

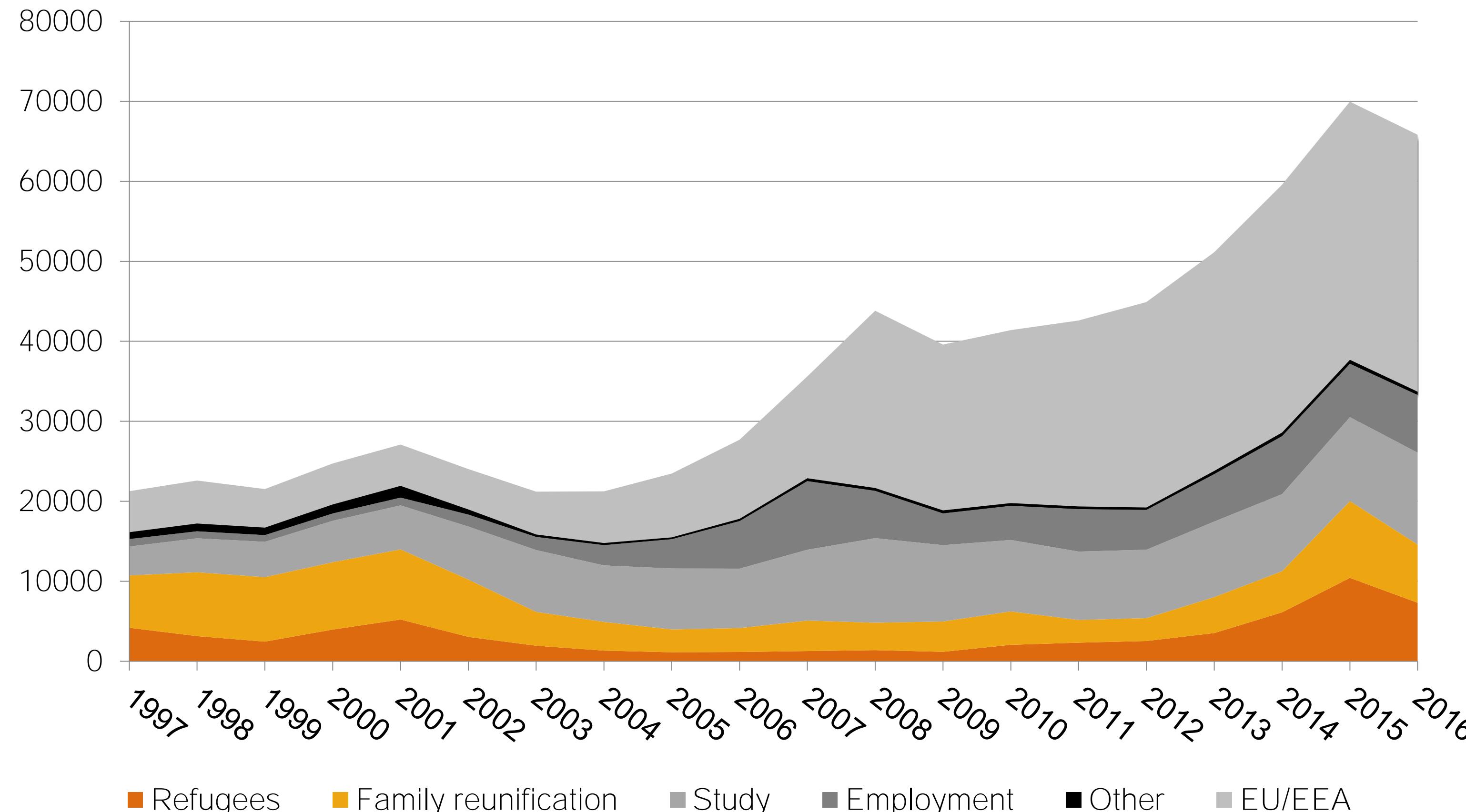
November 21, 2017

Marie Louise Schultz-Nielsen

Labour market integration of refugees in Denmark



New immigrants arrived 1997-2016



Source: Statistics Denmark

Danish immigration policy

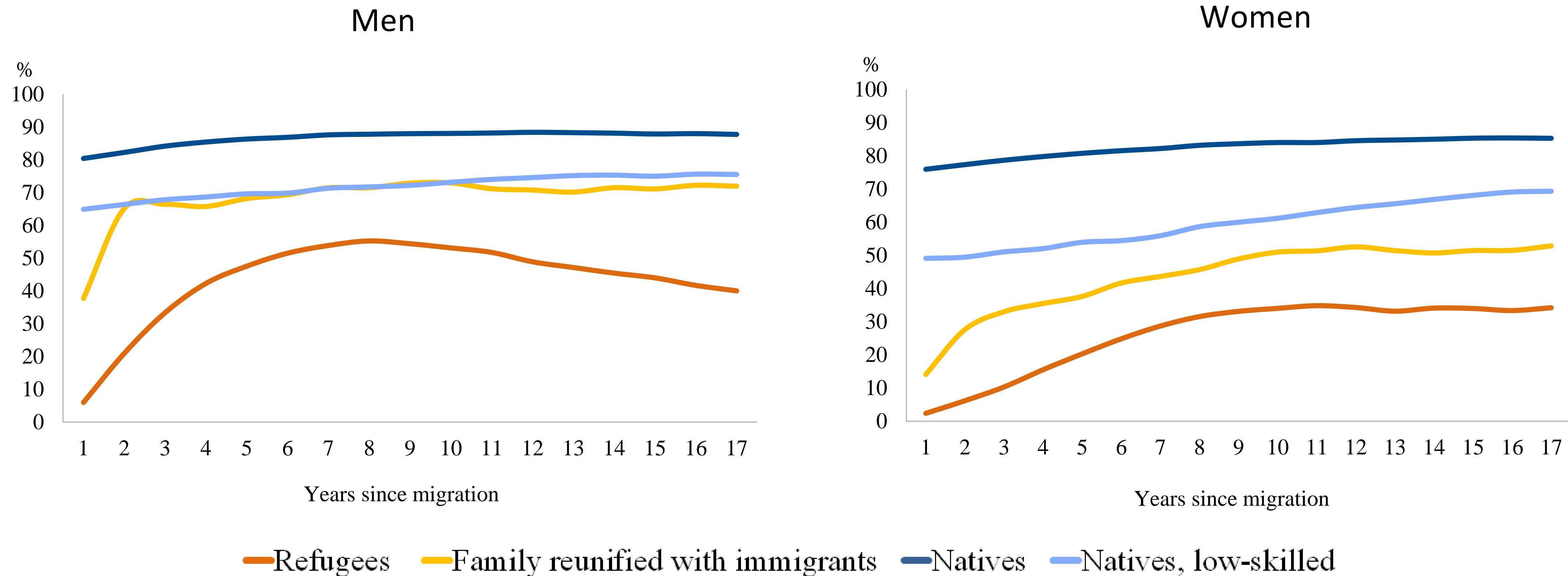
1) Immigration (The Aliens Act)

- *De facto* refugee status abolished and replaced by 'b status' (2002)
- Harder to qualify for family reunification ('24 year rule', stricter 'attachment rule'), easier to qualify for immigration to study and work (2002)

2) Integration (Integration law, Active labour market policy and other laws)

