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5. Income

- Increasing length of residence promotes economic independence among many immigrants, but there is large variation according to country of origin.
- Immigrants and Norwegian-born to immigrant parents from Asia, Africa, Latin America and Eastern Europe are highly over-represented in the low income group.
- Weak work attachment is the main reason for low income.
- Social assistance and dwelling support are more often received by immigrants with low incomes than by the low income group in general.
- One out of four immigrants are at risk of persistent low income, but the risk falls as the length of residence increases.
- Many immigrants from Somalia and Iraq are at risk of persistent low income even after many years of residence in Norway.

5.1. Major differences in income ...

There are major differences in income levels, type of income, and distribution of income among immigrants and Norwegian-born to immigrant parents. Immigrants from the Nordic and other Western European countries, North America and Oceania have a median income at the same level as the population in general. Immigrants and Norwegian-born to immigrant parents from Eastern Europe, Asia, Africa and Latin America have in general a much lower median income. The main reasons are a weak attachment to the labour market and the absence of rights to social security benefits.

In 2006, immigrants and Norwegian-born to immigrant parents from Eastern Europe, Asia, Africa and Latin America had an income level of 70 per cent of the general income level in Norway (figure 5.1).

However, this part of the population is far from a homogenous group. Income inequality is greater among immigrants from these parts of the world compared to the population in general. The main explanation is work attachment – to have

Data

Income statistics for households include all registered income in cash received by Norwegian households during the year. The statistics cover the whole population living in private households resident in Norway by the end of the year. Information about income is linked to each individual by matching different administrative and statistical registers using the personal identification number.

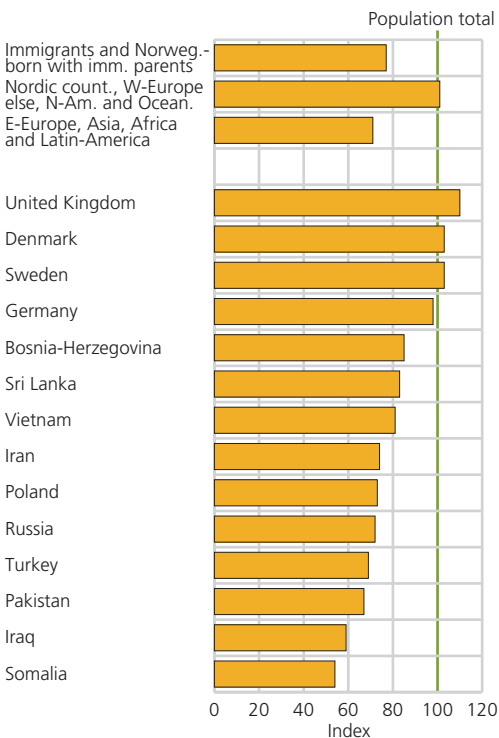
income from employment or not (Statistics Norway 2008b).

Different country of origin, length of residence in Norway and the reason for immigration are also important factors in explaining income inequality among immigrants.

5.2 ... especially among immigrants from Asia and Africa

Immigrants from the Nordic countries and other Western European countries have a median income at the same level as the population in general (figure 5.1). In 2006 for example, British immigrants had a median household equivalent income after

Figure 5.1. **Household equivalent income after taxes. EU scale. Median. Immigrants and Norwegian-born to immigrant parents. The whole population = 100. 2006**



Source: Income Statistics for Households, Statistics Norway.

taxes that was 10 per cent higher than the general median income in the resident population. Among immigrants from Denmark and Sweden, the corresponding income level was 3 per cent higher.

Among the largest groups of immigrants in Norway with backgrounds from Eastern Europe, Asia and Africa, median income levels vary a lot more. Immigrants and Norwegian-born to immigrant parents from Bosnia-Herzegovina, Sri Lanka and Vietnam had income levels that were higher than 80 per cent of the income level in general. Among other large immigrant countries in Norway, like Somalia and Iraq, corresponding figures were below 60 per cent. Immigrants and Norwegian-born to immigrant parents from the largest immigration country, Pakistan, had a median household equivalent income after taxes of 67 per cent of the median income level in the general population. The most rapidly increasing immigrant group in Norway, the Poles, had a comparable income level of 73 per cent of the general income level in 2006.

