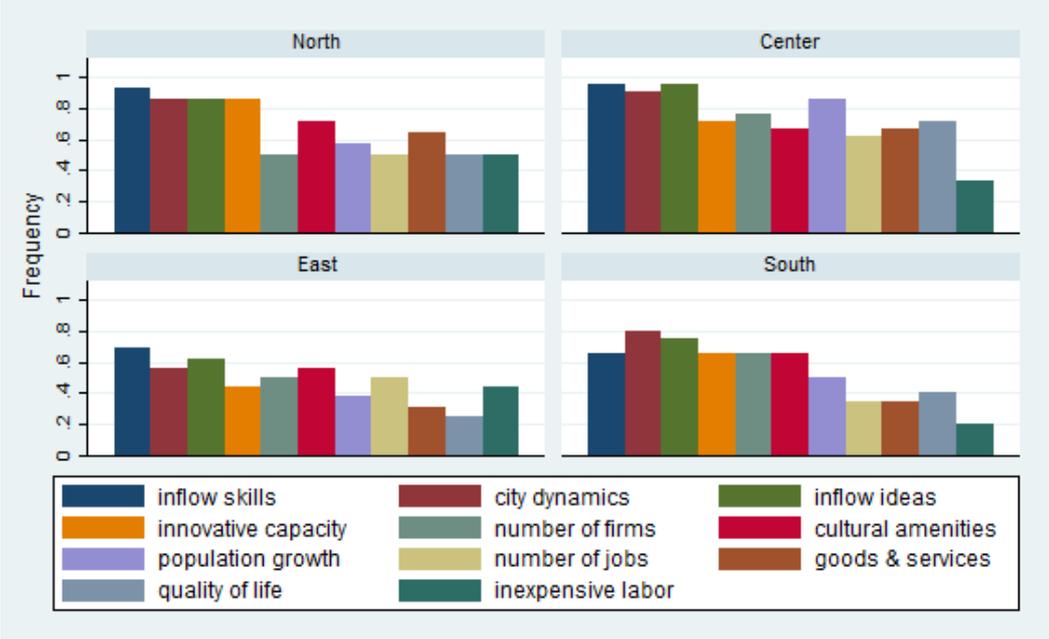
Figure 22. Benefits of cultural diversity by city size



Notes: N=76 (total), 30 (small), 31 (medium), 15 (large). Survey questions: “Which of the following do you regard to be major benefits of an increase in cultural diversity?” Multiple answers, means reported.

There is pronounced variance in the evaluation of the benefits of increasing cultural diversity across cities from different regions. Specifically Eastern European, but also Southern European cities see fewer benefits from increasing cultural diversity. Moreover, in Eastern Europe the relative importance of increase in innovative capacity and inflow of ideas is comparatively low. Central European cities stress the positive effects of increasing cultural diversity on population growth.

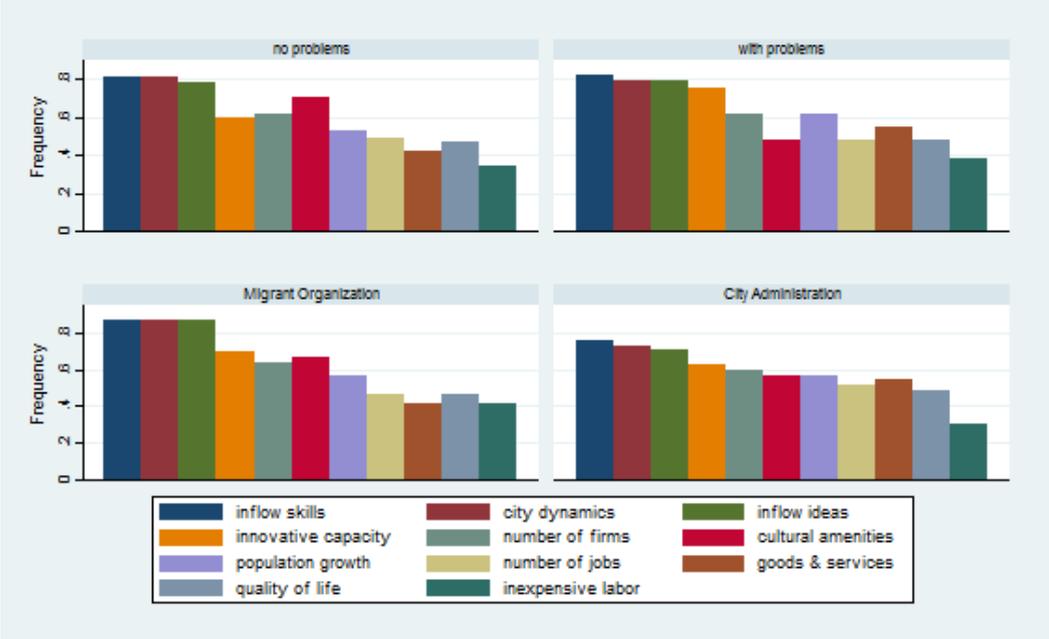
Figure 23. Benefits of cultural diversity by region



Notes: N=14 (north), 21 (center), 16 (east), 20 (south). Non-EU cities omitted. Survey questions: “Which of the following do you regard to be major benefits of an increase in cultural diversity?” Multiple answers, means reported.

Cities with problems from cultural diversity have somewhat less appreciation for cultural diversity effects on the improvement of supplies for cultural amenities, but evaluate improvement of supply of goods and services and also increase in innovative capacity higher. Migrant organizations evaluate the benefits from increasing cultural diversity on average higher than the city administration. Moreover, they stress inflow of inexpensive labor, increase in number of firms, and supply of cultural amenities as compared to the city administrations.

Figure 24. Benefits of cultural diversity by problems stated / respondent



Notes: N=47 (no problems), 29 (with problems) // 39 (migrant organization), 37 (city administration). Survey questions: “Which of the following do you regard to be major benefits of an increase in cultural diversity?” Multiple answers, means reported.

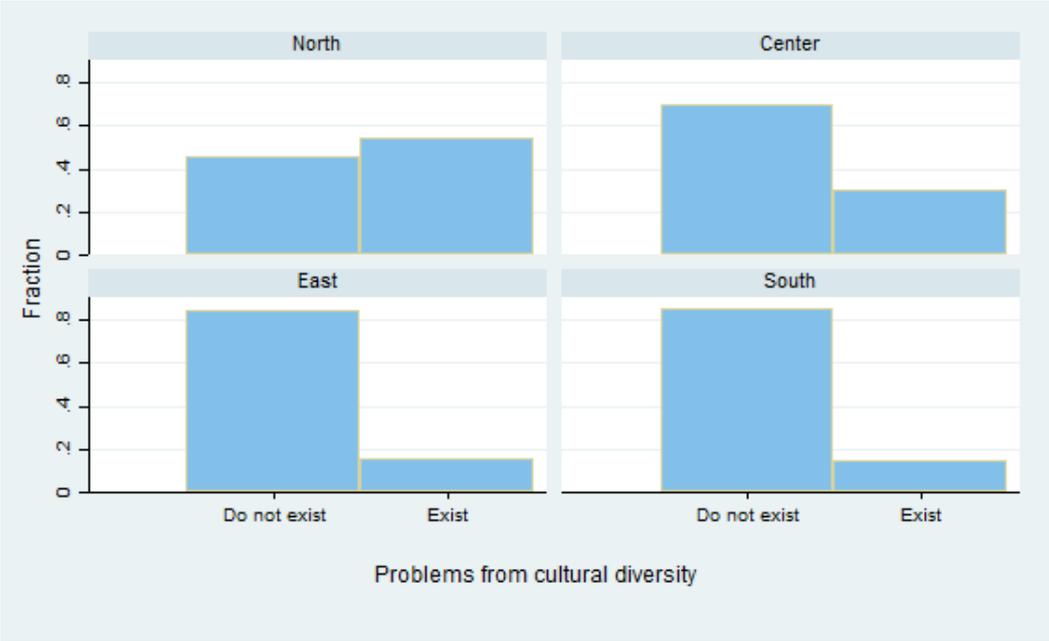
In a nutshell, the inflow of skills and ideas, the increase in city dynamics, the increase of the cities’ innovative capacities and the increase in new firm formation turn out to be the most frequently stated benefits of cultural diversity at the city level.

4.7 Negative Effects of Cultural Diversity

Perception of Problems

About 25 percent of the respondents report that their city has problems resulting from the multicultural composition of its population. The large majority states that there are no such problems. Problems seem to be more prominent in the Northern and Central European cities, and less important in other regions. Besides that, it is particularly large cities that report problems resulting from multicultural diversity. Most interestingly, migrant organizations and city administrations on average largely agree on the prevalence (or absence) of problems resulting from cultural diversity. However, if one respondent states that such problems exist, this evaluation usually contradicts the evaluation of its counterpart from the same city.

Figure 25. Problems resulting from cultural diversity by region



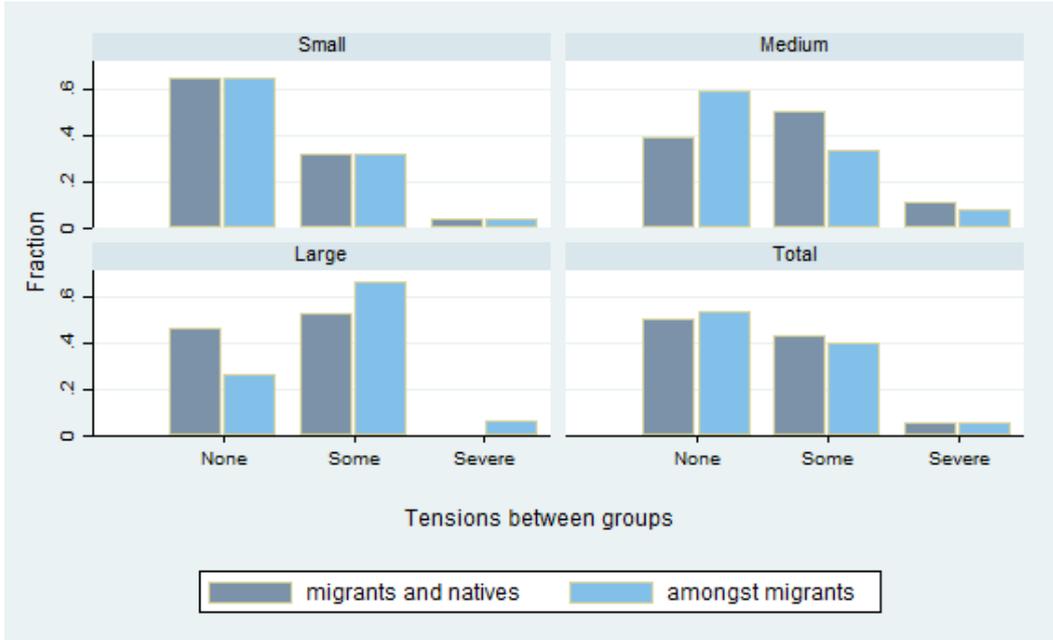
Notes: N=11 (north), 20 (center), 13 (east), 20 (south). Non-EU cities omitted. Survey questions: “Does your city have problems resulting from the multicultural composition of its population?” Means reported.

