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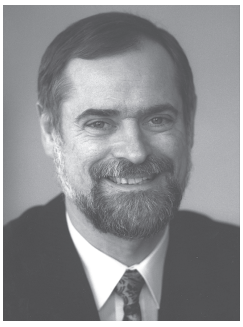
Migrants, Work, and the Welfare States of Denmark and Germany



By Torben Tranæs, Research Director, the Rockwool Foundation Research Unit, and Klaus F. Zimmermann, Director of the Institute for the Study of Labor, IZA

Migration has become a global phenomenon. Currently, about 2.9% or 175 million people worldwide are international migrants, not counting illegal migrants. Europe has more migrants than both Asia and North America, and yet most international research has dealt with the situation in the US. A rapidly growing literature for Europe is beginning to cope with this deficit, but reliable research findings are still missing for many countries and issues. The recently published book from the Rockwool Foundation Research Unit in Denmark, *Migrants, Work, and the Welfare State*, edited by Tranæs and Zimmermann, is an effort to fill a part of the gap.

The need for additional knowledge about Europe has been increasing due to the effects of globalization, the internally created demographic burden, and the sluggish European economies. Migration seems to be simultaneously a threat and a solution in many areas. For the European Union as a whole and for its individual member countries there are four important challenges:

- There is an increasing pressure from people in all parts of the less developed world to be allowed to enter the European Union in order to work and take up welfare benefits.
- High-skilled labor is becoming both more mobile and more in demand. Europe is being forced to enter into worldwide competition in order to receive its fair share in this market.
- Trade is one source of virtual labor imports: imported goods carry labor. But the ultimate challenge is the Internet, which permits an increasingly effective virtual immigration of labor.
- In the medium term-future, Eastern enlargement of the European Union will soon create more open labor markets and probable needs for adjustment.

European Union member countries such as Denmark and Germany have soon to decide how to meet these challenges. Is a continuation of the current policy appropriate, or does the European Union need a labor immigration policy that is more “rational” in the sense that it considers the region’s economic interests to a greater extent? To develop an appropriate policy standpoint, it is necessary to learn more about how immigrants in European member countries currently fare, and how they affect the economic well-being of the native population and the public sector finances. It is furthermore important to understand

how policy measures have contributed to the current migration situation.

The book *Migrants, Work, and the Welfare State,* presents the results of a comprehensive comparative study between Denmark and Germany on immigration and integration and provides new evidence for this purpose.

The study is a joint effort by the Institute for the Study of Labor (IZA) in Germany and the Rockwool Foundation Research Unit, and is largely based on a rich representative data set collected specifically for the purpose, the *Rockwool Foundation Migration Survey,* RFMS-D and RFMS-G, respectively, which relates to the same groups of immigrants (Turks, people from former Yugoslavia, Poles, Iranians, and Lebanese) in Denmark and Germany.

The research team behind the book analyze a number of important questions. What are the experiences of migrants in Germany and Denmark, and how different are they? What have been the consequences of different immigration and social policies, and of differences in the needs of the respective economies? Are there differences between Germany and Denmark in attracting high-skilled and low-skilled immigrants, and how do immigrants adapt their skills when they enter the respective labor markets? What is the level of attachment of immigrants to the labor market, and how is it affected by social and labor market policies? How do immigrants fare with respect to earnings, employment, unemployment, self-employment, welfare take-up, and crime? And how do they impact the public sector finances? What do migrants do that is to the advantage or disadvantage of the natives? The book covers this broad range of questions, struggling to provide lucid and coherent answers.

This newsletter summarizes the core findings in a number of articles, and in this introduction we offer some clear-cut conclusions.

Results

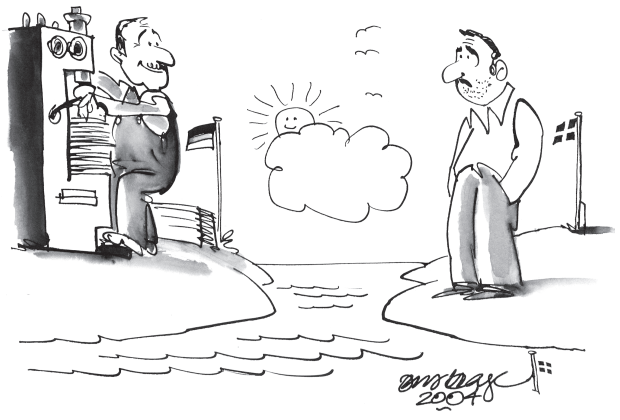
Denmark and Germany share a similar history of immigration over the last decades. They are fairly similar in their current legislation regulating entry into the countries and access to the respective labor markets. Denmark follows a more liberal immigration policy towards the Nordic countries, and has done so towards asylum seekers in the past, while Germany has always received much higher numbers of migrants, who consequently make up a much larger proportion of its population. Both countries had guest-worker programs that were more or less halted after 1973, as did many other Western European countries. Yet foreign citizens made up 8.9% of the German and 5.0% of the Danish populations in the beginning of 2002. Including naturalized immigrants, the percentage for Denmark is 7.7%; this proportion for Germany is unknown.

There are greater ethnic differences in Germany than in Denmark with respect to both educational attainment and vocational training. Immigrants in Denmark are less well educated upon arrival, but they acquire more basic schooling once they are in the country than immigrants in Germany. However, the Danish system does not encourage those with low skills to acquire further education.

In comparison to natives, there is severe under-employment of immigrants in both countries, and this situation has become more severe over the last two decades.

The employment rate is lower for non-Western immigrants in Denmark than it is in Germany, although natives are more attached to the labor force in Denmark than in Germany. Recently, only 54% of immigrants from non-Western countries in Germany were in employment, as opposed to 67% of native Germans. In Denmark, 46% from the same non-Western countries were in employment, compared to 76% of native Danes. The employment integration of immigrants has quite simply been much more successful in Germany than in Denmark.

Immigrants have a larger presence on the labor market in Germany than in Denmark. Probable reasons for this difference are that immigrants in Denmark are less educated upon arrival, and that financial incentives to work are low in Denmark, primarily because the unemployment compensation system pays a higher replacement rate to the low-paid income groups: the proportion of immigrants in the labor force between 25-55 years of age who gain less than €100 extra per month from working, are *at most* 18% in Germany and *at least* 35% in Denmark.



Education, vocational attainment, and the number of years the immigrant has stayed in the host country are powerful determinants of labor market participation. But surprisingly enough, of these factors only vocational training increases the probability of being in employment once the immigrant is in the work force. Good language skills remain the most important determinant for employment.

Whereas immigrants in Denmark are less financially motivated to seek employment than their counterparts in Germany and fewer get jobs, once at work they earn more throughout their working lives than comparable immigrants in Germany. Although experience is not as well rewarded in Denmark, an initial earnings advantage upon arrival is sustained.

While Denmark seems to be a more attractive country for employed immigrant workers, Germany was found to offer better opportunities for entrepreneurs. Self-employed immigrants in Germany are clearly positively self-selected, while those in Denmark seem to be more randomly distributed. Consequently, self-employed immigrants earn much more in Germany than in Denmark, and also more than regular migrant workers in Germany. The Danish self-employed immigrants earn less than the salaried group.

The last part of the book deals with the supposed idleness of immigrants, their alleged over-representation in welfare take-up and crime, and the direction of redistribution of income through public sector finances in relation to the immigrant population. While a sizable level of welfare take-up by immigrants is documented, especially in Denmark, it is also found that good labor market performance, language skills, and home ownership considerably reduce the probability of receiving social assistance in both countries.

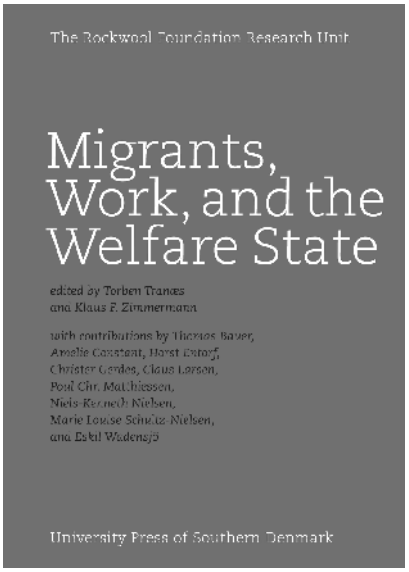
The biggest difference between the two countries concerning welfare take-up is between Danish and German immigrant women. In Denmark, 29% of immigrant women receive either social assistance or unemployment benefits; in Germany it is only 16%. The same figures for immigrant men are 26 and 23% in Denmark and Germany respectively.

The analysis of crime rates shows that even when differences in age, gender, and educational distributions are controlled for, individuals with foreign backgrounds exhibit a greater presence in the crime statistics. This presence, however, could also be a statistical artifact due to measurement problems, as a large number of issues were not taken into account.

Immigrants induce a redistribution through public sector finances whereby the net transfers in public contributions go from Western immigrants to the public sector, and from the public sector to immigrants from non-Western countries. These redistribution processes bring the average disposable income of non-Western immigrants in Denmark much closer to the disposable income of native Danes, and to a level much higher than that of German non-Western immigrants. The average disposable income of non-Western immigrants is 80% of that of natives in Denmark and 57% of that of natives in Germany. Furthermore, the non-Western immigrants have almost the same low income inequality as native Danes, while the same immigrant groups exhibit a much more unequal distribution of disposable income in Germany.

It can be concluded that Germany manages to attract more able immigrants, to get them into employment, and to offer more to people with entrepreneurial talents. Denmark keeps more immigrants in the welfare system, but offers better remuneration to those who obtain employment as well as some employment incentives for immigrants to educate themselves to higher levels – but not to undertake vocational training.

Both countries have a major problem of under-employment of immigrants as well as difficulties with the education of second-generation immigrants. At present, no improvements to this situation seem likely to occur automatically, because both countries seem to have an institutional set-up that does not really reward immigrants who achieve a better level of education.



Publication

Migrants, Work, and the Welfare State

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Immigration Policy and Danish and German Immigration

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This article describes the main institutional features of Danish and German immigration policies, the historical development of immigration, and central demographic characteristics of the foreign populations in the two countries.

Immigration Policy

Up until 1983, immigration to Denmark was regulated by the Aliens Act of 1952, which allowed foreigners to enter the country relatively freely to seek work. As early as 1969, however, increasing social problems caused by a large increase in the number of job-seeking foreigners led to administrative attempts to restrict immigration. On November 29, 1973, these attempts peaked with a total ban on immigration caused by fears of a recession as a consequence of the first oil crisis. After 1973, residence permits for employment or business reasons have only been granted in exceptional circumstances. The ban did not apply to citizens of the Nordic countries or the EEC (the later EU).

Despite these restrictions, foreigners from outside the Nordic and EEC area continued to enter Denmark, but now through the process of family reunification, as guest workers brought their families to Denmark. Later, asylum seekers and refugees, and subsequently their family members, became part of the inflow. In 1983, a new Aliens Act was passed in order to improve and protect the legal rights of these new groups of foreigners, including a legal right to family reunification. These institutional changes, however, resulted in an almost immediate increase in immigration, leading to a tightening of the regulations in subsequent years.

As far as family reunification is concerned, the changes resulted in an increasing importance of the maintenance aspect and its implementation through administrative practice. Concerning asylum seekers, the legal right to enter and stay in the country while an asylum application was being processed was limited by the introduction of a "manifestly unfounded" procedure[1] and "safe third country" returns[2]. In addition, the principle that asylum seekers could enter the country and be admitted to the formal asylum procedure without having a valid passport and visa was abolished. The Aliens Act of 1983 established the group of "de facto refugees" legally, which gave asylum seekers who did not meet the conditions of the UN Refugee Convention the possibility of obtaining asylum. It meant a rather secure status with a "residence permit with the purpose of permanent stay" (possible after three years), whereas Germany has offered "de facto refugees" temporary protection ("Duldung"). Contrary to Germany, a large number of refugees from the war in former Yugoslavia were granted permanent residence permits during the 1990s.

Due to amendments to the Aliens Act since 1998, and especially in 2002, conditions of entry into Denmark have become tighter, both as far as family reunification and asylum are concerned. One example of an area where existing rules and requirements were tightened up is the maintenance condition for marriage migration. In practice it had not applied to refugees or to Danish or Nordic citizens and was abolished for Danish citizens in 1998, but reintroduced in 2002. Furthermore, if not a Danish citizen or a refugee, immigrants must have had an unlimited residence permit for at least three years, before a spouse or partner can be brought to the country. Parents can no longer be reunited with their adult children living in Denmark.

To prevent pro forma and forced marriages, the legal right to family reunification with spouses for young people under the age of 24 was abolished, and a rule was introduced, which requires that the married couple's aggregate ties to Denmark are stronger than with any other country. "De facto refugee" status was abolished and replaced by a "protective" status. The required length of legal residence before a permanent residence permit can be issued was raised from three to seven years.

Since January 1, 1999, new refugees and – depending on the nationality – spouses and partners reunited with persons living in Denmark must take part in a three-year "introduction program" in order to be eligible for an "introduction allowance". This allowance is lower than the ordinary social security benefits, which can now only be obtained by persons – irrespective of citizenship – who have stayed in Denmark for a total of at least seven of the previous eight years. However, the introduction allowance may be supplemented if necessary, and if a person who comes under the Integration Act is able to find ordinary employment, participation is not compulsory.

Germany's migration experience differs from that of Denmark with respect to the large number of immigrants of German descent or former citizenship, but as the German data set used for this project does not enable the study of ethnic German immigrants, the following description concentrates on Germany's migration regulations for foreigners from the second half of the 1950s.

Labor migration to Germany began earlier than in Denmark. From the mid-1950s to 1973 a number of bilateral recruitment agreements were in force. Such recruitment agreements were signed with Italy, Spain, Greece, Turkey, Morocco, Portugal, Tunisia, and Yugoslavia.