5.3. Many immigrants more economic independent with increasing length of residence...

Major differences in income levels between different immigrant groups are, among other things, connected with length of residence in Norway. Increasing length of residence often leads to better integration both in the labour market and elsewhere in society. Other studies show that length of residence is one of the most important factors related to refugees' success in the labour market (Galloway and Mogstad 2006).

For many immigrants, the households' income composition changes from various public transfers, such as social assistance, to income from work. Thus, the house-

holds' total income rises with increasing length of residence. Table 5.1 shows these income changes for some selected immigrant groups. The figures indicate that many immigrants gain more economic independence as the number of years living in Norway increases. For instance, among Iraqi households with three to nine years residence, social assistance amounts to 10 per cent of the total household income. This average proportion falls to two per cent for Iraqi households with more than ten years residence. At the same time, income from work rises from 60 to 75 per cent of total income for these households. No such similar changes in income appear among immigrants from Sri Lanka, Bosnia-Herzegovina, Pakistan and Vietnam. In these immigrant households, income from work is relatively high even after a short time of residence. Social assistance has much less economic importance for these households' economy, independent of length of residence.

Among immigrants from Iraq and Somalia, social assistance is also reduced in economic importance in favour of income from work - as length of residence increases. However, immigrants from these two countries stand out by being far more dependent on various public transfers – even after many years of living in Norway (table 5.1). Social assistance is on average a very important source of income for these immigrants. Among Somalian immigrants with three to nine years residence, social assistance and income from work amounted to 21 and 35 per cent of total household income respectively. After more than ten years of living in Norway, income from work constitutes no more than 56 per cent of Somalian household income. Among Iraqi households with more than ten years residence, income from work has an even smaller proportion – 52 per cent on average. Social assistance amounts to less than ten per cent of total household income for Somalian and Iraqi immigrants

Table 5.1. **Different categories of income as a proportion of total income in the household, by length of residence in Norway. Average. Immigrants from some selected immigrant countries. 2006. Per cent**

	Length of residence less than 3 years					Length of residence 3-9 years					Length of residence 10 years or more				
	Social assistance	Other taxable transfers ¹	Income from work	Social security benefits	Other transfers ²	Social assistance	Other taxable transfers ¹	Income from work	Social security benefits	Other transfers ²	Social assistance	Other taxable transfers ¹	Income from work	Social security benefits	Other transfers ²
Russia	6	8	57	4	17	3	5	75	6	4	1	2	81	7	1
Turkey	3	5	76	8	2	4	7	74	9	0	2	5	67	20	0
Bosnia-Herzegovina	3	4	85	3	2	4	5	78	6	3	2	3	80	8	3
Somalia	22	17	29	3	22	21	19	35	8	6	9	12	56	12	1
Sri Lanka	2	4	81	4	2	2	6	79	5	1	1	4	82	7	0
Iraq	14	12	48	3	15	17	12	52	9	2	8	9	52	23	0
Iran	7	5	65	5	13	10	7	60	13	2	2	3	75	13	0
Pakistan	3	6	73	10	1	3	8	73	9	0	1	5	68	17	0
Vietnam	3	4	78	9	1	3	6	76	8	0	2	4	77	11	1

¹ Child allowances, cash for care of children and dwelling support.

² Mainly introduction benefits for new immigrants.

Source: Income Statistics for Households 2006, Statistics Norway.

with more than ten years residence. These two immigrant groups also stand out by being more dependent on other public transfers. Child allowances, cash for care of children and dwelling support amounted to 2 and 17 per cent of total household income for Iraqi and Somalian immigrants with less than three years residence respectively. However, the economic importance of these transfers also declines as the length of residence increases. The corresponding proportions among Iraqi and Somalian immigrants with more than ten years of living in Norway, were 9 and 12 per cent respectively.

For many immigrant households, various social security benefits, such as retirement pensions and disability pensions, are more economically important than social assistance. This is also the situation for many immigrants with a short period of residence, but this is due to other members of the household having lived in Norway longer. For immigrants living ten years or longer in Norway, these pensions have a major significance for the household economy. For instance, among Iraqi immigrants, these pensions amount on average to nearly a quarter of total household income. For immigrants from Turkey and Pakistan, disability pensions are particularly important for the household economy.