Most obviously, problems resulting from cultural diversity hint at transaction costs that might decrease a city’s net benefits from diversity, even down to the negative scale. Thus, it is important to point out that the regional variance observed here might have different causes. As described in the regional level analysis, there is huge variance in the regional share of migrants and its composition. Most certainly, problems resulting from diversity are a function of size and composition of the migrant population, inter alia. The relationship between costs and benefits of cultural diversity and its regional dimension are of major interest for this paper and will be discussed more extensively in Section 5.

Tensions

44 percent of the respondents observe “some tensions” and 6 percent observe “severe tensions” between the foreign migrant and the native population. Half of the respondents state that there are no such tensions or that tensions are neglectable. Amongst migrant groups, slightly less tensions are reported. Small cities report on average less and large cities on average more tensions. Specifically, there is more tensions amongst migrant groups in large cities.

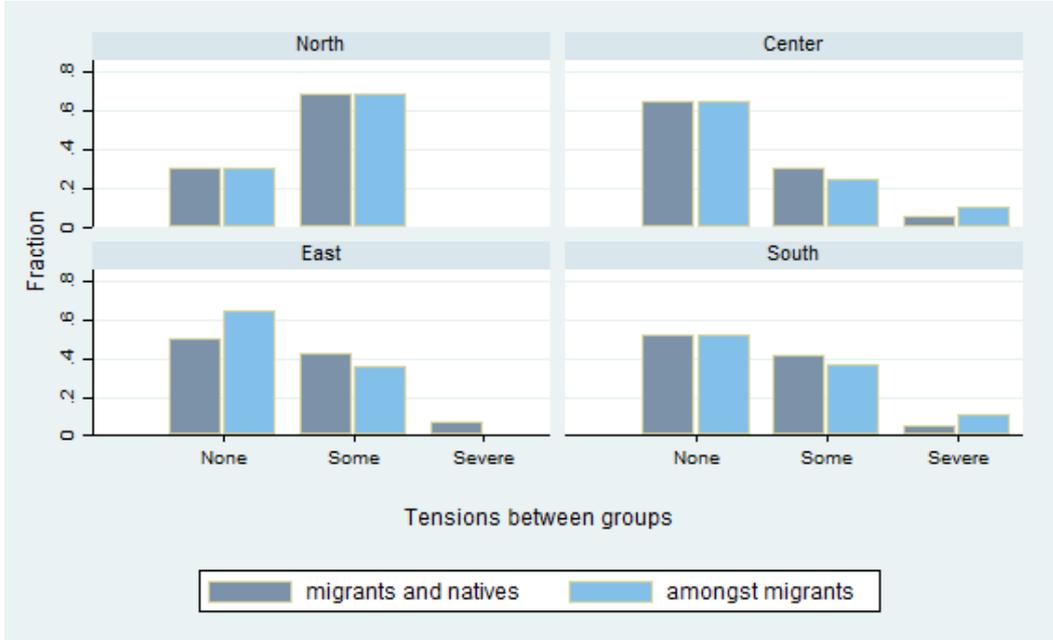
Figure 26. Tensions with foreign migrants by city size



Notes: N=71/70 (total), 28/28 (small), 28/27 (medium), 15/15 (large). Survey questions: “Do you observe tensions between foreign migrant groups and the native population?”/”Do you observe tensions between different foreign migrant groups?” 3 answer categories, fractions reported.

This pattern is almost the same in Central, Eastern and Southern European cities, although there are somewhat more severe tensions amongst migrant groups reported in the Center and in the South. In Northern regions, there are generally more tensions, but less severe tensions.

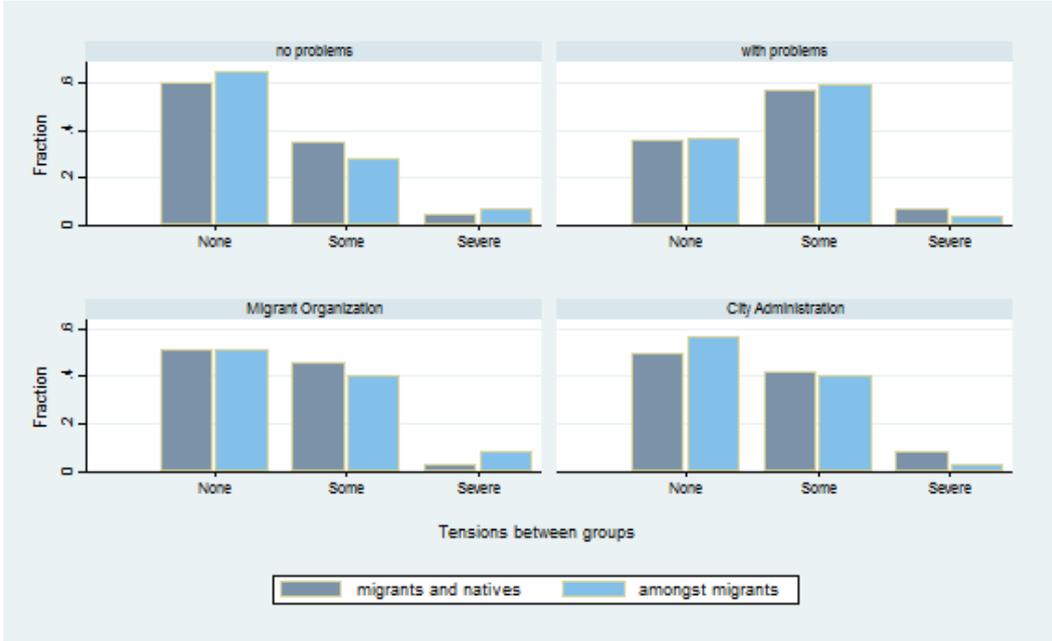
Figure 27. Tensions with foreign migrants by region



Notes: N=13/13 (north), 20/20 (small), 14/14 (medium), 19/19 (large). Non-EU cities omitted. Survey questions: “Do you observe tensions between foreign migrant groups and the native population?”/”Do you observe tensions between different foreign migrant groups?” 3 answer categories, fractions reported.

Most obviously, cities facing problems from cultural diversity report more tensions both amongst migrants as well as between migrants and the native population. Migrant organizations tend to observe somewhat more tensions between migrants and the native population. Interestingly, migrant organizations also report more severe tensions amongst migrant groups, while city administrations observe more severe tensions between migrants and the native population.

Figure 28. Tensions with foreign migrants by problems stated / respondent

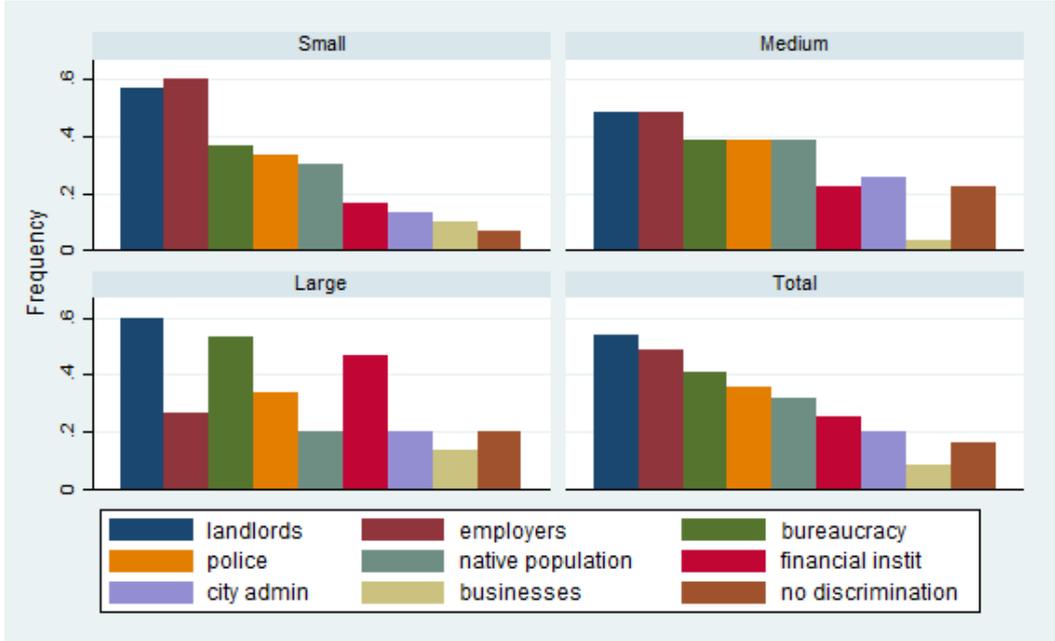


Notes: N=43/43 (no problems), 28/27 (with problems) // 35/35 (migrant organization), 36/35 (city administration). Survey questions: “Do you observe tensions between foreign migrant groups and the native population?”/”Do you observe tensions between different foreign migrant groups?” 3 answer categories, fractions reported.