The recruitment of unskilled male labor for the industrial sector was much more systematic than in Denmark, where guest workers predominantly came on their own initiative. A ban on immigration on November 23, 1973, for the same reasons as in Denmark, terminated the active recruitment policy. In both countries efforts were made to encourage guest workers to return to their home countries, but this only happened on a relatively small scale. Instead they sent for their families. In Germany it is estimated by the *Unabhängige Kommission Zuwanderung* that family reunification has accounted for more than half of the immigration flow in the 1970s and 1980s.

After 1973, legal immigration to Germany was restricted to dependants of foreigners living in Germany, asylum seekers and refugees, citizens of other EEC countries, and immigrants of German descent or former citizenship – "Übersiedler" and "Aussiedler". Similar to Denmark, immigration for employment and business reasons was limited to exceptional cases. Seasonal workers, however, from outside the EEC area were still allowed to come to Germany, while this was not the case in Denmark.

The political changes in Eastern Europe, the war in former Yugoslavia, and the clashes between Turks and Kurds in the south-east of Turkey caused a heavy increase in the number of asylum seekers and refugees between 1988 and 1992. In 1993, this resulted in a change of the right to asylum according to the Constitutional Law. Deportation proceedings were speeded up, and the possibilities of applying for asylum were restricted, mainly through the implementation of the "third country rule".

Most of the immigration since the mid-1970s in both countries was caused by push-factors, but the economic boom after the German reunification caused some pull-migration of temporary workers, that was based on bilateral agreements between Germany and a number of Central and Eastern European Countries (CEEC). Seasonal workers and the agreements with the CEECs thus are two areas, where temporary immigration has taken place in Germany, but not – or on a much smaller scale – in Denmark, where this category only has comprised interns and specialists, musicians and artists, students, and au pairs, with students being by far the largest single group. Scientists and lecturers invited to teach, for example, representatives on business trips, and fitters, consultants, and instructors may stay and work for a shorter period.

In 2000, the German government introduced a "Green Card" program in order to meet the demands of the German labor market for qualified IT specialists. Under this program, a total of 20,000 IT specialists could enter Germany between 2000 and 2003 for a maximum of five years. Foreign students who have obtained a university degree in information technology at a German university can stay and work in Germany under this program rather than being forced to leave the country. In Denmark, a "job-card" scheme came into force on July 1, 2002, with the aim of attracting well-educated people with qualifications, which are in short supply in Denmark. A continuously updated "positive list" describes within which professional areas there is a lack of specially qualified manpower, who therefore have easier access to residence and work permits. IT specialists have been on and off the list; engineers, doctors, and nurses are other examples.

The current German regulations concerning entry, residence, and employment differentiate between numerous residence and work permits, whereas in Denmark, as a general rule, a residence permit carries with it the right to work. The introduction of the "Green Card" started a debate about the necessity for an immigration law that would integrate the various regulations existing in numerous laws, improve the integration of foreigners, and increase the opportunities for high-skilled workers to come to Germany. After nearly four years of negotiations, the German government and the opposition agreed upon a new immigration law, which passed the German Federal Council (the *Bundesrat*) in July this year. The law allows legal immigration of workers only in the case of highly qualified foreigners, such as engineers, computer specialists and scientists. In addition, self-employed people who offer a certain number jobs to natives will be allowed to immigrate. Finally, the law makes it easier for the responsible officials to deport "hate preachers" and terror suspects.

The conditions for obtaining an unlimited residence permit and for obtaining Danish citizenship historically have been less strict than those laid down in the corresponding German legislation. In recent years, however, German legislation has become less strict, while the tendency in Denmark has been the opposite.

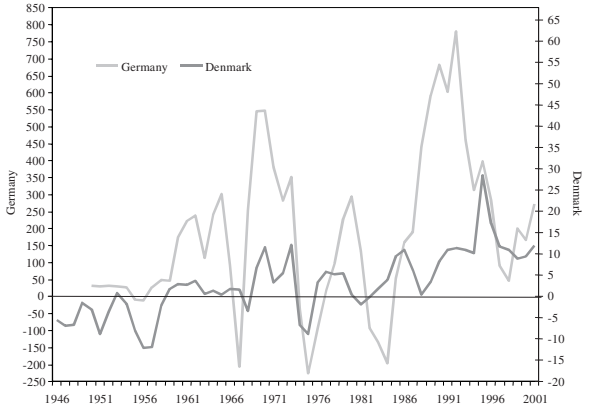
Migration to Denmark and Germany

Figure 1 shows the net migration flows of individuals to Denmark and Germany since World War II. Though different in scale, the cyclical patterns appear to be very similar, and can roughly be divided into four different phases: war adjustment, manpower recruitment, consolidation or restricted migration involving family members and asylum seekers, and the dissolution of communism. The large inflow of ethnic Germans from Eastern Europe, which characterizes the period of war adjustment is not included in Figure 1. Between the end of World War II and the mid-1950s, 11.5 million Germans left Eastern Europe – eight million went to the Federal Republic of Germany – and between 1950 and the construction of the Berlin Wall in 1960, approximately 2.6 million moved from East to West Germany.

Unlike Germany, Denmark experienced net emigration in almost every year until 1960. For the first 20 years after World War II, migration was mostly to and from Norway, Sweden, Finland, Germany, and the US. In many cases, these migrants were Danish expatriates returning home, and foreigners returning to their respective home countries.

The phase of manpower recruitment started in the mid-1950s in Germany and about ten years later in Denmark and ended in 1973 in both countries. Except for the economic recessions in 1967 in Germany and in 1968 in Denmark net immigration was increasing throughout this period. In 1970, Germany experienced a net inflow of almost 550,000 and Denmark about 12,000 persons. In Denmark, the guest workers mainly came from Turkey, Yugoslavia, and Pakistan, while the first guest workers in Germany predominantly came from Southern European countries (Italy, Spain, Greece, Portugal), Turkey, and Yugoslavia.

Figure 1. Net migration to Denmark and Germany, 1946-2001 (thousands).



Sources: Statistics Denmark and Statistics Germany.

After the total ban on immigration in 1973, a period of restricted migration began – not only in Denmark and Germany, but all over Europe. Net immigration decreased in both countries. Whereas Denmark experienced a total net inflow of more than 51,000 between 1958 and 1973, this number fell to 36,000 persons between 1974 and 1988. The corresponding figures for Germany are more than 3.6 million and about 860,000 persons.

Family Migration

Family reunification has been the single most important source of permanent immigration for three decades since 1973. Reliable data, however, does not exist before 1988 in Denmark and 1996 in Germany. For Germany it has been estimated that more than half of the immigration flow in the 1970s and 1980s was due to family reunification. According to statistics of the Ministry of Foreign Affairs, 104,084 individuals immigrated to Germany in the year 2000 under family reunification regulations, which corresponds to roughly 12% of the total gross immigration in this year and about 16% of total gross immigration of foreigners.

In 1988, Denmark granted 6,996 residence permits for family migrants, a number which increased to 9,480 in 1999 after a decrease in 1993 following a tightening of the rules in 1992. Without counting residence permits to children of foreigners, who – from May 2000 onwards – were required to have separate residence permits, about 10,000 and 11,000 were granted in 2000 and 2001. Historically, between two thirds and three quarters of all cases of family reunification involved spouses and partners. Family reunification as such accounted for about one third of all residence permits granted. The tightening of the Aliens Act which came into effect on July 1, 2002, had a strong effect both on the number of applications and the number of residence permits granted, which declined to a little more than 8,000 in 2002 and less than 5,000 in 2003.

Asylum Seekers and Refugees

Starting in the late 1980s the fall of the Iron Curtain and the war in former Yugoslavia induced an increasing inflow of asylum seekers and refugees and also further increased family reunification.

Immigration to Germany reached its historical peak in 1992 with 1.5 million new immigrants and a net immigration of 782,000 persons (Figure 1). This led Germany to tighten its asylum regulations. These policy changes were followed by an immediate and sharp decrease in net immigration as well as in the number of asylum applications – a development which did not occur in Denmark until 2001.

After a sudden increase in the number of asylum applications and residence permits following the Danish Aliens Act of 1983, net migration fell to almost zero in 1988 as a consequence of tightening of the regulations only to increase sharply again from 1989 onward. With 63,000 new immigrants and a net inflow of more than 28,000, immigration to Denmark peaked in 1995, when a large number of refugees from former Yugoslavia, who till then had been covered by a special law, received residence permits. Partly due to the abolition of the concept of "de facto refugee" in 2002, the number of residence permits to asylum seekers fell from an average of 5,300 in the previous five-year period to 4,069 in 2002 and 2,447 in 2003.

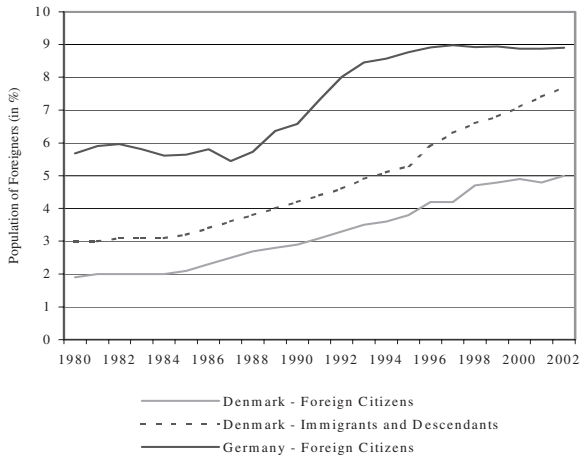
In the 1980s, Iranian and Polish refugees made up major groups in both countries, together with Tamils, stateless persons (mainly Palestinians) and later Somalis in Denmark, persons of Turkish nationality (of whom many are from the Kurdish minority) and from Eastern Europe in Germany. Asylum seekers from the former Yugoslavia was the largest group in both countries in the 1990s, Iraqis have been a large group in Denmark since the 1980s and in Germany since the mid-1990s, while Af-

gans have come to both countries in the second half of the 1990s, most markedly to Denmark.

The Foreign Populations in Denmark and Germany

Figure 2 shows the proportions of foreigners in the total populations of Denmark and Germany for the period from 1980 to 2002. In Germany, it remained largely constant at around 6% in the 1980s. Between 1987 and 2001, the number of foreign citizens increased by almost 73% from 4.2 to 7.3 million people, or to 9% of the total population. In the same period the number of foreign citizens in Denmark grew by more than 100% from 128,255 to 258,629, or – starting from a stable level at 2% – to 5% of the total population. Usually, Statistics Denmark bases its figures on the concepts of "immigrants" (born abroad to parents who are both either non-Danish citizens or born abroad) and "descendants" (born in Denmark to parents neither of whom is a Danish citizen and born in Denmark). Measured in this way – the dotted line in Figure 2 – the proportion with a foreign background increased from a stable level of nearly 3% in the first half of the 1980s to 5.3% in 1995 and 7.7% in 2002 (8.2% in 2004). The rapid increase in the number of immigrants and descendants in recent years compared to the number of foreign citizens is due to an increasing number of naturalizations.

Figure 2. Foreign populations in Denmark and Germany, 1980-2002 (% of total populations).



Sources: Statistics Denmark and Statistics Germany.

Even though Denmark and Germany have a rather similar history of immigration, they differ remarkably with regard to the composition of the foreign populations by citizenship.

Compared to Germany, Denmark has a high proportion of foreigners from other Nordic countries, who can enter the country without restrictions on a par with EU nationals. Reflecting family migration in the 1980s and 1990s and the increasing immigration of asylum seekers and refugees in the 1990s, the proportion of foreigners from other EU countries of the total population of foreigners decreased, even though between 1987 and 2002 the number of EU nationals increased from 26,615 to 42,235 in Denmark and from almost 1.2 to almost 1.9 million in Germany.

The proportion made up of persons from former Yugoslavia increased sharply in the beginning of the 1990s. Note that many of these migrants received permanent residence permits in Denmark, whereas Germany followed a policy of sending refugees back after the end of the civil war. With about 2 million persons of Turkish origin, immigration from Turkey plays a much more important role in Germany than in Denmark. In Denmark, the number of Turkish citizens is now only slightly higher than the number of foreign citizens from former Yugoslavia, and also Pakistanis constitute a considerable proportion. From 1987 to 2001 the proportion of foreign citizens from "non-Western"[3] countries increased from a little more than 50% of the immigrant population to almost 70% in Denmark, while in the same period it increased only slightly from just under to just over 70% in Germany.

In both countries and for both males and females, the foreign population originating from Western countries appear to be slightly older than the respective native population, whereas foreigners from non-Western countries are significantly younger. As in most immigration countries, immigrants and their descendants cluster in specific regions and in urban areas. In Germany, more than 75% live in cities with at least 20,000 inhabitants as compared to only 56% of all Germans. In Denmark, more than 40% live in the metropolitan area (53% of all immigrants and descendants) as compared to 25% of all Danes.

Summary

There are many similarities between Denmark and Germany with regard to the current legislation regulating immigration and access to the labor market. Apart from the temporary immigration of workers from CEEC countries to Germany and asylum seekers' right to work, differences are mainly historical, with Denmark following a more liberal immigration policy towards the Nordic countries and – until recently – asylum seekers.

Except from the number of immigrants and some differences concerning the source countries, the two countries have shown very similar patterns of net immigration since the 1960s.

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[1] A possibility of rejecting an asylum application administratively without access to appeal.

[2] Asylum seekers could be returned, if they had traveled through a safe country.

[3] "Western countries" are EU countries before the enlargement in 2004, Iceland, Liechtenstein, Norway, Switzerland, the US, Canada, Australia, and New Zealand. All other countries are here termed "non-Western".

The Educational Background and Human Capital Attainment of Immigrants in Germany and Denmark

By Amelie Constant, Ph.D. (Econ), IZA and Claus Larsen, M.Sc. (Econ), the Rockwool Foundation Research Unit

Human capital is an important element in individual labor market performance and advancement, in improving living standards, in economic growth and development, and in reducing inequality. In this article we focus on the educational background and post-migration human capital investment of immigrants and descendants in Denmark and Germany from Turkey, former Yugoslavia, Poland, Iran, and Lebanon.