Among Iraqis, Turks and Pakistanis with more than ten years of residence in Norway, 26, 27 and 30 per cent respectively belonged to a household with disablement pensioners. Four to six per cent with the same length of residence belonged to a household with retirement pensioners.

«Other taxable transfers» in table 5.1 mainly include introduction benefits for new immigrants. This type of income is of great importance for the household economy among immigrants from Somalia, Rus-

sia, Iraq and Iran with a short period of residence in Norway (less than three years). Among Somalian immigrant households, introduction benefits for new immigrants have on average the same economic importance as social assistance – 22 per cent of total household income. This is also the case for Iraqi households where introduction benefits for new immigrants and social assistance both amount to 14-15 per cent of the household income. Among immigrants from Iran and Russia with less than three years residence, introduction benefits for new immigrants amounted to 13 and 17 per cent of average household income respectively. These benefits have an average larger economic value for these households than social assistance.

5.4. ... but many immigrants are highly over-represented in the low income group

Even if many immigrants gain more economic independence as their length of residence increases, many immigrants are still highly over-represented in the low income group. In the rest of this chapter we will focus on these more economically vulnerable immigrant groups.

Since the end of the 1990s, combating poverty has been given political priority in Norway. The present government has proposed an Action Plan against Poverty where the main strategy is labour participation. This plan by the Ministry of Labour and Social Inclusion states that all children should be given the same rights and opportunities for development independent of their parents' economy, education, ethnicity or geographical background (Ministry of Labour and Social Inclusion 2006).

Income statistics show that immigrants from Eastern Europe, Asia and Africa are highly over-represented in the low income group, often due to a weak attachment

to the labour market (Statistics Norway 2008b). In most western countries, the risk of poverty or low income is not connected with basic material needs, but rather the risk of being socially excluded. Children growing up in low income families, face the risk of not being able to participate in the same type of activities, or buy the same consumer durables as their friends. In the worst cases, this can lead to social exclusion.

Studies show that poverty may be passed from one generation to the next. Children growing up in families with a lack of resources (i.e. parents with low incomes, low education and weak work attachment) have a higher risk of inheriting the same characteristics (Kirkeberg and Epland 2007). Thus, combating poverty or low incomes is important in the process of integrating many immigrant groups.

Among immigrants and Norwegian-born to immigrant parents, 29 per cent belonged to the low income group in 2006 based on the EU method of measuring low income (see box). In the rest of the population, the corresponding proportion with low annual incomes was just below 8 per cent (table 5.2). According to the OECD's lower low income threshold (OECD-50 – see box), the corresponding figures were about 20 and 3 per cent respectively. Immigrants and Norwegian-born to immigrant parents from Eastern Europe, Asia, Africa, Latin America and Turkey have a much higher risk of poverty compared with the same groups from the Nordic countries, the rest of Western Europe, North America and Oceania. This is the case for both the OECD method and the EU method of measuring low income.

A total of 34 per cent of immigrants and Norwegian-born to immigrant parents from Eastern Europe, Asia, Africa, Latin America and Turkey have low incomes measured by the EU method in table 5.2 (EU-60). These groups of immigrants have a risk of poverty

that is 3.5 times higher than the resident population in general. However, immigrants and Norwegian-born to immigrant

Table 5.2. The proportion of immigrants and Norwegian-born to immigrant parents with low annual incomes¹: Two different definitions of low income. 2006. Per cent

	OECD-50	EU-60	Average size of household
Total population	4.2	9.7	2.2
Immigrants and Norwegian-born to immigrant parents	19.8	29.1	2.3
The rest of the population	2.7	7.9	2.2
With a background from ² :			
The Nordic countries, Western Europe except Turkey, North America and Oceania	11	16	1.9
Eastern Europe, Asia, Africa, Latin America and Turkey	23	34	2.5
United Kingdom	8	12	2.0
Sweden	10	15	1.8
Denmark	7	13	1.9
Germany	12	18	1.9
Bosnia-Herzegovina	8	18	2.5
Sri Lanka	13	19	3.0
Poland	25	37	1.6
Vietnam	14	23	2.8
Iran	15	27	2.3
Russia	22	32	2.4
Turkey	24	36	2.9
Pakistan	28	38	3.4
Iraq	36	52	2.8
Somalia	47	64	2.5

¹ Students are not included.