Discrimination

31 percent of all respondents state that migrants regularly face discrimination by the native population. 20 percent say that migrants are being discriminated by the city administration. 36 percent name the police and 54 percent landlords or real estate agents as actors that discriminate migrants. 8 percent answer that migrants are discriminated by shops or businesses. One quarter states that financial institutions or banks discriminate migrants, and 49 percent report discrimination by employers. 41 percent name the bureaucracy as source of discrimination, while 16 percent report no discrimination of migrants at all. In small cities, employers are stated to discriminate migrants much more frequently, while in large the bureaucracy and financial institutions are named more often. Moreover, in larger cities respondents are more likely to state that migrants do not face discrimination at all.

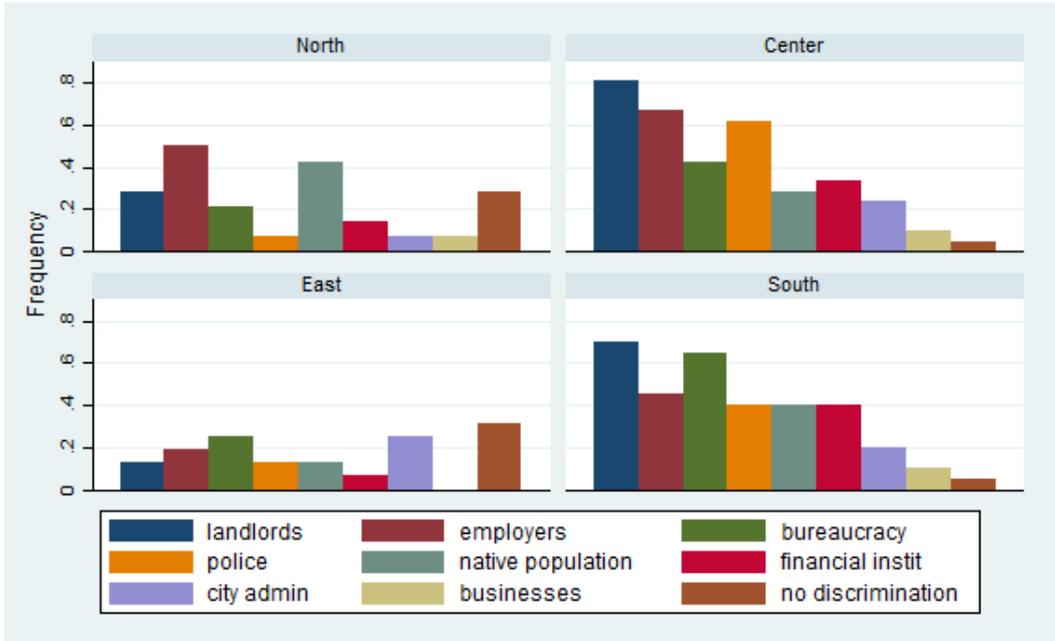
Figure 29. Discrimination of migrants by city size



Notes: N=76 (total), 30 (small), 31 (medium), 15 (large). Survey questions: “Do foreign migrants regularly face discrimination by one of the following actors?” Multiple answers, means reported.

On average, Central European regions report more discrimination of migrants than others. In Central and in Southern European cities, landlords are said to be the most important agents that discriminate migrants, while in Eastern cities it is the bureaucracy and the city administration and in Northern cities the employers. Employers and the police are also named frequently in Central Europe, while Northern cities also report that natives often discriminate against migrants. In Southern European cities, the bureaucracy is the second most important source of discrimination.

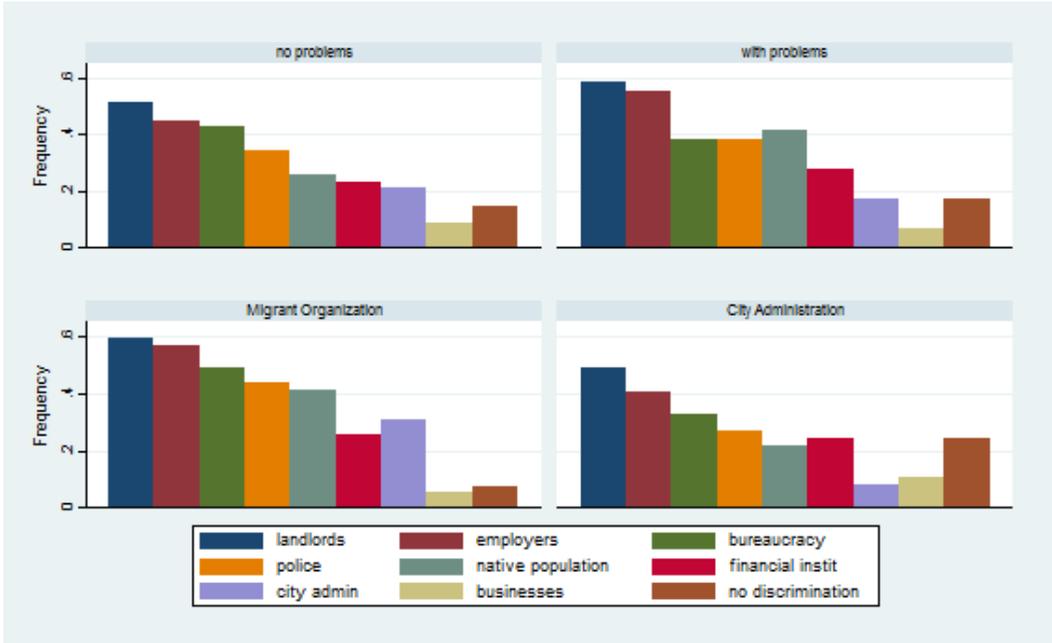
Figure 30. Discrimination of migrants by region



Notes: N=14 (north), 21 (center), 16 (east), 20 (south). Non-EU cities omitted. Survey questions: “Do foreign migrants regularly face discrimination by one of the following actors?” Multiple answers, means reported.

Cities reporting problems from cultural diversity seem to be somewhat more affected by discrimination of migrants than those cities where no respondent sees problems resulting from cultural diversity. Migrant organizations tend to report higher levels of discrimination, specifically discrimination by the city administration. City administrations are more likely to report that migrants do not face any discrimination at all.

Figure 31. Discrimination of migrants by problems stated / respondent



Notes: N=47 (no problems), 29 (with problems) // 39 (migrant organization), 37 (city administration). Survey questions: “Do foreign migrants regularly face discrimination by one of the following actors?” Multiple answers, means reported.

As can be seen from Figure 31, the pattern of results is very much the same for both groups of respondents, except for the assessment of discrimination by the city administration which is – not surprisingly – much lower in the answers by representatives of the city administration themselves. Quite remarkable is, however, the high share of respondents from the city administrations acknowledging discrimination of migrants by landlords, employers, bureaucracy and the police.

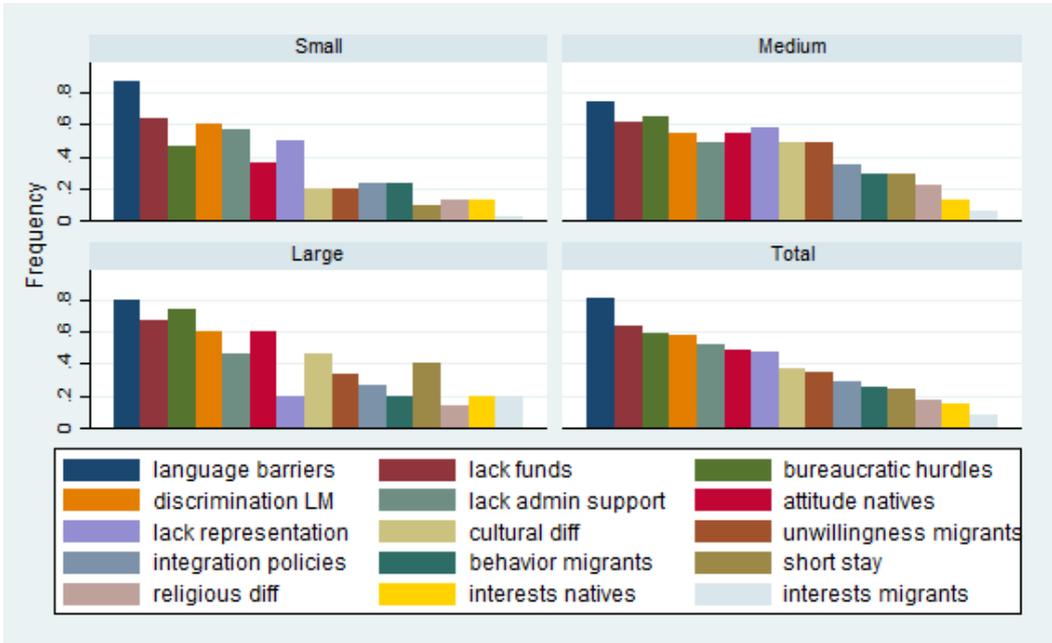
4.8 Perspectives

Obstacles to Integration

80 percent of all respondents name language barriers as major obstacle to a better integration of foreign migrants. For 17 percent, it is religious differences. 37 percent mention cultural differences, and 51 percent the lack of administrative support. 34 percent refer to some migrants’ unwillingness to integrate as major obstacle, and 49 percent to some natives’ attitude towards migrants. 58 percent see discrimination on the labor market as obstacle to

integration, and 25 percent some migrants' behavior. 24 percent point to the migrants' short period of stay, and 63 percent to a lack of funds to support integration policies. 15 percent state that the conflict of interest between migrants and the native population represents a major obstacle to integration, and 8 percent name a conflict of interest between migrant groups. 29 percent see inappropriate integration policies as an obstacle, and 47 percent the lack of institutionalized representation of migrants. 59 percent mention bureaucratic hurdles. On average, respondents from small cities mention fewer obstacles to integration. Specifically, bureaucracy is less of an issue here, while large cities less often name the lack of institutional representation.