The first part of the article sets up the framework within which the comparisons take place, the second describes pre- and post-migration educational attainment at different levels, while the third part investigates the determinants of human capital accumulation at different educational levels in the host country, and the fourth summarizes.

Framework and Concepts

There are many similarities between the Danish and German educational systems with regard to structure, years of education, and length of various programs, but in contrast to Denmark, the German school system is divided into different tracks already at the primary school level. After 4 years of schooling, or around the age of 10, pupils can move on to Hauptschule, Realschule, or Gymnasium depending on their grades and performance. These tracks usually determine the kind of future jobs and prepare the students for different occupations (blue-collar, white-collar, and academic). In the comprehensive Danish Folkeskole, differentiation, or ability grouping in certain subjects, takes place after 7 years of schooling, but still within the framework of the class. Levels and grades obtained in classes 8, 9, and 10 (optional) decide the students' possibilities of continuing to youth education programs within the vocational education and training (VET) area or at the Gymnasium or other upper secondary school.

Compulsory school age is 6 to 14 in Germany, followed by a further 2 or 3 years of compulsory part-time labor market introductory courses for those who do not follow the Gymnasium track, and 7 to 16 in Denmark. There are no tuition fees for schooling, vocational training, or university education in neither Denmark nor Germany. The most common form of VET is an apprenticeship of up to about 4 years' duration. Higher education and training in the university sector and at a range of other institutions requires either a completed apprenticeship or – most often – upper secondary school. We divide training and education, which qualify holders to enter the skilled labor market, into two groups: "vocational" and "university". Architects, dentists, and doctors, etc. are examples of university-trained persons, while carpenters, nurses, and policemen are examples of persons with vocational training.

The comparisons between Denmark and Germany are based on interviews, where questions were asked about completed pre- and post-migration education and training. We use a classification of the answers into 1. no schooling, 2. primary/lower secondary school, 3. upper secondary school, 4. vocational training, and 5. university education. Completed pre- and post-migration education are discussed separately.

We distinguish between first and second generation immigrants. First generation is composed of immigrants who arrived at 13 years of age or older; second genera–tion immigrants are either born in the host country (descendants) or immigrated as children at the age of 12 or younger. We have many naturalized persons in the Danish sample – especially in the second generation – but only a few in the German sample. The reason for this is that the Danish sample was drawn, before it was decided to carry out a survey in Germany, and used definitions of "immigrants" and "descendants", which cannot be applied to Germany where citizenship is the only possible criterion.

A Description of Pre- and Post-Migration Human Capital Accumulation

Looking first at completed primary and secondary schooling before immigration, the most striking difference is that a much higher percentage of both male and female first generation immigrants in Denmark than in Germany have no schooling completed upon arrival. The largest shares with no schooling completed are found among immigrants from Lebanon and Turkey – around 90% for both men and women in Denmark and about 33% of male and 50% of female immigrants in Germany. In consequence, the largest shares with completed primary or secondary schooling are found in Germany. As shown in Table 1, Iranians, Poles, naturalized and immigrants from former Yugoslavia rank relatively high in both countries.

The picture with regard to completed training and education – which qualify, in principle, to enter the skilled labor market – is more mixed and the difference between Denmark and Germany much smaller. Polish men and women stand out in both countries for their high rates of

pre-migration education, followed by Iranians and persons from the former Yugoslavia. Though at the lower part of the distribution, we find one fourth of male and one tenth of female immigrants from Lebanon and Turkey in Germany to have completed vocational training upon arrival, which is more than twice the level of the same groups in Denmark.

Table 1. First generation immigrants in Germany and Denmark with completed pre-migration schooling, vocational training, and university education. %.

	Germany			Denmark		
	(a)	(b)	(c)	(a)	(b)	(c)
Men						
F. Yugoslavia	83	42	5	52	36	10
Iran	87	22	13	46	23	8
Lebanon	67	20	3	11	9	0
Poland	87	47	10	75	61	10
Turkey	67	23	3	13	5	2
Naturalized	80	24	3	46	20	10
Women						
F. Yugoslavia	67	21	3	54	30	8
Iran	85	26	15	42	20	10
Lebanon	51	10	3	14	5	2
Poland	92	44	15	87	52	19
Turkey	53	9	2	9	3	0
Naturalized	86	22	5	52	21	7

Notes: (a) Primary, lower and upper secondary schooling. (b) Vocational training. (c) University education.
Source: Own calculations based on RFMS-G and RFMS-D.

Turning to education obtained in the host country, we find – as expected given their age at entrance – that few immigrants have completed primary or secondary school. We also find, with Turkish men as an exception, markedly larger shares in Denmark than in Germany with some kind of post-migration schooling. Naturalized men in both countries and naturalized women in Denmark stand out. Looking at upper secondary school alone, it is the Iranian men (7%) and women (4%) in Germany who have high shares of post-migration schooling; in Denmark, it is the naturalized men (15%) followed by male immigrants from Iran (12%) and Lebanon (11%), naturalized women (10%), and Polish men (7%).

Naturalized and immigrants from Iran and partly from Poland stand out even more when it comes to vocational training and, in particular, university education – in total 34, 33, and 19% for men in Denmark compared with 17, 23, and 11% in Germany. For women, the shares are 30, 15, and 17% in Denmark and 10, 12, and 11% in Germany. In general, the percentage with university education is quite low ranging from 0 to 13% for men and from 0 to 6% for women. As with pre-migration training, an exception from the general picture is that, compared to Denmark, immigrants from Turkey and Lebanon in Germany complete post-migration vocational training more often.

As the second generation in both countries, on average, is much younger than the total population (and younger in Denmark than in Germany) one would expect a relatively high level of schooling due to a general rise in the level of education compared to that of older generations. This is true for naturalized men in Germany who, like the large groups of naturalized men and women in the Danish sample, fare particularly well as far as upper secondary schooling is concerned. Large percentages are also found for Lebanese men and Polish women in Denmark and for Iranian men and women in Germany.

More of the second generation in Germany than in Denmark invest in vocational training, whereas the rate of attainment of a university degree is very low in both countries. In Denmark, there are practically no women with a university degree. This is probably to some extent due to their low average age, but still also the second generation seems to have a large gap to traverse.

An Analysis of the Determinants of Post-Migration Human Capital Formation

In this section we try to determine which characteristics are associated with immigrants' educational attainment in Germany and Denmark. In separate analyses we estimate the proclivity to attain (1) Haupt-/Realschule or Folkeskole and upper secondary school[1]/university as opposed to choosing no schooling/education, and (2) a vocational training qualification as opposed to no vocational training. In contrast to the previous section, the samples we select for this section exclude students and persons taking part in vocational training at the time of the interview.

Because we are primarily interested in the differential sorting into educational tracks, we construct a trichotomous variable for the first analysis that takes the value of zero if an individual has no schooling in the host country, the value of one if an individual has finished Haupt-/Realschule or Folkeskole, and two if the individual has finished Gymnasium or university. Vocational or professional training is a complementary feature of the educational systems and is attended by persons with completed Haupt-/Realschule or Folkeskole as well as Gymnasium. In the second analysis, the dependent variable is a dummy variable that takes the value of one if the individual has finished vocational training in the host country and zero otherwise.

According to economic theory, a number of human capital and family background variables, social and cultural variables from the individual's upbringing, ethnicity and gender, etc. are expected to have an effect on the individual's probability of investing in post-migration human capital. The marginals of those independent, explanatory variables, that turned out to have a significant effect (at the 5% level) on one or more of the outcomes, are shown in Table 2. Columns (a) and (b) show multinomial logit results for analysis (1) above, while columns (c) show binomial logit results for analysis (2).

The Danish results for the vocational training choice are slightly different from those for the schooling/education choice, while the German results as to what has an effect on (a), (b), and (c) all converge to the same conclusions.

Table 2. Marginal effects on the probabilities of completing schooling/education and training in the host country as opposed to completing no schooling/education and no training respectively. Percentage points.

	Germany			Denmark		
	(a)	(b)	(c)	(a)	(b)	(c)
Age at Entrance	-1.70	-0.50	-0.70	-2.60	-1.10	
Age at Entrance^2	0.02	0.01	0.01	0.03		-0.01
Years Since Migrat.	0.20	0.05	0.90		2.00	
Years Since Migrat.^{2}	-0.01	-0.01	-0.02			
Disability		-1.10			-4.40	
Upper Sec. Home	-2.70	6.30	4.90		9.30	8.10
University Home				-10.40		
Voc. Train. Home		-1.20				7.10
No Degree Home	5.20	2.90	4.30	-10.00		
Work Home	-4.10			-4.90	-4.00	
Father's Background:						
Secondary School	2.90	1.50			6.40	
Higher Education		3.10	3.50		8.90	
Lower White-collar	3.20		4.20	8.20		
Upper White-collar						6.60
Self-employed	2.80				5.70	
Professional		3.30				
Person grew up in:						
Average City Home				-5.30		-3.50
Small City Home					-6.20	-5.90
Average City G/DK	2.20					
Small City G/DK	-2.70	-2.60				
Religion		-1.60			-7.20	-5.80
Born in G/DK	-5.60	-2.00	-3.20			
Citizenship:						
Former Yugoslavia	-2.40				13.00	
Polish			3.40	4.90	37.50	24.20
Iranian		5.10		3.50	36.70	28.90
Lebanese	-4.70	-1.90	-2.90		24.70	
Naturalized	5.40	6.30	4.00	10.70	22.50	17.90
Male	2.50	1.70	2.30	3.10	5.40	

Notes: (a) Haupt-/Realschule or Folkeskole – multinomial logit results. (b) Gymnasium/university – multinomial logit results. (c) Vocational training – binomial logit results. 5% significance level in a 2-tailed test. Source: Own estimations based on RFMS-G and RFMS-D.

With each additional year older an immigrant is upon arrival, the probability of investing in human capital is decreasing at a decreasing rate for both countries. In Denmark, the positive (but discounted) effect from additional years since migration is important only for the choice between Gymnasium/university and no schooling, while it is a general effect in Germany. Immigrants with disabilities are less likely to finish higher education in both countries.

As expected, and in accordance with the so-called "persistence" hypothesis[2], immigrants who have upper secondary schooling in their home country also have a higher probability of finishing higher education as well as vocational training. The effect of vocational training in the home country is only significantly positive for the probability of finishing vocational training in Denmark, while the effects of having no degree from the home country suggests that another hypothesis, the "seizing the opportunity" hypothesis[3], is only working in Germany. Contrary to our predictions, when the effect of work experience in the home country is significant, it is negative. The interpretation of this may be that immigrants with pre-migration work experience migrate purely for labor market reasons and have no intentions of taking advantage of the educational opportunities in the host country.

The effect of father's education points to an intergenerational link for the upper end of the spectrum, and the interpretation of the effect of father's occupation, though less straightforward, supports this, especially in the case of Germany. Another variable relating to family background and upbringing is where the individual grew up. In Denmark, we find negative effects from an upbringing in a small or average sized town in the home country, while in Germany, the effects are both negative and positive, but entirely coming from an upbringing in the host country. A result, which gives reason to concern, but has also been found in other German studies, is that being born in Germany is significantly negative in this context. This effect is not found in Denmark.

Generally, men have a higher possibility of attaining any kind of human capital in the host country with the exception of vocational training in Denmark, while religiosity lowers the probability of finishing higher education and – in Denmark – vocational training. In both countries, being naturalized increases the probability of achieving post-migration human capital. In Germany, the Lebanese have a lower proclivity to attain schooling as well as Gymnasium/university and vocational training than the reference group (Turks), Iranians stand out for completing Gymnasium/university and the Poles for completing vocational training. In Denmark, all ethnic groups do better than the Turks, but Lebanese and immigrants from former Yugoslavia only as far as higher education is concerned.

Perspectives

Immigrants in Denmark are less educated upon arrival, but acquire more human capital afterwards, compared to immigrants in Germany. In spite of this, however, the least educated immigrants seem to have more incentives to take advantage of the educational system in Germany than in Denmark to improve their marketability. As for schooling in the host country, second generation immigrants have narrowed the gap between them and the total population compared to their parents, but still have some distance to cover, even when their young average age is taken into consideration. The results indicate that the German vocational system attracts second generation immigrants more than the vocational system in Denmark, but the negative impact of being born in Germany on the probability of finishing school, university, or training gives reason to concern.

[1] In the rest of this article, we use Gymnasium to designate upper secondary school.

[2] Immigrants who have already acquired some formal qualifications in their home country value education more and will be motivated to add to their pre-migration human capital in the host country.

[3] Uneducated immigrants take the opportunity to finish school in the host country to improve their marketability.

Immigrants on the German and Danish Labor Market

By Amelie Constant, Ph.D. (Econ), IZA and Marie Louise Schultz-Nielsen, M.Sc. (Econ), the Rockwool Foundation Research Unit

In countries like Denmark and Germany, with large public sectors financed primarily through taxation of income, employment is of central importance when it comes to the integration of newcomers. Fewer things can be financed by taxes on earned income, for instance, if the newcomers take up paid work less frequently than the indigenous population; this would mean less finance for public services, for example.

Another advantage of high immigrant employment is that it provides an opportunity for immigrants to meet and interact with natives. Contacts at the workplace between natives and immigrants are very important for mutual understanding of the different cultures, and they mitigate the polarization of society which can otherwise occur, with all the problems and conflicts this may cause. One of the main aggregate measures of interest for integration in general is therefore the employment rate.