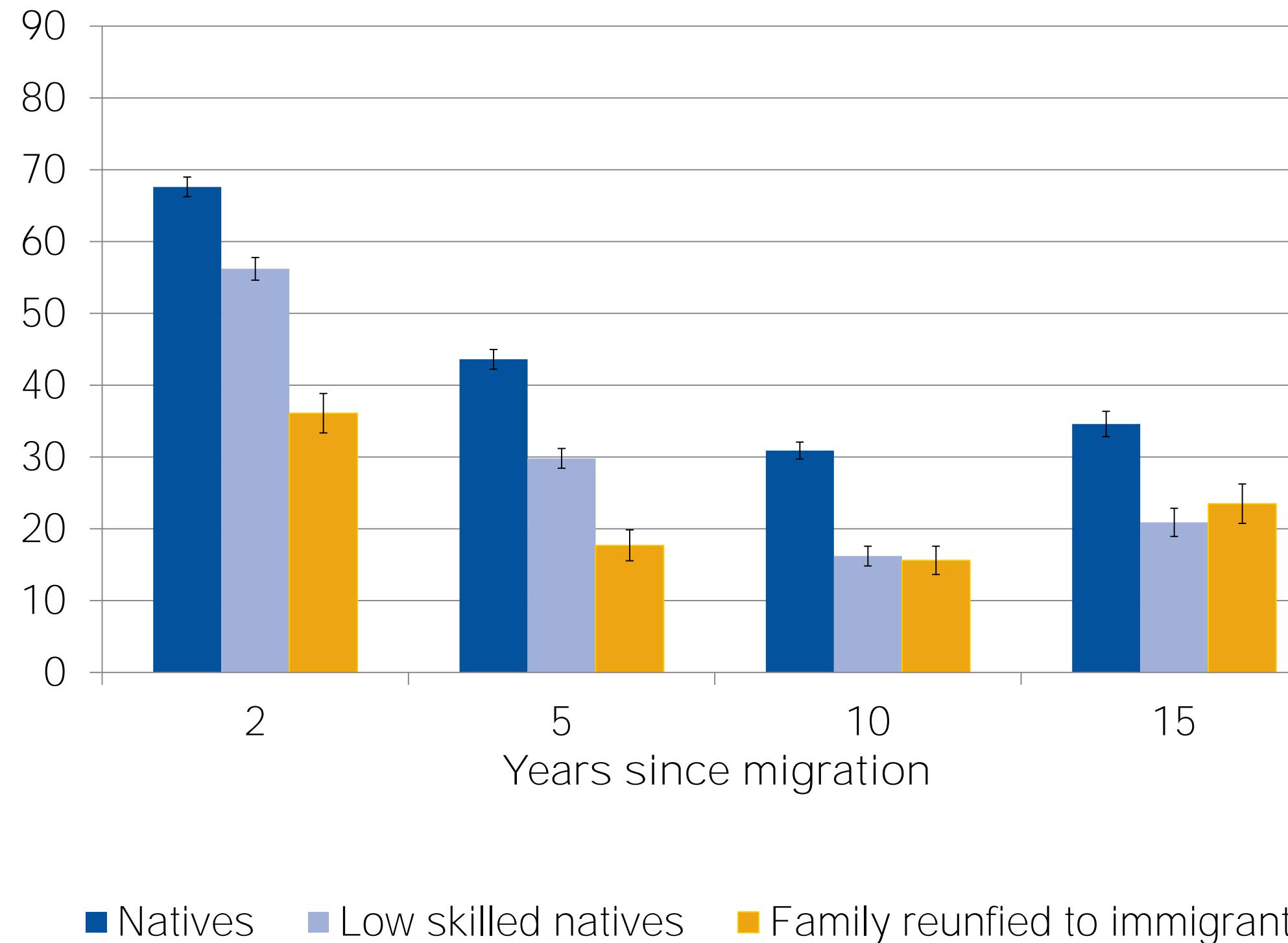
- Integration program prolonged from 1½ to 3 years (1999)
- Lower social benefits for newly arrived (1999-2000, 2002-2011, 2015-)

Employment rate by origin and number of years of residence in Denmark, arrived 1997-2011

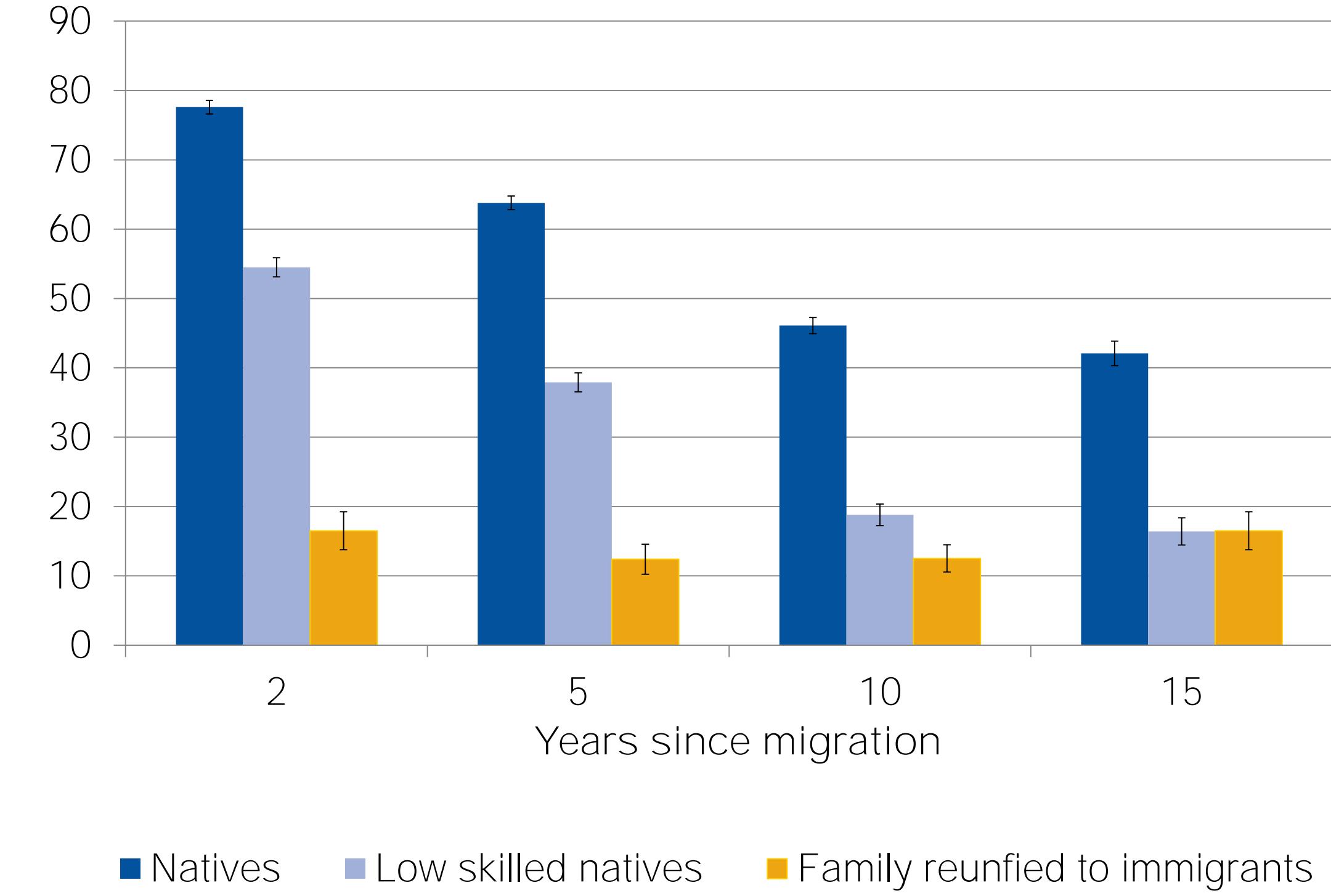


Predicted employment gap in Denmark (1)