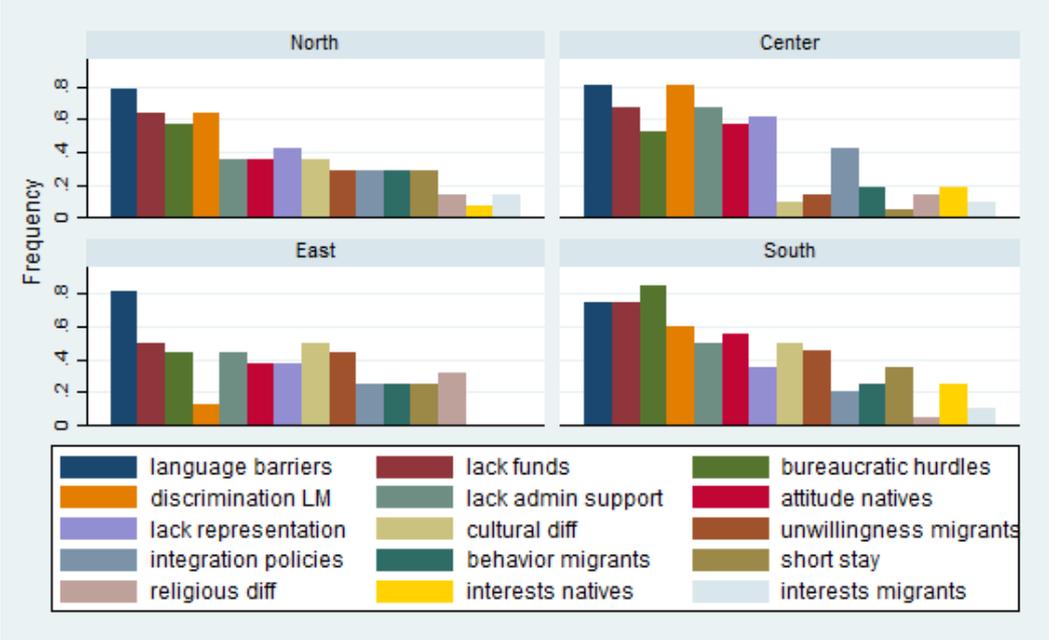
Figure 32. Obstacles to integration by city size



Notes: N=76 (total), 30 (small), 31 (medium), 15 (large). Survey questions: “Which of the following to you regard to be major obstacles to a better integration of foreign migrants?” Multiple answers, means reported.

There is large regional heterogeneity with respect to the major obstacles to a better integration of migrants identified by the respondents. While language barriers seem to be present everywhere, discrimination on the labor market is much more of an issue in the Central European and Northern European cities. Southern European cities rather point to bureaucratic hurdles. Migrants’ unwillingness to integrate is less often stated in the Eastern cities. But also, the natives’ attitude is less often mentioned as obstacle to integration here.

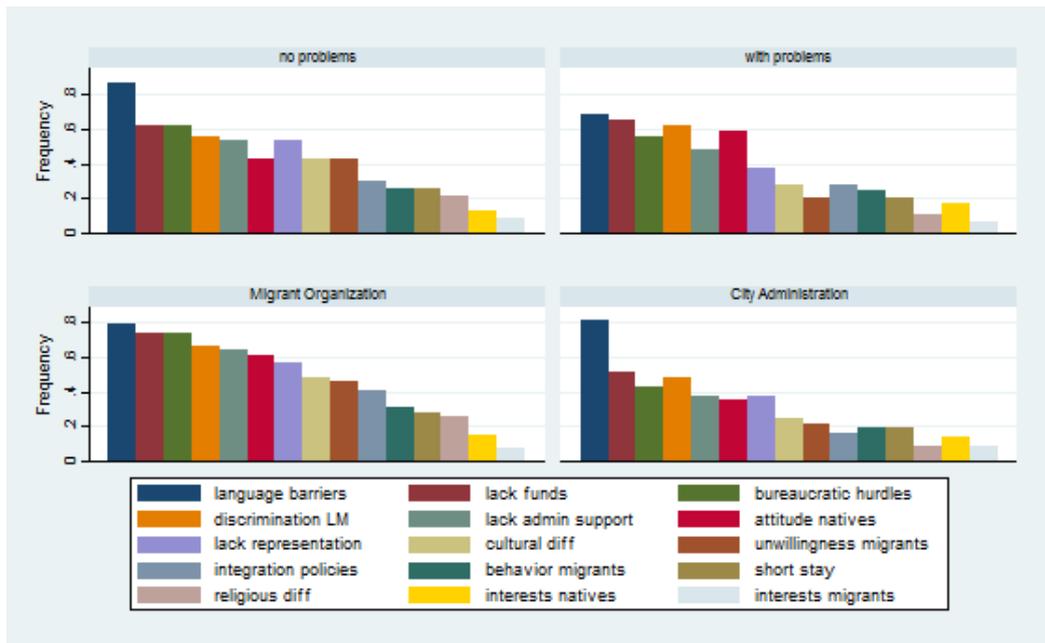
Figure 33. Obstacles to integration by region



Notes: N=14 (north), 21 (center), 16 (east), 20 (south). Non-EU cities omitted. Survey questions: “Which of the following to you regard to be major obstacles to a better integration of foreign migrants?” Multiple answers, means reported.

Interestingly, cities that have problems from cultural diversity evaluate language barriers as relatively less important. They name discrimination on the labor market and migrants’ unwillingness to integrate and natives’ attitude as more important obstacles to integration. However, respondents from cities facing problems from cultural diversity do on average not see more obstacles to integration than respondents from cities where no such problems are reported. While migrant organizations and city administrations agree on the importance of language barriers as obstacle to integration, migrant organizations report significantly more frequently further obstacles. Notably, some migrants’ unwillingness to integrate is stated much more often by migrant organizations as an obstacle to integration than by city administrations.

Figure 34. Obstacles to integration by problems stated / respondent

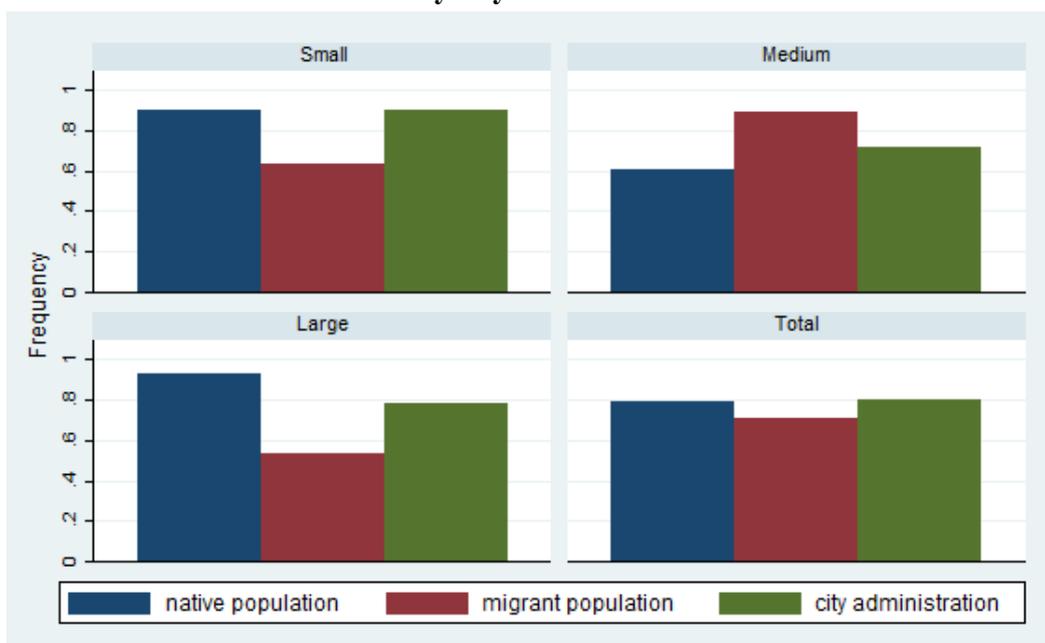


Notes: N=47 (no problems), 29 (with problems) // 39 (migrant organization), 37 (city administration). Survey questions: “Which of the following to you regard to be major obstacles to a better integration of foreign migrants?” Multiple answers, means reported.

Tolerance

On a scale from -2 (indicating very intolerant) to +2 (indicating very tolerant), all respondents rate their cities’ native population (0.80), migrant population (0.71), and city administration (0.80) rather tolerant. There is not too much variance in the evaluation of tolerance between the city size groups. Migrants’ tolerance is rated lowest in large cities, and natives’ tolerance is rated lowest in the medium cities.

Figure 35. Tolerance of local actors by city size



Notes: N=73/72/71 (total), 30/30/29 (small), 28/27/28 (medium), 15/15/14 (large). Survey questions: “How tolerant do you evaluate the following actors”. 3 answers on a 5 point scale [-2, 2], means reported.

Tolerance is evaluated higher in the Northern cities, and lowest in the Eastern cities, particularly with respect to tolerance of the city administration.