Employment Trends for Immigrants and Natives

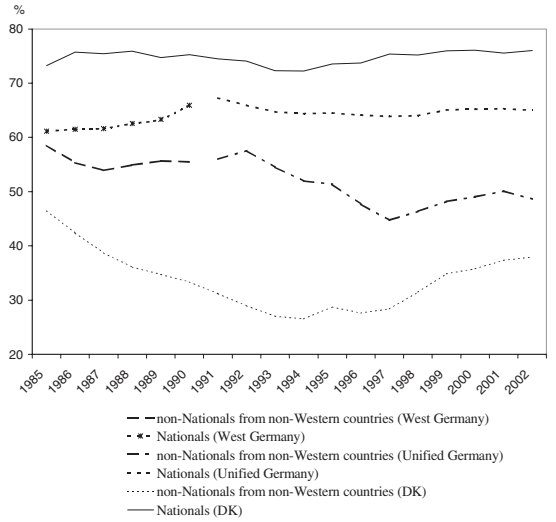
The development in the employment rates over time for natives and immigrants from non-Western countries in both Germany and Denmark is shown in Figure 1.

Figure 1 shows that there are both important similarities and differences in the recent employment history of natives and immigrants in Denmark and Germany.

An important common feature is the under-employment of immigrants in both countries: only 49% of immigrants from non-Western countries in Germany were in employment in 2002, as opposed to 65% of the native Germans. In Denmark, 38% from non-Western countries were in employment, compared to 76% of the native Danes.

Apart from showing the under-employment problem shared by Germany and Denmark, theses figures demonstrate the main difference between the employment integration in the two countries: both in absolute and in relative terms, the employment rate is lower for non-Western foreigners in Denmark than it is in Germany. Employment of immigrants has simply been more successful in Germany.

Figure 1. Employment rates for nationals and non-nationals from non-Western countries in the 16-66 age group in Denmark and Germany, 1985-2002.



Sources: Own calculations based on Eurostat and Statistics Denmark.

The fact that Germany is more successful than Denmark in employment participation does not indicate that the country does not have a problem with the low employment rates of immigrants. Germany has experienced a downward trend in employment rates since the mid 1980s, a phenomenon that can be traced back to the beginning of the 1970s.

This trend has a clear parallel in Denmark, where the employment rate was falling dramatically in the period from 1985 to 1994, and even though the employment rate has been rising during the economic upswing afterwards, it has never reached its former level. On the basis of Danish cohort data, we are able to conclude that a very important contributing factor to the declining employment trend for non-Western immigrants has been that the new cohorts of immigrants who arrived after the 1970s had a weaker employment pattern, initially and over the course of the first decade in Denmark. And until 1999 each new cohort that has arrived has simply had a lower labor force participation than the cohort before. This fall is partly due to a higher share of refugees who have had a low labor market participation rate and partly due to new cohorts of other immigrants (including family reunified) who have had a lower participation rate than their countrymen arriving earlier.

Another notable feature shared by immigrants in Denmark and Germany is that employment among immigrants is highly sensitive to the general employment situation as measured by the aggregate unemployment rate. It seems that immigrant labor incurs a disproportionately high share of the adjustment costs of the total economy.

To some extent, this can be explained by the fact that immigrant employment is relatively concentrated in industries with business cycle fluctuations. It is also a possibility that immigrants are simply at the end of the job queue due to skills, attitudes, discrimination, or other factors.

Despite the difference in employment levels for foreign citizens in Germany and Denmark, the pattern of employment for the various nationalities is fairly similar across the two countries. This can be seen from Table 1, which shows the employment rates for some main groups of foreigners in the two countries. This information has been conducted through the new surveys RFMS-G and RFMS-D made especially for this study.

Table 1. Employment rates for immigrants by country of origin. %.

	Germany 2002 Non-nationals	Denmark 2001 Non-nationals
F. Yugoslavia	53	47
Iran	57	37
Lebanon	34	20
Poland	64	56
Turkey	52	50
All 5 nationalities[1]	54	46
Observations	5,453	1,172

Note: 1) Weighted according to the actual size of the relevant immgrant groups in Germany and Denmark respectively.
Source: Own calculations based on RFMS-G and RFMS-D. All respondents 16-65 years old.

Poles have the highest level of employment in both countries, while employment levels are the lowest for persons from Lebanon, who in fact are often stateless Palestinians. People from Iran, Turkey and the former Yugoslavia are in between. Among these, Turks are the most frequently employed group in Denmark, while in Germany it is the Iranians.

Table 2 shows that the relative employment rate for male and female immigrants is also more or less the same in Denmark and Germany. Thus, the generally higher employment among women in Denmark does not seem to have influenced the immigrants coming to Denmark.

Table 2. Employment rates by gender and citizenship. %.

	Germany 2002		Denmark 2001	
	Nationals	Non-nationals [1]	Nationals	Non-nationals
Men	73	62	81	57
Women	60	45	72	37
All	67	54	76	46
Obs.	201,878	5,453	10,200	1,172

Note: 1) The numbers for non-nationals in Germany are from 2002. Sources: Nationals in Germany and Denmark: Eurostat Labour Force Survey 2001. Non-nationals: Own calculations based on RFMS-G and RFMS-D. All respondents 16-65 years old from 5 non-Western countries.

The weak labor market attachment among immigrants is not only a problem for the immigrants themselves. It is also a problem for the German and the Danish welfare states. Both countries will be faced with an increasing maintenance burden in coming years, due to the aging of their populations. This increases the urgency to integrate immigrants far better than today.

The good news here is that our study also shows that between generations the employment integration works much better. So if the continuous inflow of new immigrants is not too high, the consequences of immigration in the very long run might have to do more with earnings and occupational traditions than with employment *per se*.

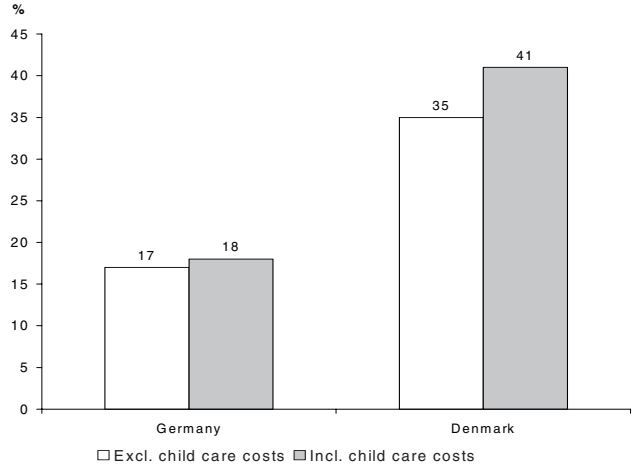
Why do Immigrants have Lower Labor Market Attachment than Natives?

Some of the reasons for the weak labor market attachment of immigrants could be: Discrimination, missing qualifications, lack of contact between immigrants and natives, health problems or family obligations that prevents the person from taking a job.

Furthermore we know from this and former Danish studies that financial incentives have a significant effect on the employment prospects both for immigrants and for natives. So another reason for the lower labor market attachment among immigrants than natives, particularly in Denmark, could be that the financial incentives to work are low.

A computation of the immigrants' financial rewards from working compared to receiving unemployment benefits, the GAP, is shown in Figure 2. This shows that the proportion of immigrants in the labor force between 25-55 years old who have less than €100 extra per month from working was between 17-18% in Germany and between 35-41% in Denmark, depending on whether one includes the child care costs in the calculation or not.

Figure 2. The fraction of employed immigrants for whom the net gain to employment is smaller than €100.



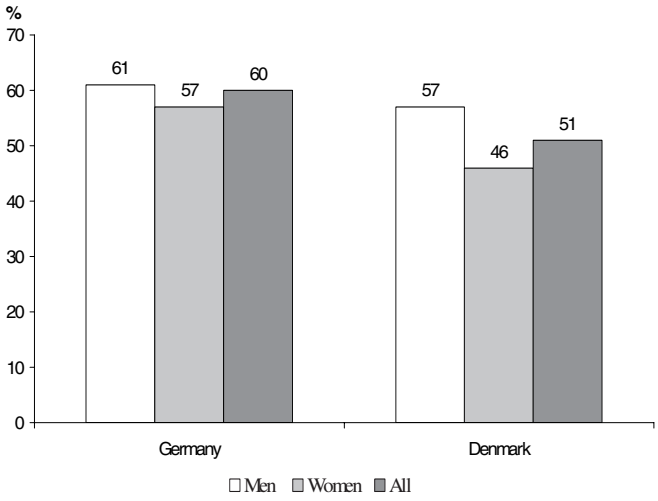
Source: Own calculations based on RFMS-G and RFMS-D.

The financial incentives to work are lower in Denmark primarily because the unemployment benefit system pays a higher replacement rate to the low paid groups, which include many immigrants. In Germany, the lowest paid receive relatively lower benefits than in Denmark, and the middle and high earners relatively more.

The lack of availability to the labor market among immigrants is also shown to have a negative influence on immigrants' future employment chances (again tested only on Danish data). It is therefore important to study the proportion of unemployed immigrants who meet the ILO's availability criteria. This is done in Figure 3, showing that 60% of the unemployed immigrants in Germany meet the ILO's availability criteria against 51% in Denmark. The corresponding figure among the unemployed workers in general in Denmark in 2002 is 66%.

In Denmark immigrants (and natives) receiving social assistance are less likely to meet the availability criteria, whereas in Germany this does not vary much with the type of compensation. Correspondingly, the availability among female immigrants is lower than among male immigrants in Denmark, while the difference is less pronounced in Germany. This is largely due to the differences between the welfare systems in the two countries, where the Danish model, to a much greater extent, encourages women to join the labor force independently of their employment chances and aspirations. Apparently, the consequence of this is that fewer immigrant women in Germany take care of the home and at the same time receive unemployment compensation.

Figure 3. Proportion of unemployed immigrants in Germany and Denmark who meet ILO's availability criteria.



Source: Own calculations based on RFMS-G and RFMS-D.

A general analysis of which factors are decisive for whether immigrants participate in the labor force and become employed is shown in Table 3. Only significant effects are shown. The results are reported as marginal effects, which measure how much the probability for a given event changes if a person with otherwise average characteristics differs in the indicated respect. We can use the first row in Table 3 as an example. German male immigrants, with average characteristics have 86% probability of being in the workforce, against 62% for female immigrants. So these men are 24%-points more likely to be in the labor force in Germany than the women. To save space we present only the difference, the 24%-point, in Table 3. Similar immigrant males in Denmark are only 7%-points more likely to be in the labor force. But once female immigrants in Germany participate in the labor force they have 5%-points better chance of being employed (compared to men). In Denmark, women in the labor force have a 10%-points lower probability of being employed than immigrant men.

The analysis also shows that human capital factors are important for the immigrants' labor market attachment in both Germany and Denmark. Hence, the likelihood both of participating in the labor force and of being employed are positively related to good health, good language skills, and a good educational background, either from the home country or, even better, from Germany/Denmark. Generally, educational qualifications acquired in the home country play a greater role in immigrants' labor market attachment in Germany than in Denmark.

Vocational education seems to have a positive effect on labor market attachment in general in both countries, whereas the benefits of having a university degree are less clear. Employment seems to be higher for immigrants with a university degree solely because it increases labor force participation, whereas the employment chances for these immigrants are not better than for immigrants with no education. There are traces of a positive effect on unemployment in Denmark for university degree immigrants, but this is not beyond what good language skills do to reduce the unemployment risk.

The probability of being in the workforce is highest for immigrants in the beginning of their thirties, lower for the very young, and especially lower for the elderly in both Germany and Denmark. For a German immigrant with average characteristics the probability of being in the workforce falls with 0.3%-points if the person is one year older than the average level of 37 years. But if a German immigrant has one year more of residence than the average level (16 years), the probability rises with 0.5%-points. So the analysis shows that being around 25 to 45 years old and having a longer period of residency are also decisive factors for immigrants' participation in the labor force, both in Germany and in Denmark. On the other hand, these factors are not decisive for the subsequent employment chance, only for participation.

The importance of other variables differs between the two countries. For example, refugees and those who live in areas of high unemployment have a significantly lower likelihood of participating in the labor force or being employed in Germany, while this is not the case in Den-

mark. The analysis also shows that Polish immigrants, all else being equal, have the highest likelihood of participating in the labor force and of being employed in both Denmark and Germany. On the other hand, Lebanese immigrants have the lowest likelihood of participating in the labor force in Germany. While in Denmark, Lebanese immigrants (and to the same extent Somali immigrants) are particularly poorly represented among the employed, Iranians and Pakistanis have the lowest likelihood of participating in the labor force.

Table 3. Marginal effects on the probability of immigrants 18-59 years old being in the workforce and in employment in Germany and Denmark. (Percentage points).

		Germany		Denmark	
		Work-force	Em-ployed	Work-force	Em-Ployed
Gender and Small Children	Male	24	-5	7	10
	Male with Children	9			
	Female with Children	-29		-7	
Bad Health		-25	-32	-55	-23
Employment in Home Country			-3		
Education in Home Country		7	6		
University Degree in Host Country		8		13	
Vocational Training in Host Country		8	5	6	7
Language	Speaks Average/Well	18	5	13	6
	Speaks Fluently	23	10	15	14
Land of Origin	F. Yugoslavia				9
	Iran			-11	
	Lebanon	-9			-31
	Pakistan	na.	na.	-16	7
	Poland	9	5	9	7
	Somalia	na.	na.		-11
	Vietnam	na.	na.		12
Refugee (yes vs. no)		-9	-6		
Host Country Citizen		12			
Unemployment in Region (in %)		-0.9	-1.4		
Age		-0.3		-0.2	
Years Since Migration		0.5		0.3	
Contact with Natives (much vs. Less)		8			9
Religion	Strong Faith, Muslim	-7			
	Strong Faith, not Muslim				-11
Live in Enclaves			-5	-7	-5
Observations		4,409	3,050	2,226	1,733

Source: Own estimations based on RFMS-G and RFMS-D.