Men, 1st cohort (arrived 1997-2001)



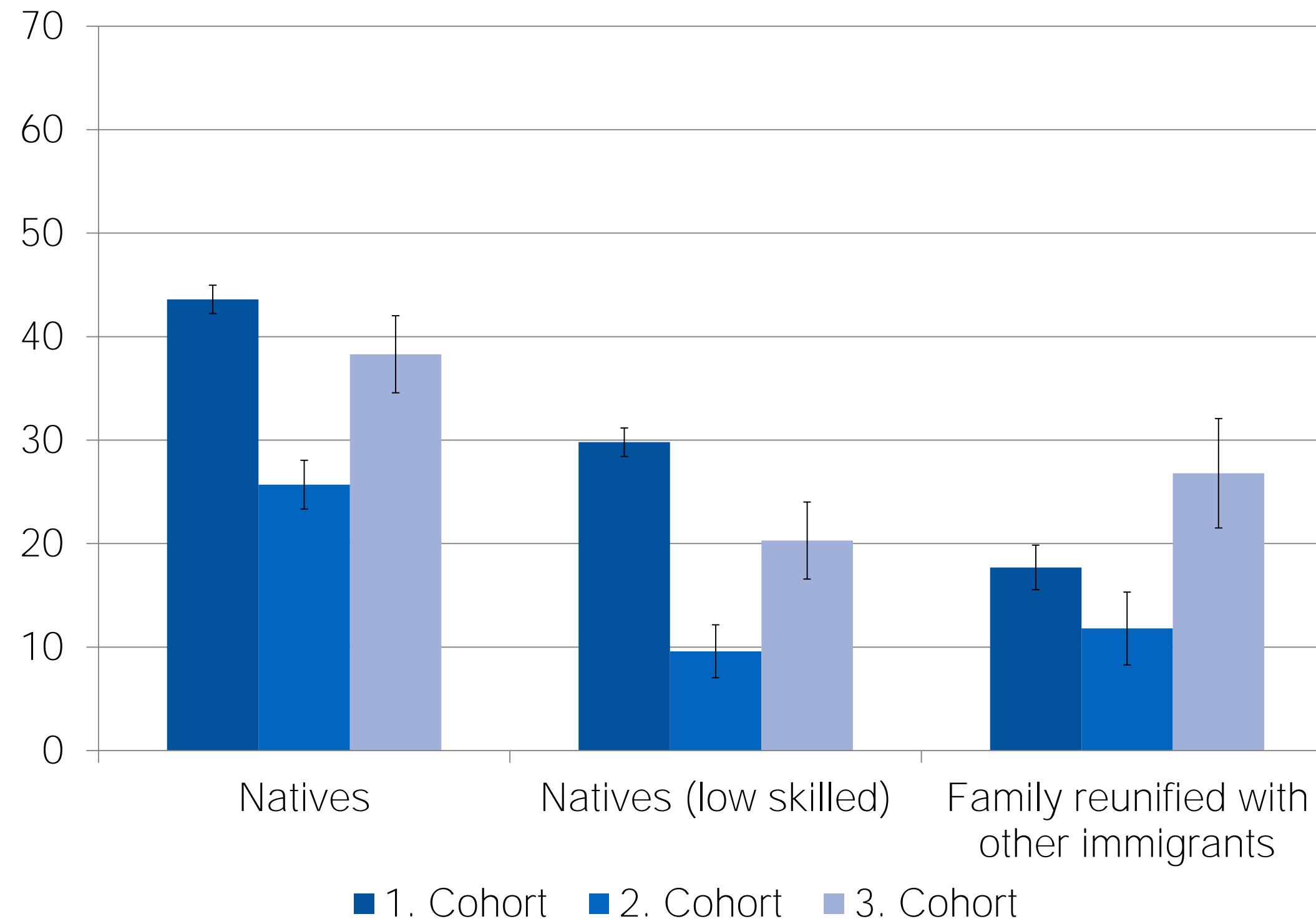
Women, 1st cohort



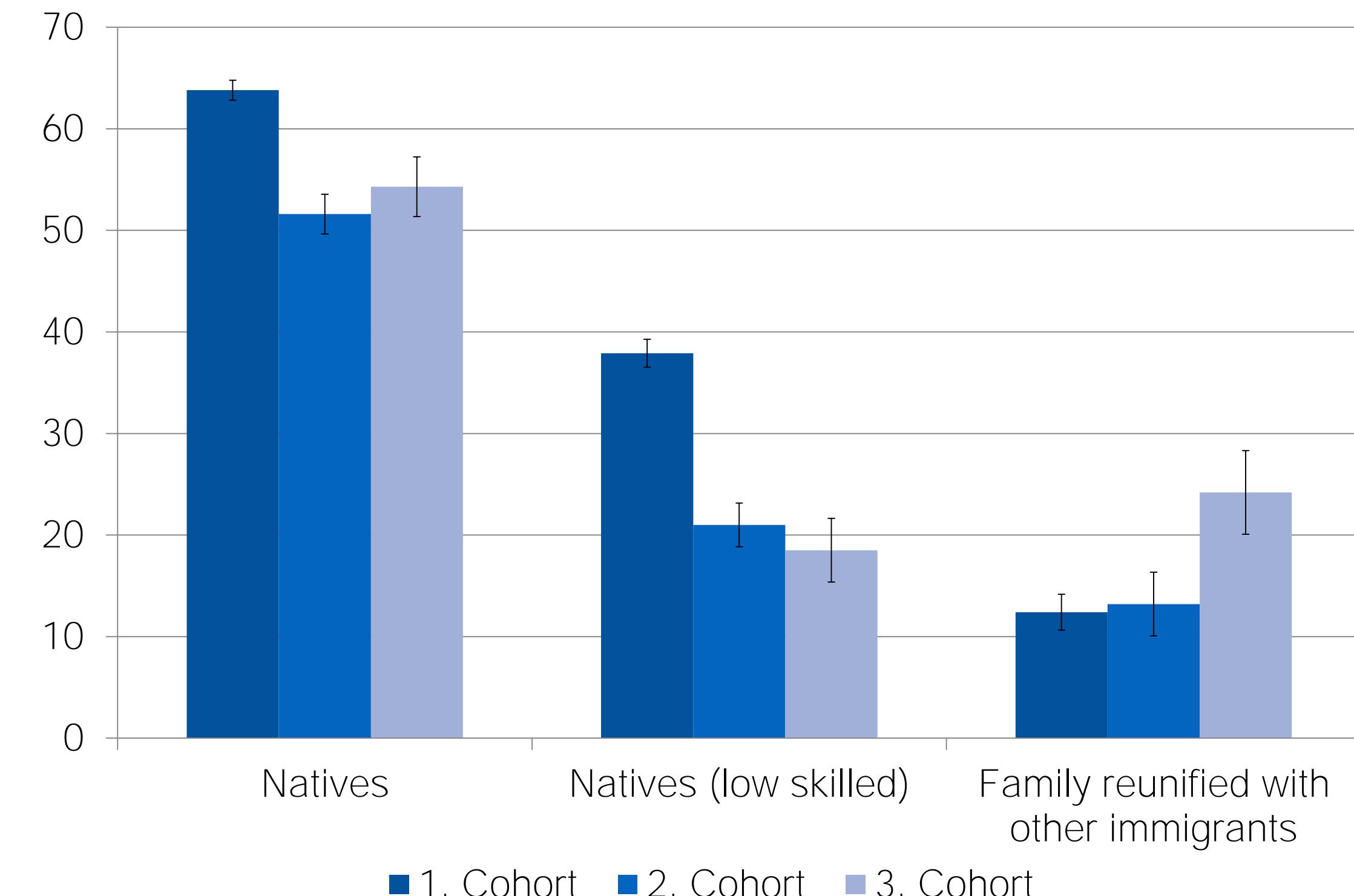
Source: Schultz-Nielsen (2017)