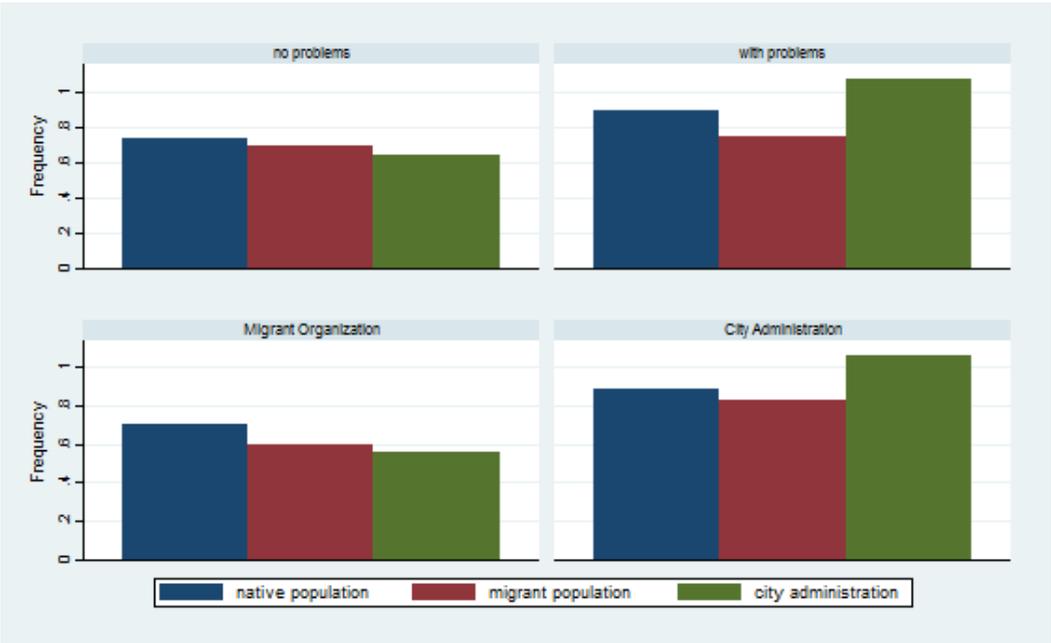
Figure 36. Tolerance of local actors by region



Notes: N=13/12/13 (north), 21/21/20 (center), 15/15/15 (east), 20/20/19 (south). Non-EU cities omitted. Survey questions: “How tolerant do you evaluate the following actors”. 3 answers on a 5 point scale [-2, 2], means reported.

There is no evidence that problems resulting from cultural diversity relate to the intolerance of the local actors in the cities observed. Indeed, cities facing problems from cultural diversity rate tolerance in their city higher, specifically the tolerance of the city administration and of the native population. Moreover, there is not too much difference in the evaluation of the migrants’ organization and the city administrations. Not too surprisingly, city administrations evaluate the city administrations’ tolerance significantly higher.

Figure 37. Tolerance of local actors by problems stated / respondent



Notes: N=45/45/44 (no problems), 28/28/27 (with problems) // 37/37/36 (migrant organization), 36/36/35 (city administration). Survey questions: “How tolerant do you evaluate the following actors”. 3 answers on a 5 point scale [-2, 2], means reported.

Policy measures

On a scale from -2 (not successful at all) to +2 (very successful), respondents evaluate the overall success of their city’s integration policy with 0.31. When asked for concrete policy measures, respondents most often refer to the provision of language courses, other educational measures, particularly at schools, measures to establish an overarching body as focal point for migrant issues, and measures to prevent ghettoization. There is a tendency to evaluate such measure’s success somewhat better than the city’s overall integration policy, specifically in large cities.

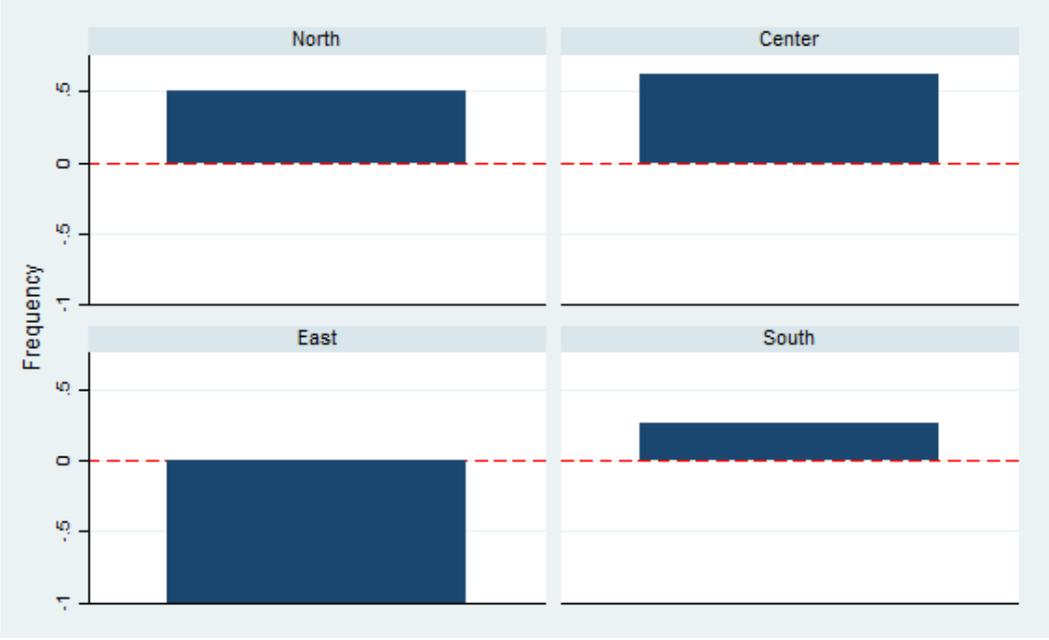
Figure 38. Evaluation of city’s integration policy by city size



Notes: N=59 (total), 23 (small), 22 (medium), 14 (large). Survey questions: “How successful is your city’s integration policy in general?” Answers on a 5 point scale [-2, 2], means reported.

In Southern cities, the overall success of the city’s integration policy is evaluated worse, but still positive. Eastern cities integration policies are rated unsuccessful, on average. However, please note that we only observe 4 respondents to this question from Eastern cities.

Figure 39. Evaluation of city’s integration policy by region

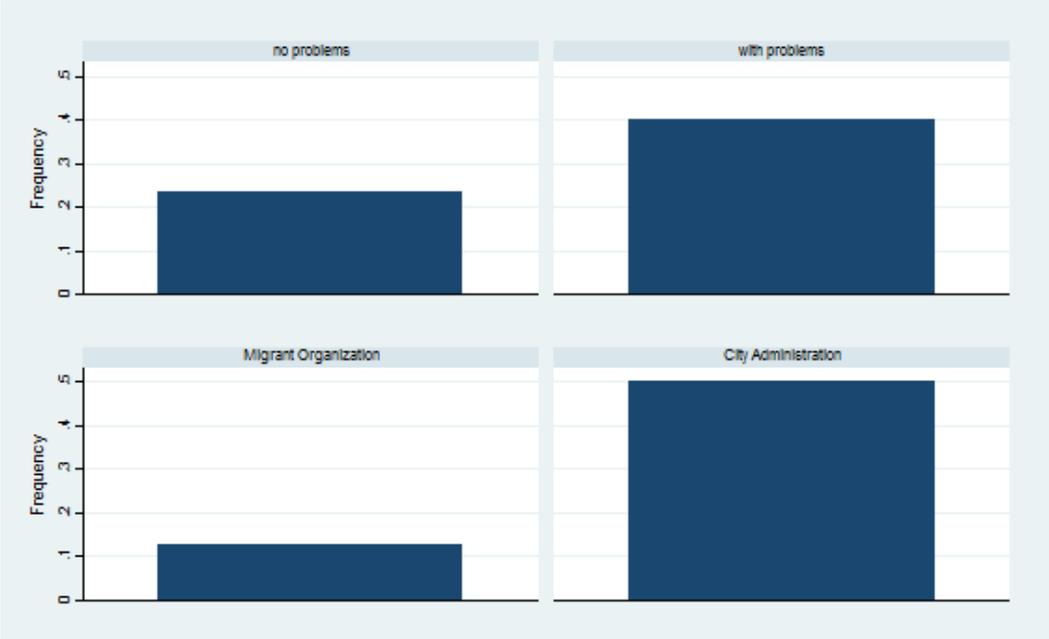


Notes: N=12 (north), 21 (center), 4 (east), 19 (south). Non-EU cities omitted. Survey questions: “How successful is your city’s integration policy in general?” Answers on a 5 point scale [-2, 2], means reported.

In cities having problems from cultural diversity, integration policies score somewhat better than in cities not having such problems. While city administrations evaluate their integration

policies significantly better, migrant organizations still state that cities’ migration policies are successful, on average.

Figure 40. Evaluation of city’s integration policy by problems stated / respondent



Notes: N=34/35/29 (no problems), 25/23/23 (with problems) // 31 (migrant organization), 28 (city administration). Survey questions: “How successful is your city’s integration policy in general?” Answers on a 5 point scale [-2, 2], means reported.

4.9 Summary

The survey confirms that cities are the “hot spots” of migration and diversity. Almost all cities in the sample report an increase in migration—and specifically an increase in foreign migration—over the last decade. The degree of exposure depends less on the city size than on the region. Particularly in Eastern Europe, but also in Southern Europe, there are cities that lost population and also foreign population due to out-migration. The overall migration trend is, however, still positive for these regions.

In general, the experts rate their cities’ diversity quite high. Moreover, they evaluate diversity effects very positive. This is certainly not representative for all the cities’ populations. Still, it is important to note that actors who regularly deal with migration have a rather positive attitude towards its impact. Cities with high levels of diversity more often report problems resulting from the multicultural composition of its population. However, this does not infer with the overall positive assessment of potential gains and benefits from migration in these cities.

Respondents value the migrants’ contribution to the cities’ cultural amenities, but they also refer to the positive economic impact of cultural diversity. This goes well beyond migrants’

direct labor market effects, which are specifically important in the Central European cities. In this respect, migrants are rather seen as source of knowledge and skills than as cheap labor resource. Respondents also point to the beneficial impacts of migration and diversity on the cities' innovative capacity, its overall "dynamics", and thus their future perspectives. This is much in line with the innovation effects of cultural diversity established in the previous regional-level analysis and shows that the actors are well aware of this mechanism.

About one quarter of the respondents report that their city has problems resulting from the multicultural composition of its population, whereas the majority of respondents states that there are no such problems. Problems seem to be more prominent in the Northern and Central European cities, and less important in other regions. Besides that, it is particularly large cities that report problems resulting from multicultural diversity. Specifically, there is more tensions amongst migrant groups in large cities. Discrimination against migrants appears to be a widespread phenomenon. While only every fifth respondent names the city administration as source of discrimination, the police is mentioned as frequent discriminator, specifically in central and southern European cities. Most strikingly, also employers and landlords / real estate agents are reported to discriminate against migrants by many respondents.