² Includes both immigrants and Norwegian-born to immigrant parents.

Source: Income Statistics for Households 2006, Statistics Norway.

parents from the Nordic countries, the rest of Western Europe, North America and Oceania are also over-represented in the lower part of the income distribution. These immigrant groups have a risk of poverty that is 1.6 times higher than the resident population in general.

5.5. Highest at risk of poverty among immigrants from Somalia

There is a substantial variation in the incidence of low income within the immigrant population depending on the country of origin (table 5.2). Among immigrants from Somalia and Norwegian-born with a Somalian background, 64 per cent had an income below the EU-60 low income threshold in 2006. The corresponding

Income after tax includes the household's wages, net income from self-employment, property income (interest received, share dividend received etc.), and various transfers (pensions, social security benefits, child allowances, dwelling support, social assistance etc.). Assessed taxes and negative transfers (paid child maintenance and contributions to pension schemes) of the household are deducted.

Income after tax includes most of the income in cash received by Norwegian households. Other important types of income are not included, i.e. the value of public services and income not declared for tax purposes (the «black economy»). In addition, imputed rent from own dwelling is not included. Thus, interest payments are not deducted from income after tax.

Low income

Low income can be defined in more than just one way and the estimated number of individuals belonging to the low income group may therefore be sensitive to the choice of definition. In order to show the robustness of the results, we use two different low income definitions in this chapter, known as the EU method and the OECD method.

One main difference between the two definitions is that the OECD method uses 50 per cent of the median equivalent income as the low income threshold, while the EU method uses 60 per cent of the median. In addition, there are differences between the two definitions regarding the assumption of the economies of scale within households, e.g. with regard to fixed housing costs like heating, TV, telephone, washing machine etc.

In order to compare the economic well-being of individuals belonging to households of different sizes and compositions, it is common practice to divide the household income by an equivalent scale. According to the OECD scale, the first adult in the household is allocated a weight of 1.0, a weight of 0.7 is applied to each of any additional adult members, and a weight of 0.5 for each child. The EU scale is a 'modification' of the OECD scale, giving slightly less weight to additional household members (assuming larger economies of scale). According to this scale, the first adult is given the weight 1.0, the next adult a weight of 0.5 and children the weight of 0.3. According to the OECD scale, a household consisting of two adults and two children would thus need an after-tax income that is 2.7 times larger than a single person household ($1.0 + 0.7 + 0.5 + 0.5$) in order to have a comparable level of economic well-being. When applying the EU scale, the same household would only need an income of 2.1 the size of a single person household in order to have a similar level of potential consumption.

According to the OECD method, the low income threshold for a single person will be NOK 101 000 in 2006, and NOK 145 000 using the EU method.

The median income is the income (value) that splits the distribution into two parts of equal size after the distribution has been ranked according to size. Exactly 50 per cent of the population fall below that value and 50 per cent above.

figure based on the OECD-50 low income threshold was 47 per cent. People with an immigrant background from Iraq are also a group with a high risk of having a household income below the low income threshold. Based on the EU definition of low income, more than half of all the Iraqis belonged to the low income group (52 per cent), and according to the OECD definition there were more than a third (36 per cent). Many of these immigrant households are characterised by a weak attachment to the labour market and a strong dependency on social assistance. In addition, their families are in general larger than non-immigrant families. Average household size among Somalian and Iraqi households was for instance 2.5 and 2.8 respectively in 2006, compared to 2.2 among non-immigrant households.

People with an immigrant background from countries such as Pakistan, Turkey, Russia and Poland also have a relatively high prevalence of low incomes, while relatively few people with a background from Sri Lanka or Bosnia-Herzegovina have incomes below the low income threshold. These immigrants have a proportion below the low income threshold of 20 per cent or less, according to the EU definition. The low income rate is lowest among immigrants from the UK, Denmark and Sweden, but even these immigrants have a higher low income rate compared to the total population (table 5.2).