Predicted employment gap in Denmark (2)

Men, 5 years after arrival



Women, 5 years after arrival

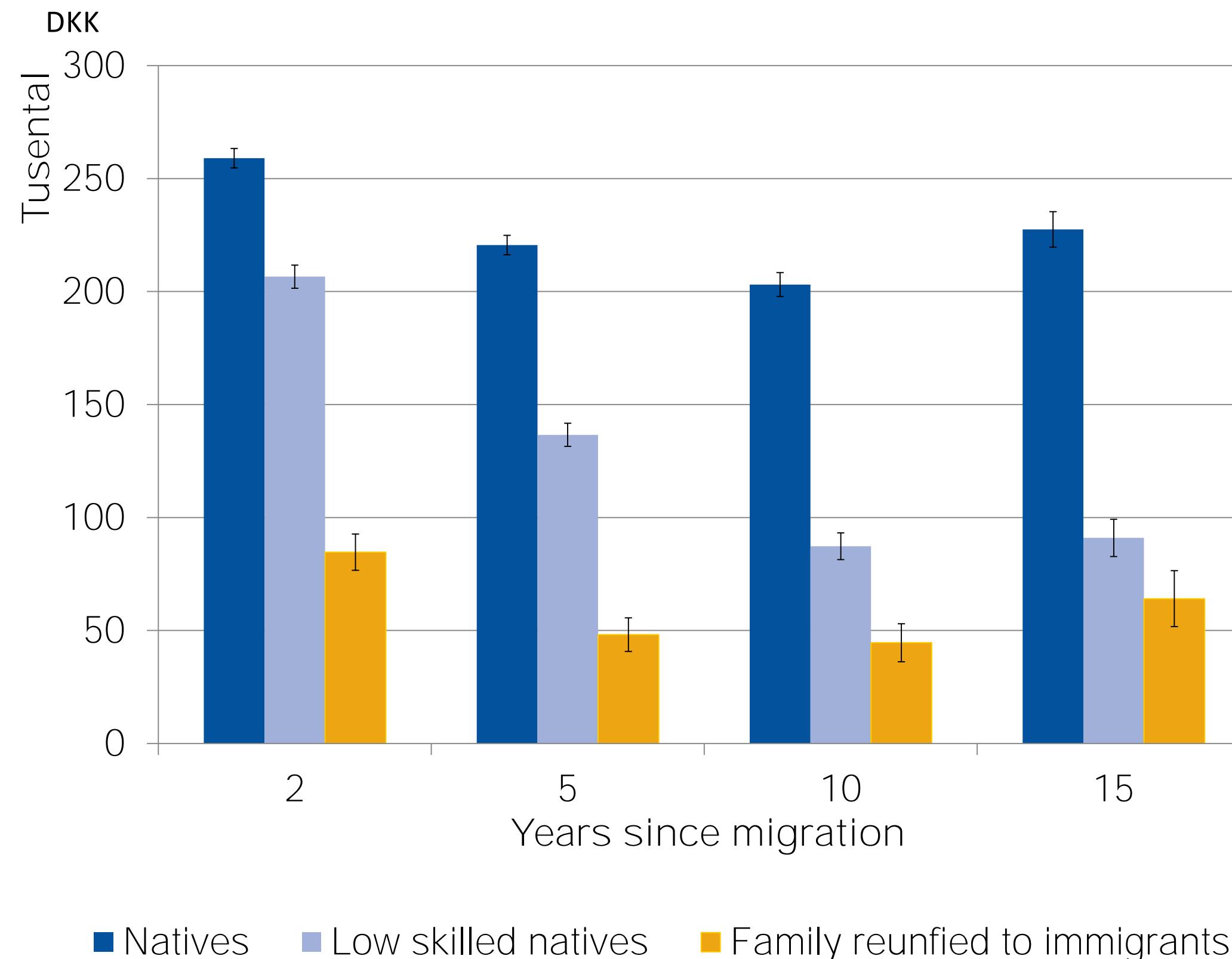


Note: 1. Cohort (arrived 1997-2001), 2. Cohort (2002-2006) and 3. Cohort (2007-2011)

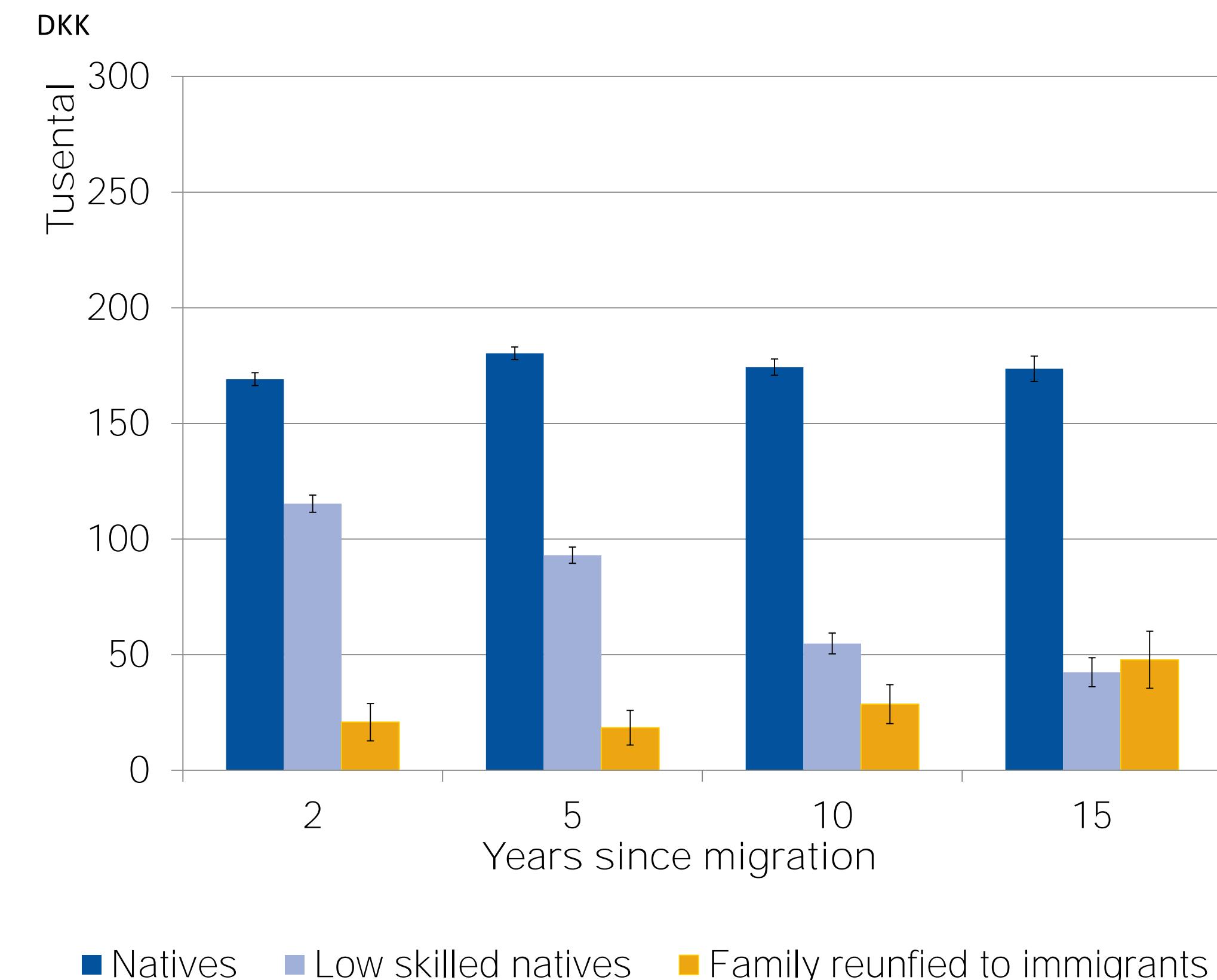
Source: [Schultz-Nielsen \(2017\)](#)