The experts still see room for improvement when it comes to better integrating migrants into their city's community. Almost unanimously, language barriers are seen as major obstacle to integration. Moreover, migrant organizations frequently report labor market discrimination as obstacle, in line with the respondents' assessment of employers as discriminating actor mentioned above. Additionally, migrants refer to bureaucratic and administrative hurdles, an obstacle that is not necessarily seen by the city administrations. Cultural or religious differences by contrast, as well as the relationship between migrants and natives, seem to be less of an obstacle. Interestingly, migrant organizations refer to "migrants unwillingness to integrate" as an obstacle more frequently than the city administrations.

Across the board, cooperation between city administrations and migrant organizations is positively evaluated. Interestingly, cooperation is evaluated worse in regions where the least migrants live. Most city administrations head for the migrant community by offering services in foreign languages. Most migrant organizations collaborate the one or the other way with their city administration. However, the degree of incorporation varies significantly. Most interestingly, lack of representation is acknowledged as obstacle to a better integration of migrants particularly in those regions, where incorporation of migrant organizations is already high. Overall, it seems as if the local actors had a functioning relationship that might be further intensified.

5. Conclusion

The results of our regional-level econometric analyses performed in task 503.2 suggest that cultural diversity affects economic outcomes mainly through an innovation channel. Moreover, they clearly hint at the existence of both costs and benefits of diversity that lead to nonlinearities. In this paper, the insights gained from the econometric analyses have been augmented and complemented by an in-depth, qualitative analysis. Expert interviews with city representatives responsible for migrant affairs and representatives of migrant organizations in 40 European cities have shed light on the impact of cultural diversity at the city level, focusing on several issues such as cooperation between migrant organizations and the city administration, perceived benefits of cultural diversity at the city level, problems associated with cultural diversity and obstacles to a better integration of migrants.

The local actors surveyed give a credible and differentiated evaluation of the condition and perspectives of cultural diversity in their city. Cooperation between migrant organizations and the city administration is mostly seen positively by both groups, although the assessment by the migrant organizations is slightly more critical than that of the city administrations. The overall positive assessment of cooperation might partly be due to the relatively high level of incorporation of migrant organizations into administrative routines with respect to migration by the cities. This incorporation is particularly high in Northern and Central European cities and lowest in Eastern European cities where we see a certain backlog in this respect. An important result is that levels of incorporation are higher in cities where respondents state that problems resulting from cultural diversity exist. This suggests that incorporation might partly be a response to perceived problems and part of the city administrations' conflict solution strategy. Indeed, the survey suggests that local actors are well aware of both the costs and benefits related to cultural diversity – and that they are willing and able to deal with resulting challenges to their city.

While there is correspondence in the overall trends in the evaluation of cultural diversity, there is much heterogeneity in the details. Specifically Eastern European cities seem to set different priorities when assessing benefits, challenges, and chances linked to migration. This is fully in line with the quantitative results of our regional-level analysis outlined in section 3. Eastern European regions tend to have comparably small shares of foreign population that is culturally rather close to the native population. Accordingly, for many Eastern European cities cultural differences seem to be more important with respect to ethnic minorities of the same nationality than with respect to foreign migrants. The most diverse population can be found in Central and Northern European regions, as well as at the Mediterranean Coast. Cities from

these areas are consequently most affected by both the costs and benefits linked to cultural diversity. Accordingly, there is a distinct regional dimension in the impacts of cultural diversity that is well reflected in the survey responses. Given the heterogeneity in the share and composition of migrants living in different European regions, differences in the national institutional frameworks as well as differences in the native cultures, it seems to be reasonable to integrate local actors into the design of immigration and particularly integration policies. The survey results suggest that local actors are well suited to play a more active role in this respect.

Two thirds of all respondents state that the supply of goods and services in their city has increased significantly due to increasing cultural diversity. The positive supply effects of increasing cultural diversity do not only relate to the quantity but also to the quality and variety of goods and services provision. Moreover, local actors identify the inflow of skills and ideas, the increase of the cities' innovative capacities, the increase in new firm formation and consequently the increase in city dynamics as major benefits of cultural diversity. This is perfectly in line with the empirical results obtained at the regional level (c.f. Section 3). Most obviously, the local actors identify the same channels of cultural diversity effects on economic development that are also observed in the quantitative analysis. In this sense, migration and integration policies play a crucial role in determining cities' long run innovativeness and competitiveness.

Just like the quantitative analysis, the qualitative analysis also points to (social) costs related to cultural diversity. While the relationship between the native and the migrant population does not seem to be too stressed and respondents do not report major conflicts of interest, there seem to be more tensions amongst migrant groups, particularly in large cities. Interestingly, migrant organizations also report more severe tensions amongst migrant groups, while city administrations observe more severe tensions between migrants and the native population. First, this supports the results obtained in the previous milestones, i.e. that the composition of the migrant population is relevant beyond its share and qualification levels. Second, this calls for an effective coordination between local authorities and migrant organizations, since tensions amongst migrant groups are certainly difficult to identify for local authorities based on their administrative data only.

A somewhat alarming result is that the majority of respondents state that migrants are regularly subject to some form of discrimination. While only every fifth respondent names the city administration as source of discrimination, 41 percent state that migrants are discriminated by bureaucracy, and 36 percent mention the police. Of course, it is impossible

to validate the actual degree of migrants' discrimination on site. But it is noteworthy that not only the migrant organizations, but also the city administrations frequently acknowledge that there is discrimination by the bureaucracy and the police. Authorities should do more to avoid already the appearance of being discriminative towards migrants, since this might seriously hamper the integration of migrants into their host societies. One way would be to employ more foreign speaking staff, like many city administrations do—but also to employ staff with different cultural backgrounds and to train and sensitize public servants for cultural diversity to better avoid misunderstandings.

The most frequently blamed discriminators are, however, landlords and real estate agents (54 percent) and employers (49 percent). In small cities, employers are even more often stated to discriminate against migrants. This view is expressed by migrant organizations and city administrations alike. This is a striking result, since employers and landlords / real estate agents should be among the main beneficiaries of increased migration. Accordingly, a fair treatment of migrants should lie in their own interest. Given the positive relationship between cultural diversity and economic development found in the quantitative analysis, discrimination of migrants on the housing market and particularly on the labor market hints at efficiency losses. From the legal site, the EU treaties already ban discrimination and could potentially be enforced more strictly. This should be accompanied by more labor market policies specifically designed for migrants, that strive to reduce labor market mismatches and consequently reduce frictions. Employers' associations should be directly addressed to participate in such measures and engage in informing their members about potential gains from diversity to overcome apparent prejudices.

Evidently, with increasing cultural diversity transaction costs increase. In consequence, the cities with highest levels of diversity tend to report both, the largest benefits and the largest costs related to the multicultural composition of its population. It is not too farfetched to assume that cities could increase their net benefits from cultural diversity if they managed to cut down transaction costs. The dominant cost factor to tackle remains language differences. This issue must be dealt with at all educational levels. Moreover, there are strong indications for institutional problems on the labor markets that cause frictions in the employability of migrants. One specific issue to approach is the acceptance of foreign qualifications, e.g. by offering standardized tests to straightforwardly transfer foreign diploma into domestic ones. Eventually, there seem to be severe frictions on the housing markets that certainly relate to the above mentioned problems and might turn out to be substantial cost factors if they lead to ghettoization. City planning must account for the cultural composition of the city districts.

In the end, however, the deeper source of transaction costs appears to be mistrust. Indeed, trust is a substitute for codification in economic transactions and thus the most effective measure to cut down transaction costs. In this respect, the survey results are mixed. On the one hand, local actors are reported to be rather tolerant and there are no major complaints regarding the relationship between the foreign and the native population. On the other hand, there are indications for tensions among migrant groups, for various sources of discrimination of migrants and for inappropriate behavior of certain native as well as foreign actors that might undermine trust. This underlines the importance of intensifying the (already existing) cooperation between different migrant groups, administrations and the civil society – since cooperation is the most effective way to build up trust between diverse actors.

Our results suggest that increasing cultural diversity increases the cities' creative and innovative potential and is conducive to their long-run competitiveness and growth perspectives, while at the same time increasing tensions between ethnic groups. To make use of the welfare-enhancing potential of immigration, cities should stay open for immigrants while at the same time facilitating their integration into their host economies' society and economy. Local actors already have established links that can be built up upon. Particularly could the cooperation between migrant organizations and city administration be more intensified and put on regular, formal basis. Top down, this implies strengthening the formal representation of migrants in their new home cities. This should include establishing a representative body that advocates the interests of the city's migrant population as a whole. Bottom up, this implies making use of the established structures to better broker policy measures to its addressees.

In general, language barriers are identified as the by far most striking obstacle to a better integration of migrants. This hurdle can be easily removed by subsidizing language courses that orient towards the specific needs of the respective migrant population in the different regions. Quite some migrant organizations already offer language courses. Given that these organizations probably know best about the particular needs of their members, they should be incorporated into policy measures that support language courses for foreigners.

However, in view of the results concerning discrimination of migrants, language courses and a better representation of migrants alone are clearly not sufficient. As it is private economic actors (employers, landlords, financial institutions) as well as public bodies (city administration, bureaucracy, police) that are identified as sources of discriminative behavior, a broad public discourse on integration is necessary to make immigrants feel welcome and to make domestic citizens feel comfortable with increasing cultural diversity.