Tables 5.3-5.8 further examine some of the characteristics of the immigrants with household incomes above and below the low income threshold. For practical reasons, only the EU low-income threshold is used.

5.6. Weak work attachment in low income households

Previous findings have shown that there is a clear relationship between, on the one hand, belonging to a jobless household and, on the other hand, having a high risk of belonging to the low income group (Statistics Norway 2008b). These findings are confirmed in table 5.3. For all immigrants and people born in Norway with immigrant parents that have a household income below the EU low income threshold, 65 per cent are without any economically active in the household. In order to be defined as economically active, a person must have an income from employment that is higher than the minimum benefit to a single pensioner from the social security system, i.e. NOK 111 000 in 2006. The corresponding figure among immigrants with income above the low income threshold was 14 per cent in 2006.

There are major differences in work attachment among low income households with an immigrant background. The proportion of jobless households is largest among immigrants from Russia, Somalia and Iran, where more than 7 out of 10 belong to a jobless household. The lowest proportion of joblessness among low income households is found among immigrants from Pakistan and Sri Lanka, where roughly 50 per cent belonged to a jobless household in 2006.

Among people with an immigrant background from Somalia and Iraq, even those that have an income above the low income threshold are characterised as having a weak work attachment. More than 40 per cent of the Somalians with incomes above the low income threshold belonged to a jobless household. Among the Iraqis this proportion was 22 per cent.

Table 5.4 also shows the degree of work attachment within immigrant households by reporting the proportions of people that belong to a household where income from employment is the largest source of livelihood. As can be seen, a substantial number of people from an immigrant background have a strong work attachment despite the fact that their income is below the low income threshold. This is for instance the case for people with a Swedish background, where 60 per cent of those in the low income group had income from work as the main income source. One explanation may be that many of these Swedes hold jobs in low-paid industries such as the retail trade or hotels and restaurants. Low income migrants from Poland have an even stronger work attachment than the Swedes, where as many as 80 per cent belong to a household where employment income is the main income source. Thus many of these immigrant workers do not receive a net earning large enough to cross the low income threshold. The low income cut-off that corresponds to 60 per cent of median household income amounted to NOK 145 000 for a single person in 2006. Among all people with incomes below this threshold, 37 per cent had employment income as the largest source of income.

In general, immigrant households with incomes above the low income threshold receive most of their income from paid work (table 5.4). This is, for instance, the case for migrants with backgrounds from Pakistan, Vietnam and Bosnia, where more than 80 per cent belong to a household where employment income is the main source of income. Immigrants from Somalia once more deviate from the rest of the immigrant population by having a rather weak work attachment even among those with income above the low income threshold. Only about 50 per cent of the Somalians in this category belong to a

household where income from work is the main source of livelihood. It will thus be other sources of income that help raise the income of these households above the low income threshold.

It is important to point out that the figures presented so far do not take into account that some of the variation in the prevalence of low income may depend on factors such as length of residence in the country or reason for migration. Labour force statistics shows for instance that the unemployment rates are highest for immigrants with a length of residence of 4 to 6 years. This is particularly the case for immigrants from Africa and Asia, where many are probably refugees and where the initial years are spent in education (language training and work qualifications), see also chapter 4. Other studies suggest that factors such as reason for migrating, length of residence and time of arrival (business cycle) can explain variations in the work attachment among immigrants (Blom 1996a, Østby 2001).

5.7. Financial vulnerability – receipt of social assistance and dwelling support

For immigrants with insufficient income from paid work or who are not entitled to receive benefits from the social security system, additional income sources like social assistance or dwelling support are increasingly important. One indicator of financial vulnerability may thus be the need for social assistance. Not surprisingly, there is a strong relationship within immigrant households between having income below the low income threshold and being in receipt of social assistance. More than a third of all immigrants living in low income households also belonged to a household that was in receipt of social assistance in 2006 (table 5.5). The corresponding figure for those with a

household income above the low income threshold was 11 per cent.