Predicted earnings gap in Denmark

Men, 1st cohort



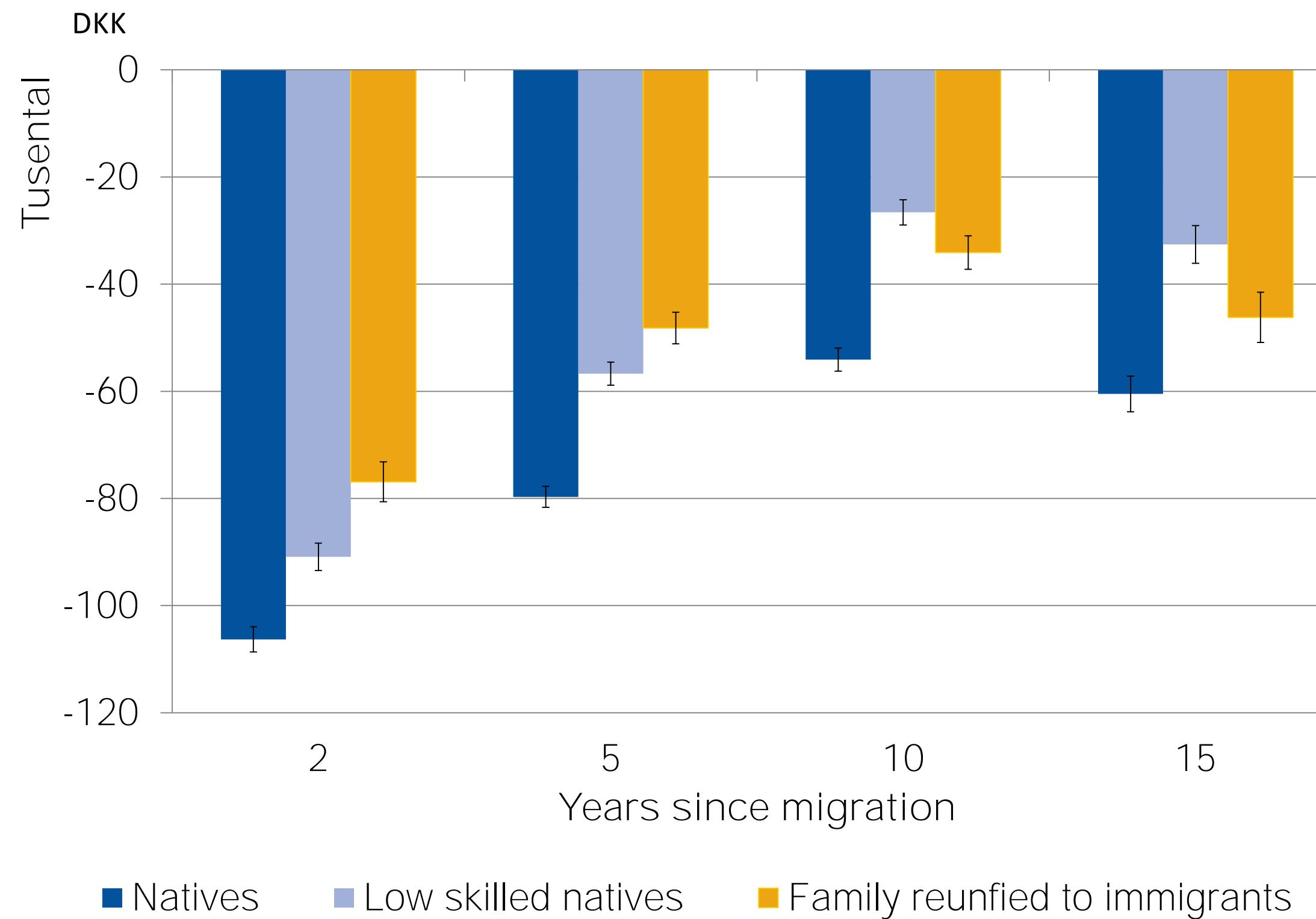
Women, 1st cohort



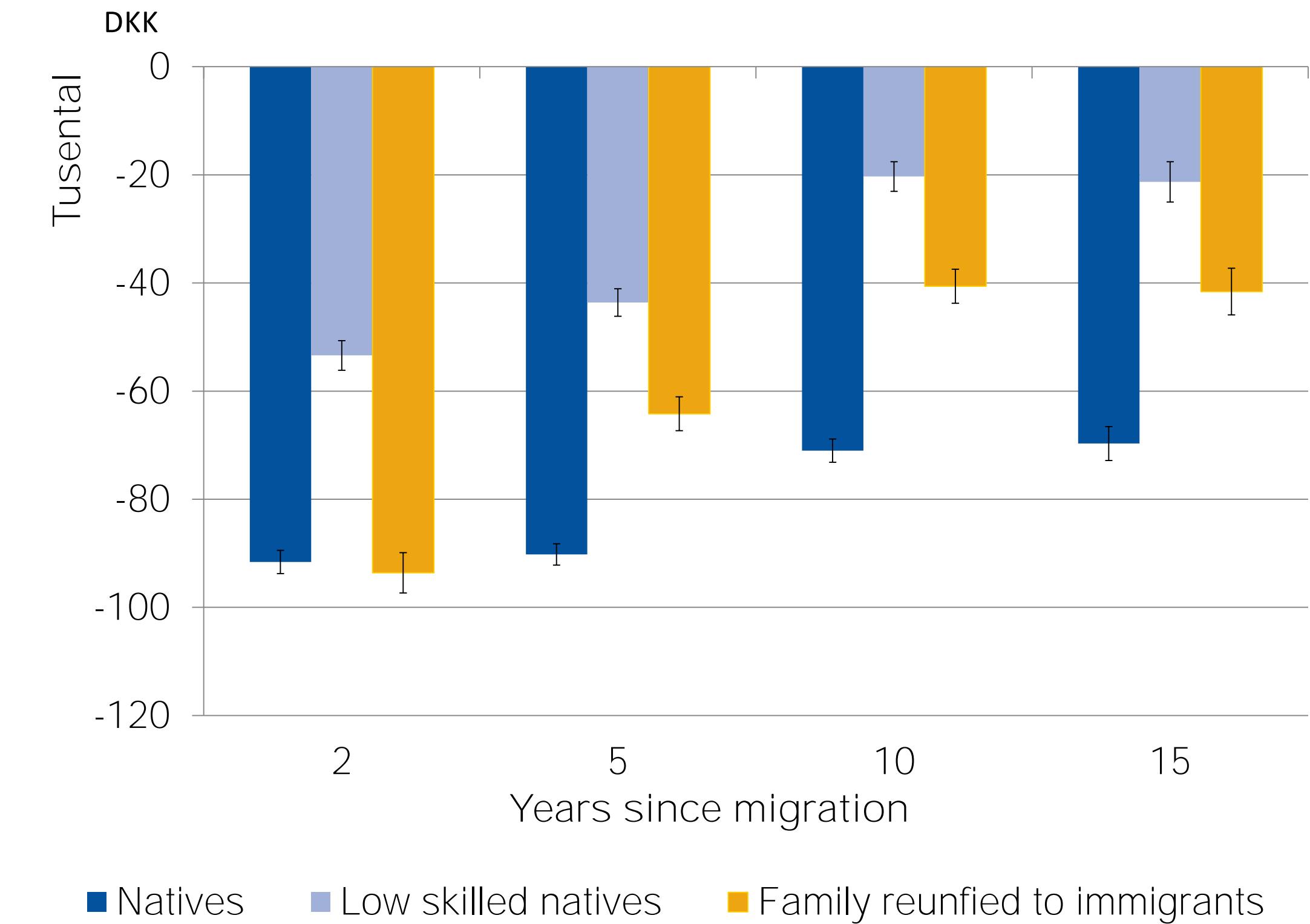
Source: Schultz-Nielsen (2017)