If additional variables like religious background, contact with natives, and ethnic concentration in neighborhood are included, the estimates show that contact with natives is generally positively related to employment; in Germany by increasing labor force participation and in Denmark by furthering the employment chances for the labor force participants. The opposite applies to living in areas that have a high ethnic concentration, except that this also seems to reduce participation in Denmark. Having a strong religious faith decreases employment possibilities; although this effect is not significant for Muslims in Denmark and non-Muslims in Germany. As with the variable "contact with natives", the influence is via participation in Germany and via employment chances for the participants in Denmark.

Immigrants and the Job Hierarchy

Another interesting aspect of employment is the distribution of workers by industry. The analysis shows that with few exceptions, the pattern of employment for both natives and immigrants is similar in the two countries. Significant differences are found nevertheless between immigrants and natives within the two countries. For instance, around 30% of the immigrants in both countries work in the service industry, especially in cleaning, which is twice as high a proportion as for natives. There are also relatively many immigrants employed in manufacturing; and there are substantially fewer immigrants working in public services, especially in Germany. One of the few country differences is that large numbers of immigrants work in construction in Germany, which is not the case in Denmark. Given the similarity in the structure of vocational training in the two countries, it is striking how few immigrants are employed in this industry in Denmark.

As one might expect, immigrants not only differ from natives in which industry they are employed, but also in the types of jobs they perform. Immigrants are overrepresented in the lowest level jobs, where 28% of foreign citizens in Germany and 32% in Denmark are "Elementary operators", the lowest job classification. In sharp contrast 7% of the natives in Germany and 11% in Denmark are in this classification. On the other hand, the proportion with professional jobs was higher among natives, with 11% in Germany and 13% in Denmark, as opposed to only 3% and 5% of the immigrants in Germany and Denmark, respectively.

The relationship between the immigrants' qualifications and jobs is studied further in an econometric analysis. The overall impression from these estimates is that immigrants in Germany have a greater likelihood of being employed at the upper/middle level than of being "Elementary operators" if they have completed a university degree, vocational qualification or upper secondary school in Germany, have qualifications or work experience from the home country, speak German well, are from Iran, are not refugees, live in an area that does not

have a high ethnic concentration and work in "Financial intermediation" or "Public sector".

In Denmark, the likelihood of an employed immigrant holding a job at the upper/middle level rather than being an "Elementary operator" also increases if one has completed a university degree, vocational qualification or upper secondary school in Denmark, or if one has an education from the home country, speaks Danish well, is from Somalia, lives in an area that does not have a high ethnic concentration and is employed within the "Public sector". However, the result also shows that having Danish citizenship, and not being a practicing Muslim are decisive in having an upper/middle level job. In contrast to Germany refugee status does not seem to be crucial.

In Germany, lower level wage and salary earners differ from "Elementary operators", in that they are more often men, are slightly younger, have completed vocational training in Germany or have an education from the home country, speak German fairly well, are more often Iranian and work in "Construction", but less often in "Service sector" and "Public services". In Denmark, lower level wage and salary earners more often also have vocational training or secondary education than is the case for "Elementary operators". Likewise, they are also less often employed in the "Service sector". However, only in Denmark, the lower level group has longer periods of residency and more often has had employment experience in the home country and less often is women with children.

Among the immigrants who are employed, the human capital variables are shown to be of central importance in determining what types of jobs they hold. Here the educational and language qualifications are particularly decisive. This finding suggests that well founded qualification requirements determine employment. This is a positive result in that these are job requirements that the individual immigrant has the ability to influence.

Immigrant Earnings

Once immigrants are participating in the labor market, a key indicator of their successful labor market integration and performance is earnings. Table 4 shows the immigrant weekly wages by nationality and gender. These statistics reveal pronounced ethnic and gender differences within each country, and in a binational comparison.

For both sexes and in both countries, the immigrants who have taken the German/Danish citizenship earn the highest wages. This could be because these immigrants are positively selected, or that citizenship helps immigrants to fare better monetarily in the labor market, or both. For the remaining five nationalities, the Poles stand out with high earnings.

Among immigrants in Germany, Polish men and women from the former Yugoslavia earn the highest wages. In Denmark, it is the Polish men and women who earn the highest wages. At the bottom, we find Lebanese men in both countries. Turkish women and women from Lebanon are at the bottom of the distribution for Germany and Denmark respectively.

Table 4. Immigrant weekly wages (Euro) by nationality and gender.

	Germany		Denmark	
	Men	Women	Men	Women
Turkey	455	238	557	423
F. Yugoslavia	468	315	553	429
Poland	514	273	631	495
Iran	469	294	(511)	(406)
Lebanon	304	249	(530)	(352)
Host Country Citizen	579	386	695	557
Observations	1,123	897	500	386

Note: Means based on less than 20 observations are shown in parentheses.
Source: Own calculations based on RFMS-G and RFMS-D.

Utilization of multivariate analyses leads to deeper structural results presented in Table 5. It is here shown that male immigrants in Germany earn 44% more per week than women in Germany, but only 12% more than women in Denmark. The rest of the earnings determinants shows that: Human capital invested in the host country offers immigrants an undeniable earnings premium in both countries. While earnings increase with additional hours of work, there is a penalty in earnings for working in a small company. Lastly, while there are significant differences among the nationalities in Germany, there are none in Denmark. Keeping all else constant, once we isolate the naturalized immigrants from their respective national groups, the earnings of all other groups in Denmark are not significantly different from those of the Turks.

The interpretation of the age and experience results is easier seen on graphic form. The relationship between age and earnings is shown in Figure 4, where the two curves (marked A and B) show the average earnings-age profile of Danish and German immigrants. The estimated profiles have been calculated at the means of all variables for each country. This figure reveals that the earnings-age profile of the Danish immigrants lies entirely above that of German immigrants, and that the gap widens with increasing age. So immigrants in Denmark fare better financially than comparable immigrants in Germany, and earn higher wages throughout their working lives.

In the same manner the curves marked A and B in Figure 5 show the earnings-experience profiles, which illustrate the relationship between experience and wages. The earnings-experience profile of the Danish immigrants is rather flat, indicating that their earnings do not increase

with experience. The earnings of immigrants in Denmark start higher than those of the German immigrants at zero years of labor market experience in the host country, and the gap narrows over the years. There are no immigrants in the Danish sample with more than 20 years of host country experience, so Figure 5 only shows the curve for this interval.

Table 5. Immigrant earnings equation. Weekly earnings premium by different characteristics. %.

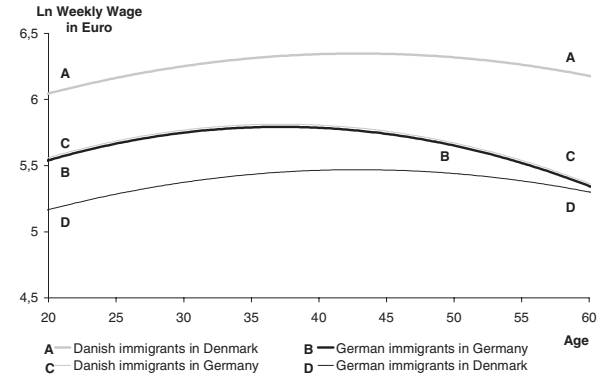
		Germany	Denmark
Male		44	12
Primary/Secondary School in Host Country		15	
Upper Secondary/University in Host Country		27	19
Vocation Training in Host Country		27	
Speaks Language Well/Fluently		8	6
Disability		-15	
Working in a Small Company		-10	-10
Industry	Government or Non-profit Industry	23	-7
	Manufacturing	32	
	Construction or Mining	32	
Born in Host Country		24	
Citizenship	Host Country Citizenship	23	
	F. Yugoslavia	14	
	Iranian	11	
	Lebanese	-11	
	Polish	10	
Age		6	5
Age^2		-0.1	-0.1
Years Since Migration		-0.7	14.2
Years Since Migration^2		0.8	-2.6
Years Since Migration^3		0.04	0.002
Years Since Migration^4		0.001	0.2
Hours of Work per Week		0.1	2.4
Observations		1,998	879

Source: Own estimations based on RFMS-G and RFMS-D.

The two remaining curves (C and D) in Figures 4 and 5 represent a counterfactual analysis, where we take the immigrants from Denmark and place them in Germany (C). Similarly, we take the German immigrants and place them in Denmark (D), and then compare their earnings.

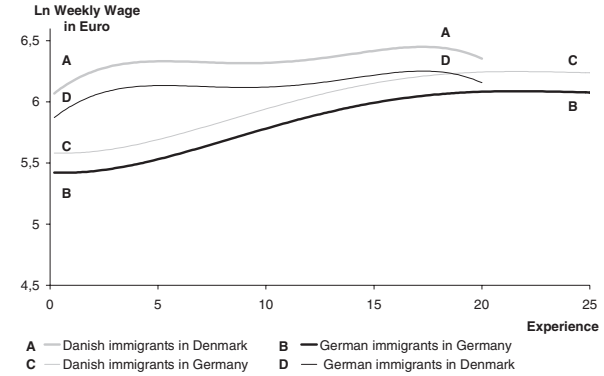
The counterfactual analysis show that Denmark may be more effective in enhancing the immigrants' capacity to succeed in the labor market when it comes to earnings. Danish immigrants in Denmark (A) fare better than German immigrants in Germany (B), better than Danish immigrants in Germany (C), and better than German immigrants in Denmark (D) for both the earnings-age and earnings-experience analyses. If Danish immigrants were to move to Germany, they would suffer an earnings loss.

Figure 4. Earnings-age profiles.



Note: Ln(5.5) = 244.7 Euro, Ln(6) = 403.4 Euro.
Source: Own calculations based on RFMS-G and RFMS-D.

Figure 5. Earnings-experience profiles.



Note: Ln(5.5) = 244.7 Euro, Ln(6) = 403.4 Euro.
Source: Own calculations based on RFMS-G and RFMS-D.

On the other hand, we find that German immigrants in Germany (B) fare worse than Danish immigrants in Denmark (A), worse than Danish immigrants in Germany (C), and in the experience analysis even worse than German immigrants in Denmark (D).

Based on their earnings-experience profile, if German immigrants were to move to Denmark they would experience an improvement in their earnings compared to their earnings in Germany. This earnings advantage is especially large in the beginning of their careers and lasts for 20 years. It could be, therefore, that the Danish labor market can offer an earnings-experience advantage to its immigrants who are willing to work in paid employment.

Immigrant Self-Employment and Economic Performance

By Amelie Constant, Ph.D. (Econ), IZA and Marie Louise Schultz-Nielsen, M.Sc. (Econ), the Rockwool Foundation Research Unit

Self-employment is an important sector of any economy. For the individual self-employment can provide personal financial independence, higher socio-economic standing, and personal self-worth. For the society and the economy it can contribute to innovation of technology, job creation and economic growth, while it can alleviate the welfare burden. We therefore examine the immigrants in the self-employment sector in Germany and Denmark separately from the paid-employment sector. In particular, we study the self-employment choice and economic success of the same immigrant groups in Germany and Denmark.

Focusing on the immigrants who are in the labor force, we address the following empirical questions: (1) what are the probabilities that immigrants in the labor force choose self-employment versus paid employment (depending on their individual characteristics), and (2) once immigrants are in self-employment, what are their earnings, and which determinants boost economic success?

The Probability of Choosing Self-Employment

The entrepreneurial activities in Denmark and Germany are on a relatively low level compared to other nations. However, our sample of immigrants in these two countries shows significant entrepreneurial activity, and we are able to establish that 9% of our immigrant sample in Germany and 10% of our immigrant sample in Denmark are in the self-employment sector.

The raw characteristics of the immigrants suggest that there are clear differences between the self-employed and the salaried workers within a country, just as there are differences between the self-employed in Germany and Denmark. In Germany, self-employed immigrants are better educated, a bit older and have stayed more years in Germany than immigrant salaried workers. They are also more likely to have a father who was self-employed, they have a larger share of home ownership and a lower share of them is living in an ethnic neighborhood. Self-employed immigrants in Germany also earn twice as much as their counterparts in paid employment. For Denmark, the differences between self-employed and salaried workers are not as prominent, especially with respect to human capital and earnings.

Overall, the immigrant workers who choose self-employment have distinct characteristics. Among all ethnic groups, on average, the Iranians stand out as being the most entrepreneurial in both countries. Many of the self-employed immigrants are from refugee status in both countries. Compared to Denmark, a relatively larger share of the self-employed in Germany have gained their residence on the basis of their employment status.

The determinants of the proclivity for self-employment are investigated in a multivariate analysis. The marginal effects on the significant determinants are shown in Table 1. We see that the marginal effect for males in Germany is 5%-point, saying that German male immigrants with average characteristics are 5%-point more likely to be self-employed than immigrant women. All in all, the German analysis shows that educated healthy men from Iran and Lebanon are the most likely to choose self-employment over salaried employment. Older and more seasoned migrants who own their own homes also tend to be found in self-employment. The figures for the father's self-employment suggest a positive spillover to the self-employment of children, and a strong intergenerational effect.

Table 1. Marginal effects on the probability of being self-employed among all in workforce in Germany and Denmark. (Percentage points).

		Germany	Denmark
Male		5	6
Primary/Lower Secondary Education in Host Country		3	
Upper Secondary/University in Host Country		3	
Disability		-3	6
Father Self-employed		3	
Own Dwelling		8	
Live in Enclaves		-2	
Land of Origin:	F. Yugoslavia		-8
	Iran	9	6
	Lebanon	5	
Age		5	
Years since Migration		3	
Observations		3,393	1,253

Source: Own estimations based on RFMS-G and RFMS-D.

A parallel analysis of the Danish sample shows that the incentives to become self-employed in Denmark are very low, at least in financial terms. Immigrants in Denmark have higher reservation wages than immigrants in Germany because the welfare system is more generous. If the remuneration is high enough, then, they would probably rather join the salaried sector than the self-employment sector. Among the different nationalities in Denmark, the people from former Yugoslavia are the least entrepreneu-

rial and Iranians the most entrepreneurial, compared to Turks.