Once more, there are apparent differences among people of different immigrant backgrounds. Immigrants in low income households with backgrounds from countries such as Sweden, Denmark, Germany and the UK are disproportionately represented among the recipients of social assistance, but compared to other immigrants their share is relatively low. The smallest proportion of social assistance recipients within the low income group, however, is found among immigrants from Poland. Only about 4 per cent of these were in receipt of social assistance

Table 5.3. **The proportion of people in jobless households. With and without low income.¹ 2006. Per cent**

	With low income	Without low income
Total population	66	17
Immigrants and Norwegian-born to immigrant parents	65	14
Of which with background from:		
United Kingdom	63	15
Sweden	65	11
Denmark	69	25
Germany	57	13
Bosnia-Herzegovina	67	9
Sri Lanka	51	4
Poland	55	6
Vietnam	62	9
Iran	71	18
Russia	76	14
Turkey	54	13
Pakistan	49	9
Iraq	69	22
Somalia	72	41

¹ Students are not included. The low income threshold is equal to 60 per cent of median household income per consumption unit (EU scale).

Source: Income Statistics for Households 2006, Statistics Norway.

in 2006, compared to 20 per cent of all people living in low income households. As noted earlier, immigrants from Poland have a strong attachment to the labour force, where even low income households have income from paid work as their main income source. Immigrants from Somalia and Iraq are in general more dependent on social assistance than other immigrants. More than 60 per cent of all low income immigrants from these two countries were in receipt of social assistance. In addition, a high proportion of Somalian and Iraqi immigrants with household incomes above the low income threshold also receive such support. Half of all immigrants from Somalia with incomes above the low income

Table 5.4. **The proportion of people in households where income from work is the largest source of income. With and without low income.¹ 2006. Per cent**

	With low income	Without low income
Total population	37	79
Immigrants and Norwegian-born to immigrant parents	41	81
Of which with background from:		
United Kingdom	47	82
Sweden	60	86
Denmark	46	71
Germany	62	85
Bosnia-Herzegovina	30	88
Sri Lanka	49	91
Poland	80	92
Vietnam	39	86
Iran	29	75
Russia	28	79
Turkey	44	79
Pakistan	49	82
Iraq	25	68
Somalia	21	49

¹ Students are not included. The low income threshold is equal to 60 per cent of median household income per consumption unit (EU scale).

Source: Income Statistics for Households 2006, Statistics Norway.

threshold were for instance in receipt of social assistance in 2006. The proportion in receipt of social assistance is in general also high among immigrants from countries like Bosnia, Russia and Iran. While roughly 50 per cent of all low income households from these countries receive such support, the proportion is also quite high among households that do not belong to the low income group (16-23 per cent). It thus seems apparent that many immigrants cross the low income threshold only after receiving social assistance.

Dwelling support is provided to certain disadvantaged households among the elderly, the disabled or families with children in order to help finance a proper

Table 5.5. **The proportion of people in households that are in receipt of social assistance. With and without low income¹. 2006. Per cent**

	With low income	Without low income
Total population	20	4
Immigrants and Norwegian-born to immigrant parents	36	11
Of which with background from:		
United Kingdom	8	2
Sweden	9	2
Denmark	9	2
Germany	5	2
Bosnia-Herzegovina	54	16
Sri Lanka	23	6
Poland	4	3
Vietnam	31	11
Iran	49	23
Russia	52	19
Turkey	31	12
Pakistan	22	7
Iraq	67	39
Somalia	64	50

¹ Students are not included. The low income threshold is equal to 60 per cent of median household income per consumption unit (EU scale).

Source: Income Statistics for Households 2006, Statistics Norway.

dwelling. Households with an immigrant background are disproportionately represented among the recipients of this benefit compared to the total population. Whereas 18 per cent of all people living in low income households were in receipt of dwelling support, the corresponding figure among the immigrant population was 29 per cent (table 5.6). The same pattern is found for those with a household income above the low income threshold. For instance, immigrants had a three times greater risk of living in a household in receipt of dwelling support than the total population (9 per cent vs. 3 per cent). In other words, the distribution of dwelling support in many respects resembles the distribution of social assistance.