Predicted transfer income gap in Denmark

Men, 1st cohort



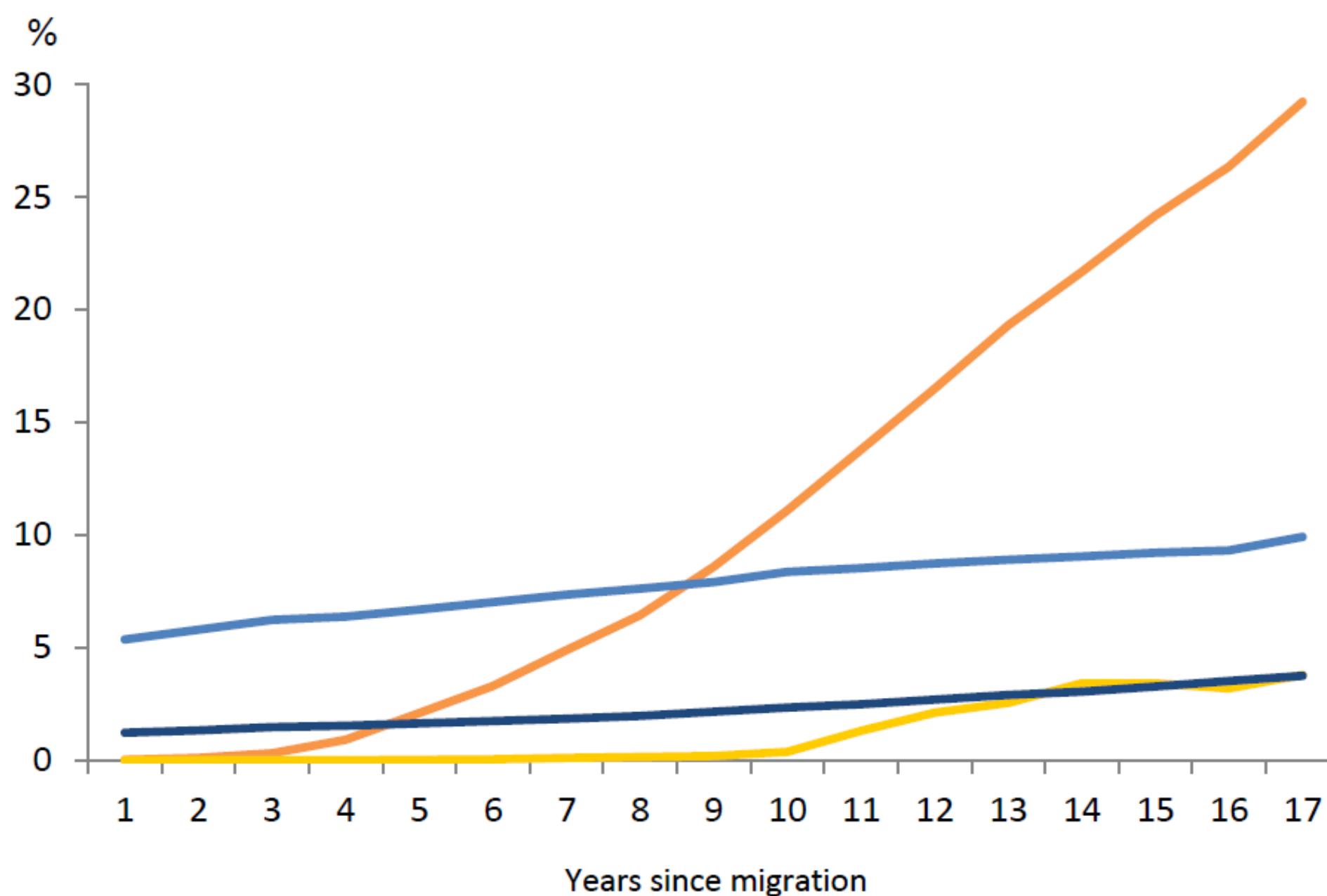
Women, 1st cohort



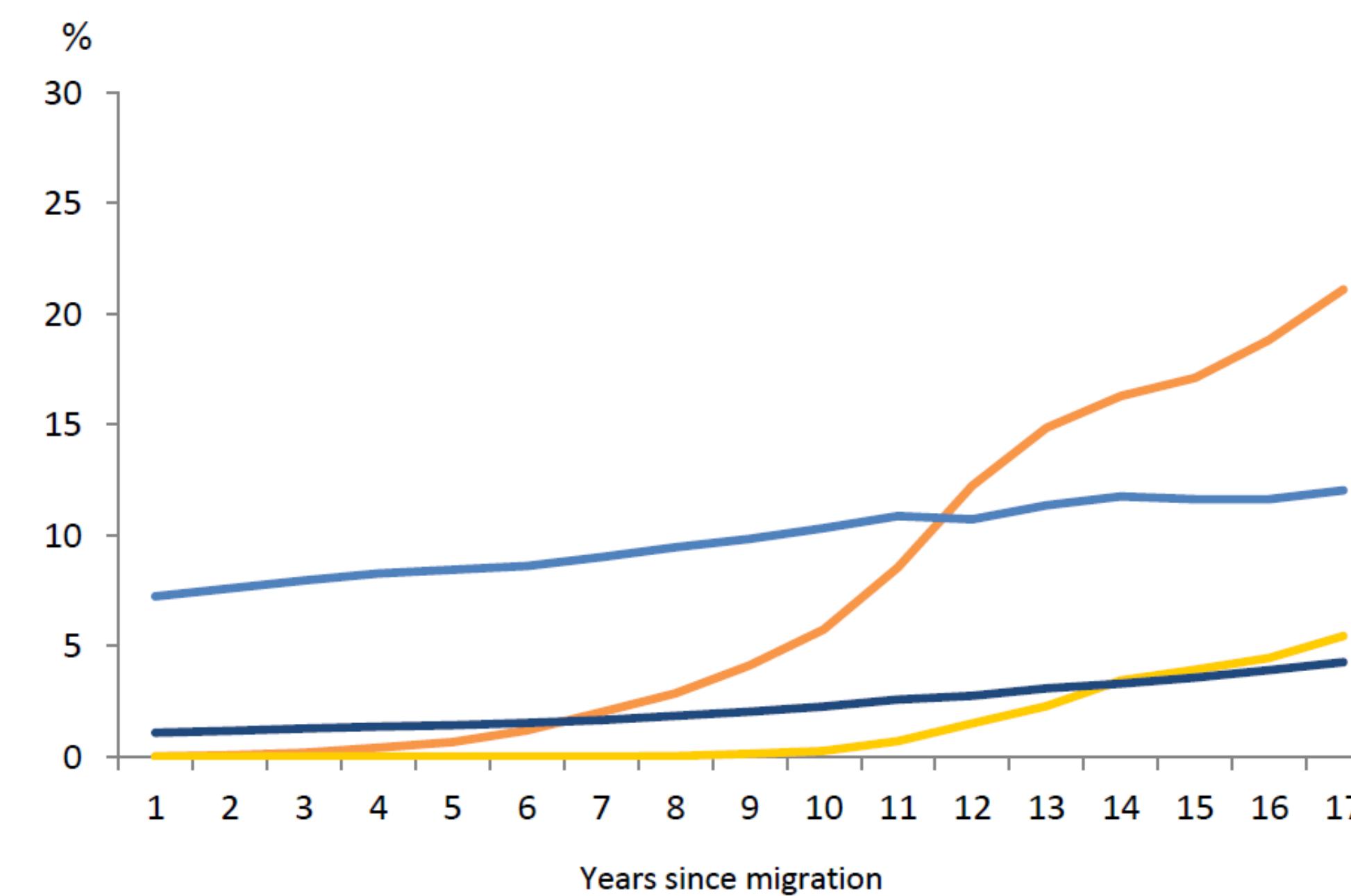
Source: Schultz-Nielsen (2017)