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Table 1: Survey Sample

	City	Mig-Org	City Admin	City size	Problems	stated by #
<i>Region: North</i>		7	7		6	
Country: Denmark	Aalborg	1	1	small	1	1
	Copenhagen	1	1	medium	1	1
Country: Sweden	Gothenburg	1	1	medium	1	1
	Umeå	1	1	small	0	0
Country: UK	Birmingham	0	1	large	1	1
	Glasgow	1	1	medium	0	0
	Leeds	1	1	medium	1	1
	London	1	0	large	1	1
<i>Region: Center</i>		11	10		5	
Country: Austria	Innsbruck	1	1	small	0	0
	Linz	1	1	small	0	0
Country: Germany	Dortmund	1	1	medium	1	1
	Freiburg	1	1	small	0	0
	Kiel	1	1	small	0	0
	Potsdam	1	1	small	0	0
	Saarbrücken	1	1	small	1	1
	Nice	1	0	medium	1	1
Country: France	Paris	1	1	large	1	2
	Rennes	1	1	small	1	1
	Strasbourg	1	1	medium	0	0
<i>Region: East</i>		8	8		1	
Country: Poland	Cracow	1	1	medium	0	0
	Lodz	1	1	medium	0	0
	Lublin	1	1	medium	0	0
Country: Czech Rep.	Jihlava	1	1	small	1	2
	Prague	1	1	large	0	0
Country: Romania	Giurgiu	0	2	small	0	0
	Sibiu	1	1	small	0	0
	Timisoara	2	0	medium	0	0
<i>Region: South</i>		10	10		3	
Country: Greece	Larissa	1	1	small	1	1
	Thessaloniki	1	1	medium	0	0
Country: Italy	Milan	1	1	large	0	0
	Naples	1	1	medium	0	0
	Rome	1	1	large	1	1
	Trieste	1	1	small	0	0
Country: Spain	Barcelona	1	1	large	0	0
	Bilbao	1	1	medium	0	0
	Madrid	1	1	large	1	1
	Valencia	1	1	medium	0	0
<i>Region: Non-EU</i>		3	2		1	
Country: Turkey	Istanbul	1	0	large	0	0
Country: Switzerland	Lugano	1	1	medium	0	0
	St. Gallen	1	1	small	1	1
TOTAL	40 cities	39	37		16	

Appendix 1: Questionnaire to city administration

Cultural diversity is considered to be a typical feature of urban life. Diversity may be a source of creativity and thus contribute to an innovative environment. But diversity can also cause friction and may lead to social conflict. In the subsequent questions, we would like to ask you about your assessment of cultural diversity in your city

1. How many foreign migrants live in your city?

2. As compared to the total population, to which share does the number of foreign migrants amount to?

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3. How has foreign migration to your city developed over the last decade?

(1 answer)

Development of foreign migration	Don't know <input type="checkbox"/>	
a) Increase in in-migration		<input type="checkbox"/>
b) Stable in-migration		<input type="checkbox"/>
c) Decrease in in-migration		<input type="checkbox"/>

4. Summing up in-migration and out-migration in general: How has your city been affected by migration of foreigners and natives over the last decade?

(1 answer)

Net migration (foreigners and natives)	Don't know <input type="checkbox"/>	
a) Positive net-migration (more in-migration)		<input type="checkbox"/>
b) Zero net-migration		<input type="checkbox"/>
c) Negative net-migration (more out-migration)		<input type="checkbox"/>

5. How would you describe your cities' foreign migrant population

(1 answer)

Structure of foreign migrant population	Don't know <input type="checkbox"/>	
a) There is one dominant migrant group, and various small factions.		<input type="checkbox"/>
b) There are two to three dominant migrant groups, and various small factions.		<input type="checkbox"/>
c) There are a couple of bigger and a couple of smaller migrant groups.		<input type="checkbox"/>
d) There are various small factions without dominant groups.		<input type="checkbox"/>

13. Does an institutionalized representation of foreign migrants exist in your city (migrants' council, or the like)?

14. If yes (in Question 13): Is this body incorporated into administrative routines?
(1 answer)

Incorporation of migrant organizations	Don't know <input type="checkbox"/>	
a) Yes, regularly on a formal basis (suggestion rights, mandatory hearings)		<input type="checkbox"/>
b) Yes, regularly on an informal basis (consultation anytime migrant issues are concerned)		<input type="checkbox"/>
c) Yes, case wise on an informal basis (consultation if necessary)		<input type="checkbox"/>
d) No		<input type="checkbox"/>

15. If yes (in question 13): How would you describe the cooperation with the foreign migrants' representative body?
(1 answer)

Cooperation with migrants' organization(s)	Don't know <input type="checkbox"/>	
a) Fair partnership		<input type="checkbox"/>
b) Good relationship		<input type="checkbox"/>
c) Uneasy relationship		<input type="checkbox"/>
d) Conflictual relationship		<input type="checkbox"/>
e) No cooperation at all		<input type="checkbox"/>

16. Does your city administration have a homepage in foreign language(s)?

Homepage in foreign language	Don't know <input type="checkbox"/>	
a) Yes		<input type="checkbox"/>
b) No		<input type="checkbox"/>

17. If yes (in question 16): In how many languages?

18. In how many languages does your city publish its official documents and forms?

25. How successful is your city's integration policy in general?

Please rate the success of your city's integration policy from 1 (indicating not successful at all) to 5 (indicating very successful).

	(not successful)					(very successful)	Don't know
	1	2	3	4	5		
How successful is your city's integration policy in general?	<input type="checkbox"/>		<input type="checkbox"/>				

26. Which of the following do you regard to be major benefits from an increase in cultural diversity?

(multiple answers)

Benefits of an increase in cultural diversity	Don't know <input type="checkbox"/>
a) Inflow of ideas	<input type="checkbox"/>
b) Inflow of inexpensive labor	<input type="checkbox"/>
c) Inflow of skills	<input type="checkbox"/>
d) Improvement of supply of goods and services	<input type="checkbox"/>
e) Increase in number of jobs	<input type="checkbox"/>
f) Increase in number of firm	<input type="checkbox"/>
g) Improvement of supply of cultural amenities	<input type="checkbox"/>
h) Population growth	<input type="checkbox"/>
i) Increase in city's dynamics	<input type="checkbox"/>
j) Increase in innovative capacity	<input type="checkbox"/>
k) Increase in quality of life	<input type="checkbox"/>
l) Other [name] ...	<input type="checkbox"/>

27. Would you say the supply of goods and services changed in your city due to increasing cultural diversity?

(1 answer)

Change in supply of goods and services	Don't know <input type="checkbox"/>
a) Yes, significant changes	<input type="checkbox"/>
b) No significant changes despite cultural diversity increased	<input type="checkbox"/>
c) No, since cultural diversity did not increase	<input type="checkbox"/>

28. If yes (in Question 27.): How does this change affect the supply of goods & services?

(multiple answers)

How has supply of goods & services changed	Don't know <input type="checkbox"/>	
a) Quantity has increased		<input type="checkbox"/>
b) Quantity has decreased		<input type="checkbox"/>
c) Quality has increased		<input type="checkbox"/>
d) Quality has decreased		<input type="checkbox"/>
e) Variety has increased		<input type="checkbox"/>
f) Variety has decreased		<input type="checkbox"/>
g) Foundations of new firms and businesses		<input type="checkbox"/>
h) Crowding out of incumbent suppliers		<input type="checkbox"/>

29. Which of the following do you regard to be major obstacles to a better integration of foreign migrants?

(multiple answers)

Obstacles to integration	Don't know <input type="checkbox"/>	
a) Language barriers		<input type="checkbox"/>
b) Religious differences		<input type="checkbox"/>
c) Cultural differences		<input type="checkbox"/>
d) Lack of administrative support		<input type="checkbox"/>
e) Some migrants' unwillingness to integrate		<input type="checkbox"/>
f) Some natives' attitude towards migrants		<input type="checkbox"/>
g) Discrimination on labor market		<input type="checkbox"/>
h) Some migrants' behavior		<input type="checkbox"/>
i) Migrants' short period of stay		<input type="checkbox"/>
j) Lack of funds to support integration policies		<input type="checkbox"/>
k) Conflict of interest between migrants and native population		<input type="checkbox"/>
l) Conflict of interest between migrant groups		<input type="checkbox"/>
m) Inappropriate integration policies		<input type="checkbox"/>
n) Lack of institutionalized representation of migrants		<input type="checkbox"/>
o) Bureaucratic hurdles		<input type="checkbox"/>
p) Other [<i>name</i>] ...		<input type="checkbox"/>

30. Does your city have problems resulting from the multicultural composition of its population?

(1 answer)

Problems due to multicultural population	Don't know <input type="checkbox"/>	
a) Yes		<input type="checkbox"/>
b) No		<input type="checkbox"/>

31. If yes (in Question 30.): What are the two most striking problems resulting from the multicultural composition of your city's population?

a)-----

b)-----

32. If yes (in Question 30.): What would be appropriate policy instruments to address these problems?

a)-----

b)-----

33. How do you evaluate your city's cultural diversity?

Please rate your city's cultural diversity from 1 (indicating very little diversity) to 5 (indicating very much diversity).

	(little diversity)					(much diversity)	Don't know
	1	2	3	4	5		
How do you evaluate your city's cultural diversity?	<input type="checkbox"/>						

34. Which sectors benefit most from cultural diversity in your city?

35. Which sectors suffer most from cultural diversity in your city?

36. Do foreign migrants regularly face discrimination by one of the following actors?
(multiple answers)

Discrimination of migrants	Don't know <input type="checkbox"/>
a) Yes, native population	<input type="checkbox"/>
b) Yes, city administration	<input type="checkbox"/>
c) Yes, police	<input type="checkbox"/>
d) Yes, landlords / real estate agents	<input type="checkbox"/>
e) Yes, shops/businesses	<input type="checkbox"/>
f) Yes, financial institutions / banks	<input type="checkbox"/>
g) Yes, employers	<input type="checkbox"/>
h) Yes, bureaucracy	<input type="checkbox"/>
i) Yes, other [name] ...	<input type="checkbox"/>
j) No	<input type="checkbox"/>

Appendix 2: Questionnaire to migrant organization

Cultural diversity is considered to be a typical feature of urban life. Diversity may be a source of creativity and thus contribute to an innovative environment. But diversity can also lead to tensions between different cultural groups. Particularly, migrants often face problems in integrating into the community of their new home towns. In the subsequent questions, we would like to ask you about your assessment of cultural diversity in your city with particular respect to the situation of foreign migrants.

1. How many foreign migrants live in your city?

2. As compared to the total population, to which share does the number of foreign migrants amount to?

-----%--

3. How has foreign migration to your city developed over the last decade?

(1 answer)

Development of foreign migration	Don't know <input type="checkbox"/>	
d) Increase in in-migration		<input type="checkbox"/>
e) Stable in-migration		<input type="checkbox"/>
f) Decrease in in-migration		<input type="checkbox"/>

4. Summing up in-migration and out-migration in general: How has your city been affected by migration of foreigners and natives over the last decade?