Table 5.6. **The proportion of people in receipt of dwelling support. With and without low annual incomes¹. 2006. Per cent**

	With low income	Without low income
Total population	18	3
Immigrants and Norwegian-born to immigrant parents	29	9
Of which with background from:		
United Kingdom	7	1
Sweden	6	1
Denmark	9	1
Germany	5	1
Bosnia-Herzegovina	41	10
Sri Lanka	13	3
Poland	4	2
Vietnam	27	8
Iran	36	19
Russia	49	19
Turkey	25	8
Pakistan	16	5
Iraq	54	30
Somalia	56	52

¹ Students are not included. The low income threshold is equal to 60 per cent of median household income per consumption unit (EU scale).

Source: Income Statistics for Households 2006, Statistics Norway.

Relatively few immigrants from Sweden, Denmark, Germany, the UK or Poland are in receipt of dwelling support. Within low income households, this benefit is most frequently received by immigrants from countries such as Somalia, Iraq, Russia and Bosnia-Herzegovina. As was the case for social assistance, dwelling support is a frequently received income even among those immigrants from Somali and Iraq that have a household income above the low income threshold. More than half (52 per cent) of all immigrants from Somalia with incomes above the low income threshold were in receipt of dwelling support in 2006. The corresponding figure for immigrants from Iraq is 30 per cent.

Table 5.7. **Proportion of people in households where interest payments are a heavy financial burden. With and without low income¹. 2006. Per cent**

	With low income	Without low income
Total population	12	7
Immigrants and Norwegian-born to immigrant parents	8	8
Of which with background from:		
United Kingdom	16	5
Sweden	11	7
Denmark	11	6
Germany	7	4
Bosnia-Herzegovina	7	8
Sri Lanka	21	16
Poland	3	4
Vietnam	12	9
Iran	12	15
Russia	5	7
Turkey	15	8
Pakistan	15	12
Iraq	5	5
Somalia	1	1

¹ Students are not included. The low income threshold is equal to 60 per cent of median household income per consumption unit (EU scale).

Source: Income Statistics for Households 2006, Statistics Norway.

5.8. Indebtedness

Another indicator of financial precariousness is the debt burden of households and the share that interest payments make up of household income. Table 5.7 shows the proportion of people that belong to a household where at least 15 per cent of the total household income is spent on interest payments. As can be seen from the table, interest payments are a heavier financial burden for many of the immigrants in the low income group compared to those with income above the low income threshold.

Compared to all people with a household income below the low income threshold, low income immigrants from Sri Lanka, the UK, Turkey and Pakistan are dispro-

Table 5.8. **The proportion of people in households with a heavy debt burden. With and without low income¹. 2006. Per cent**

	With low income	Without low income
Total population	18	12
Immigrants and Norwegian-born to immigrant parents	13	13
Of which with background from:		
United Kingdom	27	10
Sweden	15	13
Denmark	18	11
Germany	11	8
Bosnia-Herzegovina	10	12
Sri Lanka	30	20
Poland	5	7
Vietnam	17	14
Iran	19	24
Russia	8	13
Turkey	20	15
Pakistan	23	20
Iraq	8	11
Somalia	4	2

¹ Students are not included. The low income threshold is equal to 60 per cent of median household income per consumption unit (EU scale).

Source: Income Statistics for Households 2006, Statistics Norway.

portionately represented among those that face a heavy interest payment burden. Among low income immigrants from Sri Lanka, one in five belong to a household where interest payments make up more than 15 per cent of household income. Among immigrants from Somalia (both those above and below the low income threshold), only one per cent have such a high level of interest payments. Immigrants in the low income group from Iraq, Russia and Poland are also characterised as having a relatively small number of households facing a heavy burden of interest payments.

Table 5.8 shows the proportion of people in households where the size of debt exceeds the size of total household income by three times or more. Many of the immigrants belong to households where such heavy indebtedness is common. As was the case for interest payments, low income immigrants with backgrounds from countries like Sri Lanka, the UK, Pakistan and Turkey are disproportionately represented among households with a heavy debt burden. These immigrants have a larger proportion with a heavy debt burden than the total population. Among low income households, 30 per cent of all immigrants with a background from Sri Lanka belong to a household where the size of debt exceeds the total household income by three times or more. With regard to people with a household income above the low income threshold, immigrants from Iran have the highest debt burden. Roughly one out of four of these immigrants had a debt larger than three times the size of their household income. The least indebtedness is found among people with an immigrant background from countries like Somalia, Poland, Iraq and Russia, where only about 10 per cent of all low income households have a heavy debt burden. The correspon-

ding figure among all people below the low income threshold was 18 per cent in 2006.