Share of population receiving early retirement benefit by origin

Men



Women

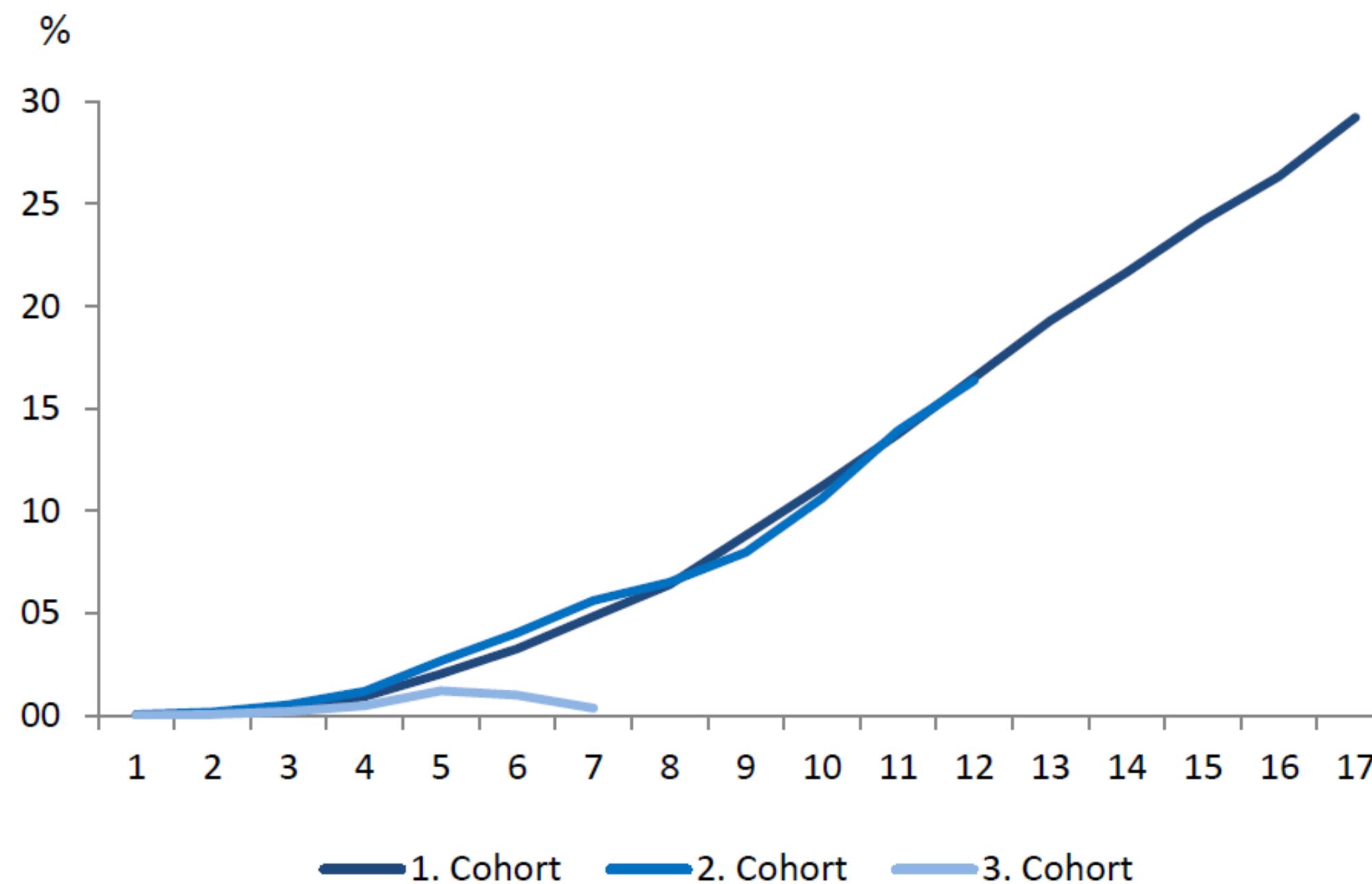


— Refugees — Family reunified with immigrants — Natives — Natives, low-skilled

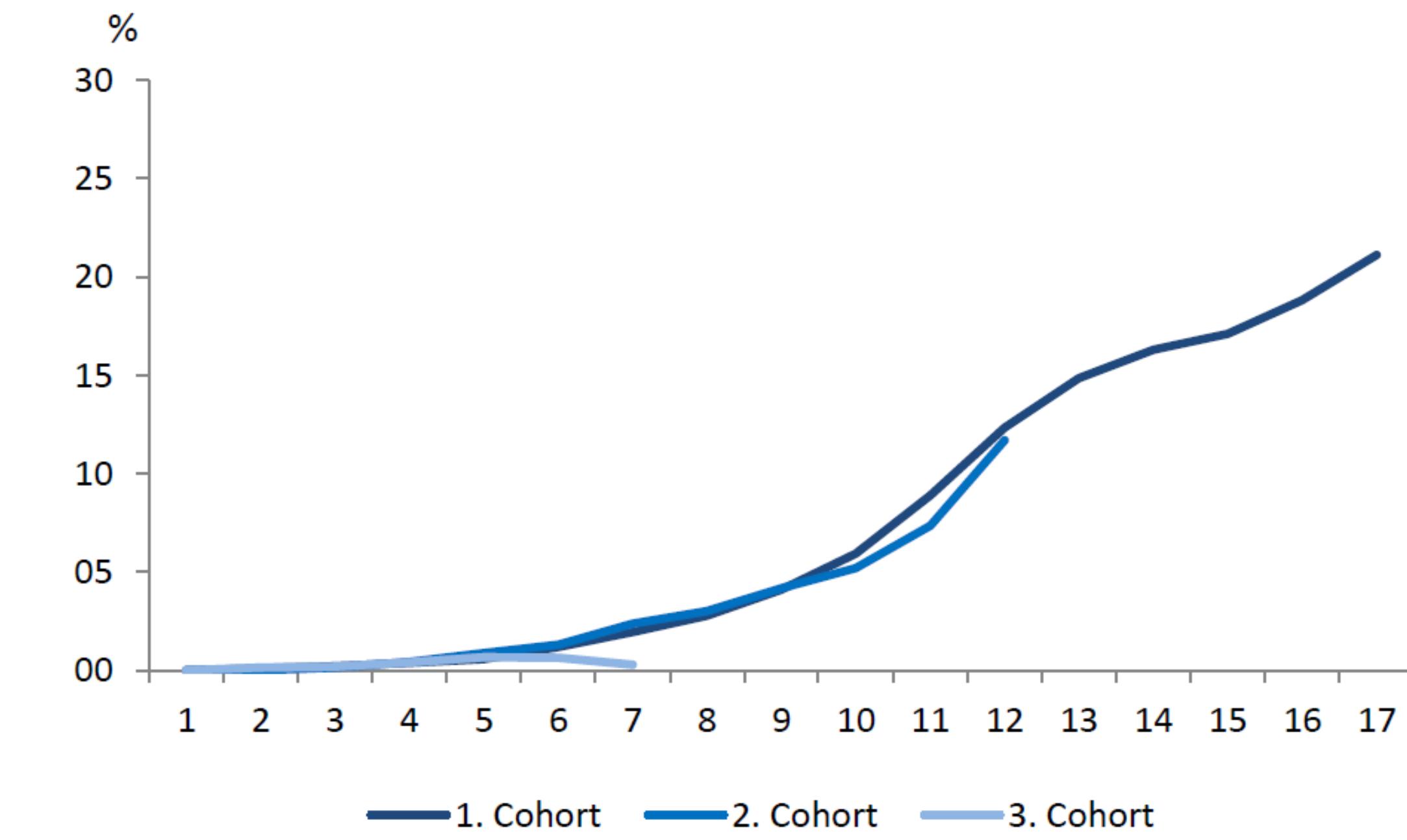
Note: Early retirement benefit = 'Førtidspension'

Share of refugees receiving early retirement benefit by cohort

Men



Women



Note: 1. Cohort (arrived 1997-2001), 2. Cohort (2002-2006) and 3. Cohort (2007-2011)

Documented employment effects for immigrants/refugees in Denmark

Positive employment effects are found in relation to:

- Active Labour Market Programmes (ALMP)
(Heinesen, Husted and Rosholm, 2013)
- Job with wage subsidy in private sector
(Nielsen Arendt and Pozzoli, 2014)
- Lower benefit / ‘Start Aid’
(Andersen et. al., 2012; Rosholm and Vejlin, 2010)
- Network
(Damm, 2009 and 2014)

Recent changes in politics

1) Stricter access

- ‘Temporary’ border control (2015 -)
- Family reunification (after 3 years of residence) (2015)

2) Lower benefits

- Integration benefit - 2015/16. (Supplement if Danish-test is passed).
- Benefit-cap

3) More employment focus in integration program

- As a result of the government negotiations with employers and unions (spring 2016) :
- ‘Integrationsgrunduddannelse (IGU)’ lasting for 2 years. Combines ‘education and work training in private companies’ with wages lower than usual minimum standards. The IGU includes 1.022 refugees by October 2017.

Conclusion

- The flow of refugees to Denmark varies significantly over time. From 4,200 in 1997, to 1,200 (2006) and 10,300 in 2015.
- Refugees (and their family members) improve their labour market participation within the first years of their stay in Denmark, but:
- They do not catch up with natives (in general or low-skilled) nor family reunified with immigrants and after a decade the refugee men seem to fall behind. Instead many end taking up on early retirement pension.