What are the Self-Employed Immigrants' Earnings?
Self-employment seems to be a lucrative choice for immigrants in Germany. Self-employed immigrants rival other immigrants who are in paid employment in terms of financial success. In fact, Table 2 shows that our sample of self-employed immigrants in Germany reports to earn twice as much as the group of the salaried workers. This is not the case in Denmark, where self-employed immigrants earn slightly less than the salaried group.

Table 2. Average wage and working hours per week for immigrants.

	Germany		Denmark	
	Self-employed	Salaried workers	Self-employed	Salaried workers
Wage, in Euro	768	386	624	630
Working hours	54	35	51	35

Source: Own calculations based on RFMS-G and RFMS-D.

With regard to self-employment returns, we find that only age and length of time in business are strong and positive determinants of earnings for immigrants in Germany. However, once immigrants are in the self-employment sector, education is not a significant determinant of their earnings. Self-employed immigrants who live in enclaves and own small businesses have lower earnings in Germany. Lastly, we are not able to confirm any nationality effects on the earnings of the self-employed in Germany. The significant effects from the wage regressions are shown in Table 3, where it can be seen that among the self-employed immigrants in Germany those who own small firms earn 41% less a week than those having bigger firms.

Table 3. Self-employed immigrant earnings equation. Weekly earnings premium by different characteristics. %.

	Germany	Denmark
Disability		-55
Firm of Small Size	-41	
Live in Enclaves	-22	
Years in Business	2	
Age	6	
Age^2	-0.1	
Observations	177	81

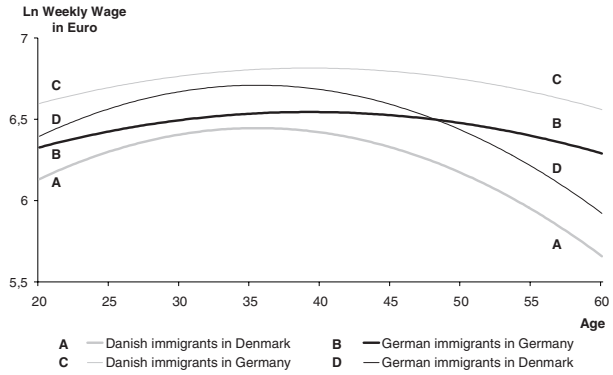
Source: Own estimations based on RFMS-G and RFMS-D.

For Denmark, the earnings regression could not confirm any strong effects besides disability. We consistently find that living in an enclave has a negative impact on the self-employment choices, and a negative impact on earnings for Germany. Overall, we find that the average German self-employed immigrant fares better than the average Danish self-employed immigrant.

This can also be seen from Figure 1, where the two curves (marked A and B) show the average earnings-age profile of Danish and German immigrants. The estimated profiles have been calculated at the means of all variables for each country, this figure reveals that the earnings-age profile of the self-employed German immigrants (B) lies entirely above that of Danish immigrants (A). So, self-employed immigrants in Germany fare better financially than comparable immigrants in Germany throughout their working lives.

The question we pose next is whether this finding is due to the better quality of the self-employed immigrants in Germany or due to better labor market conditions in Germany. The answer to this can be seen from the two remaining curves in Figure 1 (C and D) that represent a counterfactual analysis. We here take the immigrants from Denmark and place them in Germany (C), and the immigrants from Germany and place them in Denmark (D).

Figure 1. Earnings-age profiles.



Note: Ln(6) = 403.4 Euro, Ln(6.5) = 665.1 Euro.
Source: Own calculations based on RFMS-G and RFMS-D.

The analysis shows that self-employed German immigrants who moved to Denmark would experience a boost in their earnings up until they are 48 years old, compared to the German immigrants who stayed in Germany. After 48 years of age, however, their earnings would decrease to a level below that of the German earnings. All in all, the self-employed German immigrants might slightly benefit from moving to Denmark. But the overall effect seems to be marginal.

If the self-employed Danish immigrants moved to Germany (C) they would experience a long lasting improvement of their earnings and fare even better than the German immigrants in Germany. This indicates a country effect on top of the immigrant effect. A move to Germany appears to be highly beneficial to the Danish immigrants.

Social Transfers to Immigrants in Germany and Denmark

By Niels-Kenneth Nielsen, M.Sc. (Econ), the Rockwool Foundation Research Unit

Introduction

Both Germany and Denmark have in the last half-century evolved into societies with highly developed welfare states that acknowledge an obligation to support those who are unable to support themselves, whether this is because of age, unemployment, sickness or some other reason. During this period the welfare states in Western Europe have faced some serious challenges. In the 1970s the oil crises caused high unemployment rates, and in the late 1990s increasing expenses for pensions and care of the elderly were beginning to have an impact on their budgets.

At the same time as the aging population began to be a problem a third challenge appeared, namely the increasing immigration from less developed countries. People migrating from such countries often have a low level of education and poor skills in languages of the host countries, which means they will have difficulties in gaining a foothold on the labor market in highly developed economies like those of Germany and Denmark. The alternative means available to them of getting an income will then often be the social benefits system.

The Social Security Systems in Germany and Denmark

In both countries the access rules to the social benefits systems are generally the same for nationals and newcomers, including foreigners. Likewise, it is the case in both countries that refugees are better off compared to other foreigners with residence permits when it comes to earning pension rights.

Apart from that, it is clear that in general terms the two systems are very different. The German benefits are typically work-related and dependent on former income up to a relatively high income level. This can be illustrated for unemployment insurance by calculating net compensation rates, that is the amount after tax that an unemployed person receives related to the after-tax salary he received when he was employed. This calculation is shown in Table 1 for 6 wage levels, given as percentages of the OECD Average Production Worker (APW) wage level. The APW calculations in Table 1 show that the net replacement rate in Germany is constant over a wide income span. Hansen et al. (2002)[1] call this an "insurance-like" approach.

Table 1. Net replacement rates for a single insured worker when unemployed for one year. 1999 level. %.

	Former incomes in percentages of the APW level ranging from 75 to 200 %					
	75	100	125	150	175	200
	Net replacement rates					
Germany	59	58	58	58	55	49
Denmark	79	61	52	46	41	37

Source: Hansen (2002)[2].

The Danish benefits are dependent on former income to a much lesser extent than those for Germany. In Table 1 this can be seen from the declining net compensation rates in relation to increasing levels of former income. Furthermore, Danish benefits are typically residence-based, which means that it is less important in Denmark than in Germany to have a stable work record. Hansen et al. (2002) describe the Danish system as "schemes of solidarity". This means that low-income groups will typically do better in the Danish system than in the German.

The use of Social Benefits

Below is a description of the shares of the different population groups that receive transfer benefits in each country.

Table 2. The share of the population who receive unemployment insurance or social assistance in Germany and Denmark, distributed by population groups (citizenship). %.

	Germany, 18-64 years		Denmark, 18-66 years		Germany, 18-64 years		Denmark, 18-66 years	
	Unemployment benefit[2]				Unemployment benefit[2] or social assistance			
	Men	Women	Men	Women	Men	Women	Men	Women
F. Yugoslavia	11	6	8	7	25	20	25	29
Iran	12	8	6	4	24	22	35	38
Lebanon	27	6	6	3	53	45	46	57
Poland	11	7	7	9	16	13	15	21
Turkey	18	8	15	13	22	13	25	29
All 5 countries	15	7	11	9	23	16	26	29
All 5 countries[1]	*	*	10	9	*	*	23	27
Germans	6	5	-	-	7	7	-	-
Danes	-	-	4	6	-	-	6	8

Notes: 1) Including naturalized persons. "-" = Not applicable. "*" = Information not available. 2) Includes unemployment assistance for Germany.
Sources: RFMS-G, Danish Register for Social Statistics, GSEOP 2001, and own calculations.

The first 4 columns in Table 2 show the shares that receive unemployment benefit, distributed by the five foreign nationalities in each country. Figures for German and Danish nationals are also included in the table. The

last 4 columns show the shares that receive either unemployment benefit or social assistance.

For unemployment insurance, the comparison between Germany and Denmark shows that the share that receives unemployment insurance benefit is higher for immigrant men in Germany than in Denmark, while the opposite is the case for immigrant women. In Germany 15% of the immigrant men and 7% of the immigrant women receive unemployment insurance benefit, while the corresponding figures for Denmark are 11 and 9% respectively.

For immigrant men the difference can be explained by differences in the access conditions to unemployment insurance, which – in contrast to Germany – is voluntary in Denmark. This has the effect that many low-wage workers in Denmark are better off by not being insured, and receiving social assistance instead of unemployment benefit. In Table 2 this is clear from a consideration of the shares that receive either unemployment insurance or social assistance (the last 4 columns). Here one can see that the differences for immigrant men narrow between Germany and Denmark. For immigrant women the same calculations show that immigrant women in Denmark more often receive either unemployment insurance or social assistance. 16% of the German immigrant women receive unemployment insurance or social assistance, whereas the corresponding Danish figure is 29%. The explanation for this is probably behavioral differences with respect to availability for the labor market. Before going deeper into this, we will consider how many of the same population groups receive only social assistance.

Social Assistance

Table 3 shows the shares of the population that receive social assistance, distributed by the same population groups as in Table 2. Two columns have been added to those in the previous table, showing the shares in each country receiving social assistance on the household level.

20% of the immigrant women in Denmark receive social assistance, while the figure for male immigrants is 15%. The figures for Germany are 9 and 10% respectively. Some immigrant groups have relatively high shares receiving social assistance: 45% of the Lebanese households in Germany receive social assistance, while the figure for Denmark is 56%.

The differences for the women seem to be explained by behavioral differences, as is also the case with respect to unemployment insurance. The share of immigrant women who report themselves to be housewives in Germany is much larger than the corresponding share in Denmark, indicating that many immigrant women in Germany are supported by their spouses, where the corresponding immigrant women in Denmark receive social assistance. Calculations based on ILO definitions suggest that they are not all available to the labor market. Immigrant social assistance recipients in Germany are available to the labor market to a greater extent than immigrant social assistance recipients in Denmark.

Table 3. The shares of the population that receive social assistance distributed by different population groups (citizenship). %.

	Germany, 2002			Denmark, 2001		
	18-59 years			18-66 years		
	Men	Women	Household	Men	Women	Household
F. Yugoslavia	15	15	18	16	22	23
Iran	14	15	18	29	35	36
Lebanon	33	41	45	40	54	56
Poland	5	7	7	7	12	12
Turkey	5	7	9	10	15	18
All 5 countries	9	10	13	15	20	22
All 5 countries[1]	*	*	*	13	18	21
Germans	2	4	2	-	-	-
Danes	-	-	-	2	2	3

Notes: 1) Including naturalized persons. "-" = Not applicable. "*" = Information not available.
Sources: RFMS-G, Danish Register for Social Statistics, GSOEP 2001, and own calculations.

All in all it seems clear that the interaction between unemployment insurance and social assistance is different in the two countries. In Denmark, immigrants more often receive social assistance than immigrants in Germany, among other things because this benefit is received as an alternative to unemployment insurance.

Pensions

A description of old-age pensions and disability pensions shows that the shares of immigrants that receive a pension in Denmark are in general terms on the same level as in Germany. It is the case that 61% receive an old-age pension in Germany, while the percentage in Denmark is as high as 81, but the difference can be explained by the greater labor market attachment of German immigrants in that age group. If for Germany we only consider persons aged 65 or more, the share is on a par with that in Denmark. It seems that Lebanese refugees in Denmark actually benefit from their positive treatment with respect to formal access requirements, while this is not the case to the same extent in Germany. A possible explanation could be that it is more difficult to fulfil the German work requirement for obtaining a pension than the Danish residence requirement.

The Probability of Receiving Social Assistance

This section presents what characterizes the receipt of social assistance for a broader range of variables, using a logistic regression model. The regressions are made at both the individual and household levels. The main results from these logistic regressions are shown in Table 4 as calculations of the marginal effects for selected variables. The interpretation of the marginal effects is as follows. For dummy variables such as "Female" in Table 4, -3.3 means that a woman in Germany on average will have around 3 percentage points smaller probability of

receiving social assistance compared to a man. For the continuous variables such as duration of stay, -1.2 means that for every 10 years a person has stayed as an immigrant in Germany, he or she will have about 1 percentage point lower risk of being dependent on social assistance.

Table 4. Logistic regression of the probability of receiving social assistance in Germany and Denmark. Foreign citizens. Marginal effects for selected variables. Percentage points. 2002.

	Individual level		Household level	
	Germany	Denmark	Germany	Denmark
Dummy variables				
Female	***-3.3	0.9		
F. Yugoslavia	*Ref.*	*Ref.*	*Ref.*	*Ref.*
Iran	*1.4	1.0	**3.0	**6.8
Lebanon	*1.9	*5.1	***9.4	***19.8
Poland	-0.8	*-4.6	***-4.5	***-7.0
Turkey	***-3.6	*-4.6	***-5.6	**-4.9
Speaks very good German/Danish	**-1.7	***-5.8	***-4.1	**-5.5
Speaks good G/D	-0.9	-1.8	***-3.4	-0.8
Speaks average G/D	*Ref.*	*Ref.*	*Ref.*	*Ref.*
Speaks bad G/D	*1.8	1.3	***3.7	4.0
Speaks very bad G/D	***6.1	1.7	***10.4	7.2
Refugee	***6.8	1.9		
Bad health	**2.7	**4.8		
Employed	***-12.9			
Out of labor force	***2.5	***16.7		
Unemployed	*Ref.*			
Employed/Unempl.		*Ref.*		
Owns home	***-5.5	***-8.9	***-8.5	***-15.2
Continuous vars.				
Age/10	0.005	-0.001		
Duration of stay/10	**-1.2	-0.1		

Notes: "***" = significant at 1 % level, "**" significant at 5 % level, "*" = significant at 10 % level.
Sources: Own estimations based on RFMS-G and RFMS-D.