5.9. One out of four immigrants are at risk of persistent low income

We have so far based our definition of low income on the financial situation in a given year, i.e. 2006. This definition provides useful information on the financial situation of immigrant households but does not tell us whether the incidence of low income is transitory or a more or less permanent situation. Table 5.9, on the other hand, shows the number of people with persistent low income in the three-year period 2004-2006. Panel data covering the entire population allows us to follow the same individuals, and their household income, over time. In addition, we present the incidence of persistent low income by length of residence in the country. Unlike the table on low annual income (table 5.2), the table on persistent low income only includes immigrants, thus excluding all Norwegian-born to immigrant parents.

Among all immigrants, nearly 25 per cent had persistent low income in the three-year period 2004-2006. In the total population, the corresponding figure was 8 per cent. The proportion of people with persistent low income declines rapidly by length of residence. Among recently arrived immigrants (those that arrived in 2004), almost 47 per cent had persistent low income. This proportion falls to 31 per cent for immigrants that have lived in the country 4 to 9 years, and further to 19 per cent for immigrants with a length of residence of 10 years or more. Nevertheless, even after having lived in the country for 10 years or more, immigrants have a risk

of persistent low income that is more than twice the risk of the total population.

As expected, the incidence of persistent low income is lowest among immigrants from countries like Denmark, Sweden, the UK and Germany. However, even recently arrived immigrants from these countries have a high proportion with persistent low income, while those that have lived in the country for several years have an incidence of low income that is similar to the total population.

Immigrants from Iraq and Somalia are at greatest risk of persistent low income. Nearly 9 out of 10 Somalians with 3 years of residence experience persistent low income. The number with a low income also falls for this immigrant group, but even after 10 years of residence or more, nearly 6 out of 10 immigrants from Somalia have persistent low incomes. For immigrants from Iraq with a similar length of residence, the proportion with a persistent low income is 46 per cent. The high proportion of people with persistent low incomes within these households confirms the fact that these immigrants face particular problems with regard to gaining a foothold in the labour market. Immigrants from Pakistan and Turkey that have lived in the country for many years are also over-represented among those with a persistent low income. This can at least be partly explained by the high numbers in receipt of disability pension among these immigrants, and that these benefits are less than the low income threshold (EU definition). Furthermore, the average household size is much larger within these households compared to the rest of the

Table 5.9. The proportion of people with persistent low income¹, by length of residence. The three-year period 2004-2006. Per cent

	Length of residence			
	All	3 years	3-9 years	10 years or more
Total population	7.9	-	-	-
Immigrants	24.8	46.6	31.4	18.8
With a background from:				
The Nordic countries, Western Europe except Turkey, North America and Oceania	11	26	13	9
Eastern Europe, Asia, Africa, Latin America and Turkey	31	53	37	24
United Kingdom	9	20	12	8
Sweden	10	24	11	8
Denmark	9	23	12	8
Germany	12	24	12	10
Bosnia-Herzegovina	19	25	21	19
Sri Lanka	17	38	21	15
Poland	17	36	13	14
Vietnam	22	39	27	21
Iran	30	57	39	24
Russia	31	67	26	14
Tyrkia	35	49	35	33
Pakistan	38	55	42	36
Iraq	53	71	54	46
Somalia	65	87	66	58

¹ Students are not included.

Source: Income Statistics for Households 2004-2006, Statistics Norway.

population (ref. table 5.2). There are thus large families that need to be provided for by a relatively modest income.

Persistent low income is defined on the basis of the amount that makes up the average median equivalent income for all persons in the three-year period 2004-2006 (at fixed prices). The low income threshold is calculated using the EU equivalent scale and using 60 per cent of the average median income in the three-year period as the cut-off.