(1 answer)

Net migration (foreigners and natives)	Don't know <input type="checkbox"/>	
d) Positive net-migration (more in-migration)		<input type="checkbox"/>
e) Zero net-migration		<input type="checkbox"/>
f) Negative net-migration (more out-migration)		<input type="checkbox"/>

5. What is your organizations' main target group?

(1 answer)

Main target group	Don't know <input type="checkbox"/>	
a) All immigrants living in the city		<input type="checkbox"/>
b) All foreign immigrants		<input type="checkbox"/>
c) Specific foreign immigrant groups. [Please specify] ...		<input type="checkbox"/>

6. Which activities does your organization engage in?

(multiple answers)

Activities	Don't know <input type="checkbox"/>	
a) Information of migrants on their legal rights		<input type="checkbox"/>
b) Information of migrants on laws and regulations		<input type="checkbox"/>
c) Information of migrants on local norms, customs and traditions		<input type="checkbox"/>
d) Language courses		<input type="checkbox"/>
e) Networking amongst migrants		<input type="checkbox"/>
f) Networking between migrants and native population		<input type="checkbox"/>
g) Political representation of migrants		<input type="checkbox"/>
h) Assistance to migrants in dealing with the local administration		<input type="checkbox"/>
i) Assistance to migrants in dealing with public authorities		<input type="checkbox"/>
j) Assistance to migrants dealing with private actors		<input type="checkbox"/>
k) Financial support of migrants		<input type="checkbox"/>
l) Organization of cultural events		<input type="checkbox"/>
m) Other [specify] ...		<input type="checkbox"/>

7. How is your organization financed?

(multiple answers)

Funding	Don't know <input type="checkbox"/>	
a) Membership fees		<input type="checkbox"/>
b) Private donations		<input type="checkbox"/>
c) Public support by city		<input type="checkbox"/>
d) Other public support		<input type="checkbox"/>

8. How would you describe your cities' foreign migrant population

(1 answer)

Structure of foreign migrant population	Don't know <input type="checkbox"/>	
e) There is one dominant migrant group, and various small factions.		<input type="checkbox"/>
f) There are two to three dominant migrant groups, and various small factions.		<input type="checkbox"/>
g) There are a couple of bigger and a couple of smaller migrant groups.		<input type="checkbox"/>
h) There are various small factions without dominant groups.		<input type="checkbox"/>

16. Is/are your city's migrants' organization(s) incorporated into administrative routines?

(1 answer)

Incorporation of migrant organizations	Don't know <input type="checkbox"/>	
e) Yes, regularly on a formal basis (suggestion rights, mandatory hearings)		<input type="checkbox"/>
f) Yes, regularly on an informal basis (consultation anytime migrant issues are concerned)		<input type="checkbox"/>
g) Yes, case wise on an informal basis (consultation if necessary)		<input type="checkbox"/>
h) No		<input type="checkbox"/>

17. How would you describe the cooperation with your city's administration?

(1 answer)

Cooperation with city administration	Don't know <input type="checkbox"/>	
f) Fair partnership		<input type="checkbox"/>
g) Good relationship		<input type="checkbox"/>
h) Uneasy relationship		<input type="checkbox"/>
i) Conflictual relationship		<input type="checkbox"/>
j) No cooperation at all		<input type="checkbox"/>

18. As compared to cities of similar size and relevance, how do you evaluate your city's supply of cultural amenities?

(1 answer)

Cultural amenities	Don't know <input type="checkbox"/>	
d) Above average		<input type="checkbox"/>
e) Average		<input type="checkbox"/>
f) Below average		<input type="checkbox"/>

19. With which amount does your city support measures of integration of foreign migrants (per year)?

-----€--

20. As compared to your city's overall yearly budget, to which share do your city's spending on integration measures amount to?

-----%--

21. Please name the two most important instruments of integration policy used by your city's administration.

a)

b)

22. How successful are these policy instruments?

Please rate the success of the instruments mentioned in question 21. from 1 (indicating not successful at all) to 5 (indicating very successful).

How successful are they?	(not successful)					(very successful)	Don't know
	1	2	3	4	5		
a) answer a) from question 21	<input type="checkbox"/>						
b) answer b) from question 21	<input type="checkbox"/>						

23. How successful is your city's integration policy in general?

Please rate the success of your city's integration policy from 1 (indicating not successful at all) to 5 (indicating very successful).

How successful is your city's integration policy in general?	(not successful)					(very successful)	Don't know
	1	2	3	4	5		
How successful is your city's integration policy in general?	<input type="checkbox"/>						

24. Which of the following do you regard to be major benefits of an increase in cultural diversity?

(multiple answers)

Benefits of an increase in cultural diversity	Don't know <input type="checkbox"/>
m) Inflow of ideas	<input type="checkbox"/>
n) Inflow of inexpensive labor	<input type="checkbox"/>
o) Inflow of skills	<input type="checkbox"/>
p) Improvement of supply of goods and services	<input type="checkbox"/>
q) Increase in number of jobs	<input type="checkbox"/>
r) Increase in number of firm	<input type="checkbox"/>
s) Improvement of supply of cultural amenities	<input type="checkbox"/>
t) Population growth	<input type="checkbox"/>
u) Increase in city's dynamics	<input type="checkbox"/>
v) Increase in innovative capacity	<input type="checkbox"/>
w) Increase in quality of life	<input type="checkbox"/>
x) Other [name] ...	<input type="checkbox"/>

25. Would you say the supply of goods and services changed in your city due to increasing cultural diversity?

(1 answer)

Change in supply of goods and services	Don't know <input type="checkbox"/>	
d) Yes, significant changes		<input type="checkbox"/>
e) No significant changes despite cultural diversity increased		<input type="checkbox"/>
f) No, since cultural diversity did not increase		<input type="checkbox"/>

26. If yes (in Question 25.): How does this change affect the supply of goods & services?

(multiple answers)

How has supply of goods & services changed	Don't know <input type="checkbox"/>	
i) Quantity has increased		<input type="checkbox"/>
j) Quantity has decreased		<input type="checkbox"/>
k) Quality has increased		<input type="checkbox"/>
l) Quality has decreased		<input type="checkbox"/>
m) Variety has increased		<input type="checkbox"/>
n) Variety has decreased		<input type="checkbox"/>
o) Foundations of new firms and businesses		<input type="checkbox"/>
p) Crowding out of incumbent suppliers		<input type="checkbox"/>

27. Which of the following do you regard to be major obstacles to a better integration of foreign migrants?

(multiple answers)

Obstacles to integration	Don't know <input type="checkbox"/>	
q) Language barriers		<input type="checkbox"/>
r) Religious differences		<input type="checkbox"/>
s) Cultural differences		<input type="checkbox"/>
t) Lack of administrative support		<input type="checkbox"/>
u) Some migrants' unwillingness to integrate		<input type="checkbox"/>
v) Some natives' attitude towards migrants		<input type="checkbox"/>
w) Discrimination on labor market		<input type="checkbox"/>
x) Some migrants' behavior		<input type="checkbox"/>
y) Migrants' short period of stay		<input type="checkbox"/>
z) Lack of funds to support integration policies		<input type="checkbox"/>
aa) Conflict of interest between migrants and native population		<input type="checkbox"/>
bb) Conflict of interest between migrant groups		<input type="checkbox"/>
cc) Inappropriate integration policies		<input type="checkbox"/>
dd) Lack of institutionalized representation of migrants		<input type="checkbox"/>
ee) Bureaucratic hurdles		<input type="checkbox"/>
ff) Other [<i>name</i>] ...		<input type="checkbox"/>

28. Does your city have problems resulting from the multicultural composition of its population?

(1 answer)

Problems due to multicultural population	Don't know <input type="checkbox"/>	
c) Yes		<input type="checkbox"/>
d) No		<input type="checkbox"/>

29. If yes (in Question 28): What are the two most striking problems resulting from the multicultural composition of your city's population?

a)-----

b)-----

30. If yes (in Question 28): What would be appropriate policy instruments to address these problems?

a)-----

b)-----

31. How do you evaluate your city's cultural diversity?

Please rate your city's cultural diversity from 1 (indicating very little diversity) to 5 (indicating very much diversity).

	(little diversity)					(much diversity)	Don't know
	1	2	3	4	5		
How do you evaluate your city's cultural diversity?	<input type="checkbox"/>		<input type="checkbox"/>				

32. Which sectors benefit most from cultural diversity in your city?

33. Which sectors suffer most from cultural diversity in your city?



Project Information

Welfare, Wealth and Work for Europe

A European research consortium is working on the analytical foundations for a socio-ecological transition

Abstract

Europe needs change. The financial crisis has exposed long-neglected deficiencies in the present growth path, most visibly in the areas of unemployment and public debt. At the same time, Europe has to cope with new challenges, ranging from globalisation and demographic shifts to new technologies and ecological challenges. Under the title of Welfare, Wealth and Work for Europe – WWForEurope – a European research consortium is laying the analytical foundation for a new development strategy that will enable a socio-ecological transition to high levels of employment, social inclusion, gender equity and environmental sustainability. The four-year research project within the 7th Framework Programme funded by the European Commission was launched in April 2012. The consortium brings together researchers from 34 scientific institutions in 12 European countries and is coordinated by the Austrian Institute of Economic Research (WIFO). The project coordinator is Karl Aiginger, director of WIFO.

For details on WWForEurope see: www.foreurope.eu

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	Nice Sophia Antipolis University	UNS	France
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	Free University of Bozen/Bolzano	FUB	Italy
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	ICLEI - Local Governments for Sustainability	ICLEI	Germany
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	Kiel Institute for the World Economy	IfW	Germany
	Institute for World Economics, RCERS, HAS	KRTK MTA	Hungary
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	Policy Network	policy network	United Kingdom
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	Alpen-Adria-Universität Klagenfurt	UNI-KLU	Austria
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