There are as expected many differences, but also some similarities in what factors are related to the receipt of social assistance among the same immigrant groups in Germany and Denmark. To begin with the similarities, it goes for both countries that country of origin has a significant influence on the probability of receiving social assistance, even when all other background variables are accounted for. People from Lebanon have, as already indicated, a higher likelihood of receiving social assistance. This is especially clear on the household level, but the numerical effect is largest for Denmark, also on the individual level. The analyses also show that language abilities have some influence in both countries, in the sense that poor language abilities increase the probability of receiving social assistance. Whether or not the household owns its home has a large impact in both countries. Home-owners have a much smaller probability of receiving social assistance, most likely because they have a high income and consequently less need for social assistance, but there could also be indirect incentive effects from owning a house. For example, owning a house can strengthen participation incentives, as average taxation is lowered because mortgage interest is deductible, at least in Denmark.

As expected, labor market attachment has a major effect. In both countries it can be seen that being unemployed or outside the labor force has a large impact on the likelihood of receiving social assistance. As for differences, we have observed that gender is of some importance in Germany, but it is not in Denmark. This result seems to confirm what was indicated earlier, namely that there are some behavioral differences between immigrant women in Germany and in Denmark. Immigrant women in Germany often report themselves as being housewives and are thus supported by their spouses. They are therefore less likely to receive social assistance than immigrant men.

In Denmark, immigrant women very seldom report themselves to be housewives, but instead as being unemployed or social assistance recipients. In Denmark, the behavior of women in this respect is not that different from that of immigrant men. It has been noted that duration of stay has some effect in Germany, while surprisingly no effect is registered for Denmark. It is clear that, at least for Denmark, this variable interacts with labor market attachment. When the labor market dummy variable is excluded (regression not shown here), there is a significant negative coefficient for duration or stay for Denmark, although it is numerically smaller than for Germany.

An interesting difference exists for the variable that indicates whether a person holds a residence permit as a refugee or not. In Germany it greatly increases the likelihood of receiving social assistance if a person is a refugee, while it has no importance in Denmark. The reason is probably that refugees in Denmark generally have easier access to the labor market compared to refugees in Germany. Another explanation could be that this variable includes some unexplained variance from the human capital variables (education, employment in home country), and that there is larger difference between refugees and other types of immigrants in Germany than in Denmark as regards human capital.

Another interesting difference seems to be the effects from language skills. In Denmark it seems that one has to have perfect skill in the language of the country to reduce the probability of receiving social assistance, while "merely" good language skills will not necessarily reduce the probability. In Germany, average and good language skills will also reduce the risk of being dependent on social assistance.

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[1] Hansen, Hans, Helle Cwarzko Jensen, Claus Larsen, Niels-Kenneth Nielsen. 2002. *Social Security benefits in Denmark and Germany – with a focus on access conditions for refugees and immigrants.* Copenhagen: The Rockwool Foundation Research Unit.

[2] Hansen, Hans. 2002. *Elements of Social Security*. Copenhagen: The Danish National Institute of Social Research.

Immigration and Crime in Denmark and Germany

By Horst Entorf, Prof. Dr. (Econ), Darmstadt University of Technology, and Claus Larsen, M.Sc. (Econ), the Rockwool Foundation Research Unit.

Crime is an aspect of living conditions in the same way as education, work, and social and economic conditions, and criminal behavior is linked in important ways to the employment situation. A person may commit a crime because he cannot get a job or an education, but the reverse can also be true, namely that it is difficult to get a job if you have committed a crime. Job applicants are required to have specific job qualifications, but having no criminal record is just as important.

Criminologists agree upon a certain number of factors that are correlated with crime. In general, criminals are relatively young, most of them are male, they are less educated, they often grew up in disrupted families, and they often face problems resulting from lack of integration into society. The simultaneous existence of multiple risk factors seems to influence the criminal behavior of immigrants and descendants, at least when they come from non-Western countries. The disadvantaged backgrounds of immigrants – and the fact that foreign-looking people are more often subject to police checks than others – need to be kept in mind when we look at the relatively high crime rates among foreigners in Denmark and Germany. However, since immigrants of working age are seen by many as one of the solutions to the problems caused by aging Western nations, ignoring the problem of immigration and crime, for example, because of its controversial and difficult nature is counter-productive and could lead to xenophobic myths and sentiments as well as to costly social exclusion.

Immigration and Crime: Descriptive Evidence

Despite differences in statistical presentation, the general impression from existing descriptive evidence concerning the levels and trends in criminality in Denmark and Germany, with special reference to the question of "crime and national origin", is an over-representation of foreign citizens as compared to nationals in both countries. However, pointing out apparent differences in criminality rates between non-nationals on the one hand, and nationals on the other, may lead to premature conclusions. The mere fact that the group of foreign nationals or, depending on the definitions used, immigrants and descendants[1] are, on average, younger than the national population would lead to an exaggeration of the level of crime among persons of foreign origin.

Direct comparisons between Danish and German data are difficult to make for a number of reasons. One is the common practice in Denmark to use the broader definitions of immigrants and descendants instead of just citizenship to define the section of the population, which may be of interest as far as the question of integration of immigrants and their descendants into the economy and society is concerned. In Germany and most other countries, crime statistics distinguish between persons with and without national passports.[2] Another reason is that Danish statistics are based on convictions, whereas internationally – and in Germany – statistics are normally based on charges.

With this in mind, we still observe similar age-crime profiles in both countries. When differences in age distribution are taken into account, men as well as women with a foreign background are over-represented in the crime statistics. In particular, fairly high crime rates are found among young men from "non-Western"[3] countries. Calculating ratios of "crime rates of immigrants/crime rates of Danes" and similarly of descendants/Danes for different age groups in 2000, we find levels between 1.2 and 2.3. The highest are found among the youngest below the age of 30 and for descendants. Considering the fact that they were born and grew up in Denmark, this latter finding may seem surprising. In comparison with the German proportions of crime suspects in the same age groups, we see that although the data are not directly comparable, ratios do not seem to differ much between the two countries. One thing to note, though, is that young immigrants in Germany aged 14-18 seem to be somewhat "less deviant" relative to "national" German juveniles than Danish immigrants and descendants are relative to Danes of the almost corresponding age group 15-19.

As far as national origin is concerned, crime rates among persons from EU member states are similar to crime rates of nationals in both countries, while higher rates are found among citizens from parts of the world other than the Western industrialized countries. Certain offenses against property and crimes of violence are crime categories where immigrants and descendants in Denmark differ from Danes, while in Germany it is the general impression that there are no significant differences except for some subgroups of crime.

To provide Danish data as comparable as possible to the available German statistics, calculations were made based on information about nationality and charges in Statistics Denmark's registers of population and crime. Like in the German statistics used for this project, violations of the Aliens Act predominantly committed by non-

nationals and of the Road Traffic Act were omitted. When we compare with the adjusted Danish data, the conclusions based on convictions are confirmed, though the use of charges and citizenship means that also in Denmark ratios for "foreign citizens/nationals" are higher for older age groups than for younger age groups.

The total incidence of crime as measured by reported crimes per 100 inhabitants has fallen slightly since 1993 in both countries, but current rates are much higher than in the 1960s and 1970s.

Looking at the "adjusted" share of non-national suspects among all persons charged, including asylum seekers and tourists, etc. in those relatively few years for which approximately comparable data have been published, the share seems to have been almost twice as high in Germany as in Denmark, and about twice as high at the beginning of the 1990s as in the mid 1980s. It reached its peak in Germany at 26.7% in 1993, but then decreased to a stable level of one fifth of all crime suspects. In Denmark only data based on convictions have been published after 1994, and the share of foreign citizens has increased to a rather stable level of 17% in 1997-2001. These proportions are higher than the shares of foreign citizens of the total populations, but the difference between Denmark and Germany in the 1980s and the beginning of the 1990s, and the increases during the period, mirror the relative sizes and changes of the resident foreign populations, while the developments from the mid-1990s can only partly be explained by demographic changes. A comparison of the structure of non-nationals in the crime statistics reveals that illegal immigrants amount to more than one fifth in Germany, but just under 5% in Denmark in 1998-2001.

Prevention of Crime: Education and Other Factors

It should be stressed again, that apart from age and sex controlled for here, place of residence and a number of other – primarily socio-economic – factors not controlled for also affect the probability of being involved in crime. Another possible explanation is discrimination in the sense of being subject to special attention by the police and to false accusations. As to mechanisms in the system of justice, in Denmark, the statistics show that persons of foreign origin more often than is the case for persons of Danish origin are arrested and charged without this leading to a conviction at a later stage. On the other hand, apart from this possible bias in the attitude of the authorities, there may be other reasons why young men of foreign ethnic origin attract the attention of the police and the system of justice. If, for instance, they belong to a group where the police expects violation of the law to take place, the police will be more likely to look for offenders there than elsewhere. This may be considered a rational strategy, since the share of undetected crimes is possibly relatively high, too.

No overall analysis exists which can explain the differences in crime rates which appear from the descriptive statistics presented above, but results from partial analyses support economic theory of crime which predicts that good opportunities for legal income might prevent crime. Since education is the key to economic and social success, a high level of education should also be the key to crime prevention. Whereas the German schooling system is based on a model of early and between-school differentiation, the Danish Folkeskole is based on a comprehensive model with late and within-school differentiation. Based on the distribution of children across Hauptschule, Realschule, and Gymnasium in Germany, it seems as if the system of early differentiation has a negative impact on the school performance of socially disadvantaged juveniles, a high proportion of whom come from families with a migration background. The OECD Program for International Student Assessment (PISA) provided evidence in favor of the hypothesis that high between-school variation in cognitive abilities leads to higher social segregation and prevents integration of immigrants into societies. Unfortunately, preliminary evidence based on Statistics Denmark's statistical registers of population, education, and crime suggests that the mere presence of higher education among immigrants seems to be insufficient alone to bring crime rates among immigrants down to those among Danes, although it becomes clear that for foreigners as well as for nationals completion of higher education seems to make people less exposed to the risk of crime, at least for younger people.

Conclusions, Future Research

In this article we have given a short evaluation based on existing simple descriptive evidence of the level and pattern of crime among foreigners living in Denmark and Germany in comparison with that of native Danes and Germans. Our results confirm the importance of taking differences in age and sex distributions into account, but even when controlling for such differences as well as – in the case of Denmark – for education, citizens with a foreign background are still over-represented in crime statistics. These results underline that more multivariate investigations are needed to understand the complex interaction between the socio-economic conditions of immigrants and their potential illegal behavior, and they challenge future research to focus on issues of integration and social networks.

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[1] Statistics Denmark bases its figures on the concepts of "immigrants" (born abroad to parents who are both either non-Danish citizens or born abroad) and "descendants" (born in Denmark to parents neither of whom is a Danish citizen born in Denmark), which cannot be applied to Germany, where citizenship is the only possible criterion.

[2] Contrary to the Danish statistical concepts of "immigrants" and "descendants", these definitions include asylum seekers.

[3] "Western countries" are EU before the enlargement in 2004, Iceland, Liechtenstein, Norway, Switzerland, the US, Canada, Australia, and New Zealand. All other are here termed "non-Western".

Immigrants and Public Finances

By Christer Gerdes, Ph.D. (Econ), Stockholm University, and Eskil Wadensjö, Prof. Dr. (Econ), Stockholm University

The proportion of the elderly in the population has increased in the last few decades, and can be expected to continue to grow in the coming decades. This change will naturally have socioeconomic consequences. The two most important causes of this development are low fertility rates and an increase in life expectancy. The proportion of the population who are of working age is falling, and the burden of supporting the elderly falls even more heavily on those in employment because many people leave the workforce before the normal retirement age.

This development is similar in all the industrialized countries, including Denmark and Germany. However, the trend has not gone as far in Denmark as in Germany, because the fertility rate in Denmark is relatively high, and average life expectancy lower. The rate of employment is also relatively high in Denmark. Nevertheless, these factors do not prevent the economic consequences of an aging population from being considerable in Denmark as well.

The change in the average age of the population has important consequences for public finances. A significant part of the work of the public exchequer is geared to the redistribution of money from people of working age to those who have retired. The redistribution to the elderly principally takes the form of old-age pensions and money spent on public services, particularly care of the elderly and hospitals. There is also an element of redistribution to some people of working age, both to those who are unemployed and to those with low incomes from employment.

Immigrant populations, because of their favorable age distributions, can contribute positively to public finances. Immigrants are usually young, and thus the proportion of members of immigrant populations who are of working age is high. The propensity for immigrants to have a positive effect on the public purse may, however, be offset by the facts that the proportions of immigrants of working age who are in employment are smaller than those for the equivalent age groups in the native population, and that those immigrants who are in employment have lower incomes from their work than natives. The question of which of these effects predominates is an empirical one.

In earlier analyses carried out by the Rockwool Foundation Research Unit we have presented results concerning net transfers to the public sector in Denmark. These analyses have been based on data from the "Law Model", a high-quality database maintained by the Danish Ministry of Finance. This article begins with an update of these analyses for a further year. After this there is a presentation of data for immigrants in Germany, which are compared with equivalent data from Denmark.

Table 1. The total net transfers to the public sector (in millions of Euro or as percentages of GDP) in Denmark for various groups, 1991 and 1995-2000. The figures in parentheses are expressed in 1997 prices.

Group	1991	1995	1998	2000
Second generation immigrants: parents from Western countries	17 (18)	17 (17)	19 (18)	54 (51)
Immigrants from Western countries	141 (155)	109 (113)	284 (278)	466 (434)
Immigrants from Western countries (1st and 2nd generations)	158 (173)	125 (131)	302 (297)	521 (485)
Second generation immigrants: parents from non-Western countries	0.1 (0.1)	-20 (-21)	2 (2)	-19 (-18)
Immigrants from non-Western countries	-654 (-719)	-1134 (-1182)	-1184 (-1162)	-1433 (-1334)
Immigrants from non-Western countries (1st and 2nd generations)	-654 (-719)	-1154 (-1203)	-1182 (-1160)	-1452 (-1352)
All immigrants (1st and 2nd generations)	-496 (-545)	-1029 (-1072)	-880 (-864)	-931 (-867)
Immigrants from Western countries (1st and 2nd generations); amounts as percentages of GDP	+0.13	+0.09	+0.19	+0.30
Immigrants from non-Western countries (1st and 2nd generations); amounts as percentages of GDP	-0.54	-0.85	-0.75	-0.84
All immigrants; amounts as percentages of GDP	-0.41	-0.76	-0.56	-0.54

Notes: In the tables in this article, Danish kroner are converted to Euro at the rate of EUR 1 = DKK 7.424. The term "Western" countries refers to the countries of the EU, Norway, Iceland, Canada, the US, Australia and New Zealand. All other countries are considered "non-Western".
Source: Chapter 10 in Migrants, Work, and the Welfare State.

Table 1 shows the total net transfers to the public sector for various groups. The first point of significance to emerge from the table concerns the considerable differences between various immigrant groups. Immigrants

from Western countries produce a net transfer *to* the public sector, while those from non-Western countries show a net transfer *from* the public sector. In total, net transfers go from the public purse to the immigrant population. The low rate of employment and the low levels of income from work have a stronger effect than the favorable age distribution.

Expressed in terms of a percentage of GDP, these transfers to the immigrant population showed an increase from the beginning to the middle of the 1990s, and thereafter a slow decline until the end of the decade. The fall in net transfers from the public sector during the period 1998-2000 is attributable in full to an increase in the transfers to the public purse from immigrants from Western countries. In contrast, the situation regarding transfers to non-Western immigrants worsened during these years, despite improvement in the economic climate. The increase in transfers from the public sector to non-Western immigrants is partly attributable to the fact that this immigrant population increased in number, but also to the fact that the average transfer per person slightly increased. The size of the net transfer is in fact decided mainly by the rate of employment: it is the low rate of employment among non-Western immigrants that explains why net transfers go to them from the public exchequer, rather than vice-versa.

For this study, it has been possible to combine information from the German interview survey data and various other statistics in order to calculate the net transfers per person to the public sector for five different immigrant groups in Germany. The main results of the analysis are presented in Table 2. The table shows that for all five groups, net transfers for the first generation go from the public purse to the immigrant population. However, it is also clear that there are great differences between the various groups. Net transfers are greatest to immigrants from Lebanon and smallest to those from Poland. For second-generation immigrants, the net transfers are less, and in the case of two of the groups they go *to* the public sector.

Table 2. Net transfers to the public sector in Germany for various groups of non-Western immigrants (foreign nationals only) per person aged 17 years and over, with transfers related to children added to those of the parents.

Group	Amount in Euro		
	First generation	Second generation	1st and 2nd generation
Iran	-2,254	-2,903	-2,274
Lebanon	-11,831	-8,115	-11,698
Poland	-2,423	1,199	-2,095
Turkey	-5,962	-2,546	-5,213
F. Yugoslavia	-3,575	622	-3,161
All	-5,107	-1,668	-4,744

Source: Chapter 10 in Migrants, Work, and the Welfare State.

In order to make possible a comparison between the two countries, the same figures have been calculated for the same immigrant groups in Denmark, and these are shown in Table 3. For four out of the five groups, the net transfers from the public sector are significantly larger in Denmark than in Germany. The exception is the Polish immigrants, for whom net transfers from the public sector are a little larger in Germany than in Denmark.

Table 3. Net transfers to the public sector in Denmark in 2000 for various groups of first-generation immigrants per person aged 17 years and over, with transfers related to children added to those of the parents.

Group	Amount in Euro
Iran	-5,381
Lebanon	-17,974
Poland	-2,098
Turkey	-9,181
F. Yugoslavia	-6,167
All	-8,179

Source: Chapter 10 in Migrants, Work, and the Welfare State.

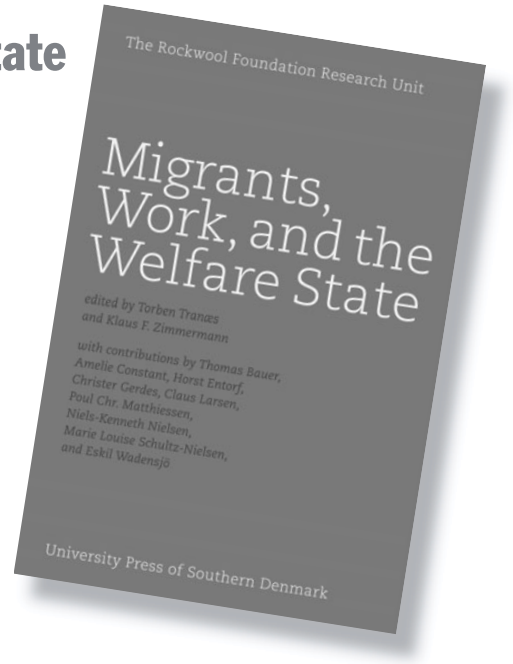
Individually-based calculations show that the basic pattern is approximately the same in the two countries. The fact that transfers are larger in Denmark than Germany is primarily attributable to differences in the structures of the taxation and transfer systems in the two countries and in the levels of payments. Differences in these systems also explain why net transfers are more sensitive in Denmark than in Germany to the level of employment of individuals.

The calculations presented here relate to the direct effects of immigration on public sector finances. However, there may also be indirect effects; for example, immigration may affect wage-setting and unemployment. Studies have therefore also been made of whether immigration does produce effects of this type. The results depend in part on which factors are taken into consideration in the study. However, the most important results to date suggest that any effects on wages and unemployment are small. This means that the direct effects on net transfers are of great significance in an evaluation of the total effect of immigration on public finances.

The work of the public sector is aimed in part at evening out net incomes between different groups. As we have shown previously, net transfers to non-Western immigrants are more comprehensive in Denmark than in Germany. We have studied the income distribution after direct taxation and income transfers among non-Western immigrants in Denmark and Germany. These studies show that income distribution is significantly more equal in Denmark, and also that non-Western immigrants in Denmark have significantly greater disposable incomes than non-Western immigrants in Germany.

Migrants, Work, and the Welfare State

Edited by Torben Tranæs and Klaus F. Zimmermann



This book presents the results of a joint Danish-German comparative research project studying the integration of non-Western immigrants on the labor market and in the welfare societies in the two countries. The project is the work of a number of leading researchers in the fields of migration and labor economics.

The main emphasis is on immigrants' integration into the labor market. However, a number of other areas are also described. The authors analyze demographic trends, educational factors, and immigrants' use of the social services in Denmark and Germany, all from a comparative perspective. The issues of crime and the effects of immigration on salaries and employment for the host population are also analyzed and discussed. Finally, the book considers the question of the financial sustainability of the welfare state. What impact does immigration have on the public purse, in both the first and subsequent generations?

The data used for *Migrants, Work, and the Welfare State* stem from two major interview surveys carried out specifically for the project, namely the Rockwool Foundation Migration Survey – Denmark (RFMS-D) and the Rockwool Foundation Migration Survey – Germany (RFMS-G). The data from these surveys cover a series of areas for which no information had previously been available, thus providing a solid empirical basis for the research into a number of important issues in the field of immigrant integration.

This book and the analyses it contains are the results of a collaboration between the Institute for the Study of Labor (IZA) in Germany and the Rockwool Foundation Research Unit (RFF) in Denmark, both organizations having previously been engaged in other research work in the areas of migration and integration.

Migrants, Work, and the Welfare State
Edited by Torben Tranæs and Klaus F. Zimmermann
436 pages, DKK 298
University Press of Southern Denmark and
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The Rockwool Foundation Research Unit: Publications in English 1994-2004

Unemployment and Flexibility on the Danish Labour Market, *by Gunnar Viby Mogensen. (Statistics Denmark. 1994).*

On the Measurement of a Welfare Indicator for Denmark 1970-1990, *by Peter Rørmose Jensen and Elisabeth Møllgaard. (Statistics Denmark. 1995).*

Work Incentives in the Danish Welfare State: New Empirical Evidence, *ed. by Gunnar Viby Mogensen. With contributions by Søren Brodersen, Lisbeth Pedersen, Peder J. Pedersen, Søren Pedersen, and Nina Smith. (Aarhus University Press. 1995).*

The Shadow Economy in Denmark 1994. Measurement and Results, *by Gunnar Viby Mogensen, Hans Kurt Kvist, Eszter Körmendi, and Søren Pedersen. (Statistics Denmark. 1995).*

Actual and Potential Recipients of Welfare Benefits with a Focus on Housing Benefits, 1987-1992, *by Hans Hansen and Marie Louise Hultin. (Statistics Denmark. 1997).*

The Shadow Economy in Western Europe. Measurement and Results for Selected Countries, *by Søren Pedersen. With contributions by Esben Dalgaard and Gunnar Viby Mogensen. (Statistics Denmark. 1998).*

Immigration to Denmark. International and National Perspectives, *by David Coleman and Eskil Wadensjö. With contributions by Bent Jensen and Søren Pedersen. (Aarhus University Press. 1999).*

Nature as a Political Issue in the Classical Industrial Society: The Environmental Debate in the Danish Press from the 1870s to the 1970s, *by Bent Jensen. (Statistics Denmark. 2000).*

The integration of non-Western immigrants in a Scandinavian labour market: The Danish experience, *by Marie Louise Schultz-Nielsen. With contributions by Olaf Ingerslev, Claus Larsen, Gunnar Viby Mogensen, Niels-Kenneth Nielsen, Søren Pedersen, and Eskil Wadensjö. (Statistics Denmark. 2001).*

Foreigners in the Danish newspaper debate from the 1870s to the 1990s, *by Bent Jensen. (Statistics Denmark. 2001).*

Immigration and the public sector in Denmark, *by Eskil Wadensjö and Helena Orrje. (Aarhus University Press. 2002).*

Social security in Denmark and Germany – with a focus on access conditions for refugees and immigrants. A comparative study, *by Hans Hansen, Helle Cwarzko Jensen, Claus Larsen, and Niels-Kenneth Nielsen. (Statistics Denmark. 2002).*

The Shadow Economy in Germany, Great Britain, and Scandinavia. A measurement based on questionnaire surveys, *by Søren Pedersen. (Statistics Denmark. 2003).*

Do-it-yourself work in North-Western Europe. Maintenance and improvement of homes, *by Søren Brodersen. (Statistics Denmark. 2003).*

Migrants, Work, and the Welfare State, *ed. by Torben Tranæs and Klaus F. Zimmermann. With contributions by Thomas Bauer, Amelie Contant, Horst Entorf, Christer Gerdes, Claus Larsen, Poul Chr. Matthiessen, Niels-Kenneth Nielsen, Marie Louise Schultz-Nielsen, and Eskil Wadensjö. (University Press of Southern Denmark. 2004).*

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The Rockwool Foundation Research Unit

By Torben Tranæs, Research Director

The Rockwool Foundation Research Unit (RFF) in Copenhagen studies current issues in society with the objectives of enabling informed public debate on these matters and of enhancing the knowledge base available for political decision-making. The unit was founded in 1987. Since that date it has made a considerable impact through a series of research projects on central issues.

The principle area of general focus has been research on the welfare state and into the relationship between the welfare state and the working of the labor market. Within this general area there has been especial focus on financial incentives in the labor market, the integration of non-Western immigrants, and the shadow economy.

Examples of Recent Research

At the end of the 1990s RFF's research into the shadow economy took an international dimension with the collection of survey data using precisely the same method in five different countries in north-western Europe. The results of this comparative study were presented by RFF in *The Shadow Economy in Germany, Britain, and Scandinavia* by Søren Pedersen (The Rockwool Foundation Research Unit, 2003).

This was the first international comparison based on questionnaire surveys of the extent of "black work" using the same definition. Table 1 below shows the percentages of the adult population aged 18-74 years who had done "black work" in the five countries in question.

It is clear from the table that there are large differences between the countries concerning the participation of the populations in the "black economy". The percentage is highest in Denmark, with 20.3 percent, and lowest in the United Kingdom, where only 7.8 percent carried out black work in the year of the survey.

If the figures are recalculated using knowledge of the average time spent per activity in each country to find the proportion of GDP represented by "black work", Table 1 shows that Germany has the highest proportion with 4.1% of GDP, though Denmark with 3.8% is almost on the same level. Norway and Sweden are on a somewhat lower level, with 2.6% and 2.3% of GDP respectively. The United Kingdom comes right at the bottom with 1.2% of GDP. For a further discussion of RFF's methods and results see for example *Employment Outlook 2004* (OECD, 2004).

Table 1. Proportions of the population aged 18-74 years who had done "black work" during the previous year in Denmark, Norway, Sweden, Germany, and the United Kingdom, and the value of the "black work" as a percentage of GDP.

	Had done "black work"	Estimated proportion of GDP	Year
	%	%	
DK	20.3	3.8	2001
N	17.3	2.6	98/02
S	11.1	2.3	97/98
D	10.4	4.1	2001
UK	7.8	1.2	2000

At present RFF is engaged in a repeat of the questionnaire survey about "black work" for Germany and also a repeat run in the ever longer series of measurements that exist for Denmark. As with previous surveys, the data collection is handled by a recognised data collection organization in the country concerned. In the case of Germany this is *TNS Infratest Sozialforschung*, and for Denmark it is Statistics Denmark.

The new data collection process will be carried out in Denmark and Germany in the course of 2004 and the spring of 2005, and the next publication about the activities of northern Europeans on the black work markets can therefore be expected during 2005. An overview of RFF's English language publications on labor market conditions and other topics can be found on page 27 of this newsletter.

Books published by Aarhus University Press and University Press of Southern Denmark are obtainable through booksellers. Books published by Statistics Denmark can best be obtained from the organization directly. Telephone +45 39 17 39 17.

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