- The employment gap is larger for refugee women than for refugee men, while it is the opposite when exploring the earnings gap.
- Employment gaps are smallest for the 2. cohort (arrived 2002-2006) of refugee men. The pattern is less clear for women.
- Transfer incomes are in general higher for refugees than for other groups mainly due to their lower labour market attachment. However, in periods with lower benefit-levels for newly arrived immigrants this is not always the case.

Appendix 1. Characteristics of refugees, family reunified with refugees and immigrants

	Men			Women		
	Refugees	Family reunified with refugees	Family reunified with immigrants	Refugees	Family reunified with refugees	Family reunified with immigrants
Individuals	9,511	1,347	5,759	4,814	6,260	9,954
Observations	96,830	13,517	52,499	48,881	68,395	84,461
Cohort:						
1. (1997–2001)	58%	62%	57%	55%	62%	57%
2. (2002–2006)	22%	22%	23%	26%	26%	22%
3. (2007–2011)	20%	16%	20%	19%	12%	22%
Non-western	100%	99%	92%	100%	99%	91%
Median age at immigration	28	28	25	28	26	25
Education unknown	57%	57%	63%	61%	56%	66%
In DK at least 5 years	95%	91%	85%	94%	96%	83%

Note: All individuals were between 17 and 36 years old at arrival and came to Denmark in the period from 1997 to 2011.

Source: Schultz-Nielsen (2017)

The sample consist of:
37,645 refugees and family reunified



10%-sample of natives from same birth cohorts:
307,622 natives

Appendix 2. Specification of model

For immigrants the estimation equation is defined as:

$$A1 \quad Y_{it} = \beta_0 + \beta_{1gr} gr_i + \beta_{2gr} ysm_{it} + \beta_{3gr} age_{it} + \beta_4 X_{it} + \beta_{5res} U_{lt} + \beta_6 C_t + \varepsilon_{it}$$

For natives the corresponding equation is:

$$A2 \quad Y_{it} = \beta_0 + \beta_{30} age_{it} + \beta_{40} X_{it} + \beta_{50} U_{lt} + \beta_6 C_t + \varepsilon_{it}$$

, where gr_i [1;6] is depending on 3 cohorts and 2 types of residence (res_i)

ysm_{it} is years since migration (third degree polynomials)

age_{it} is age as fourth degree polynomials

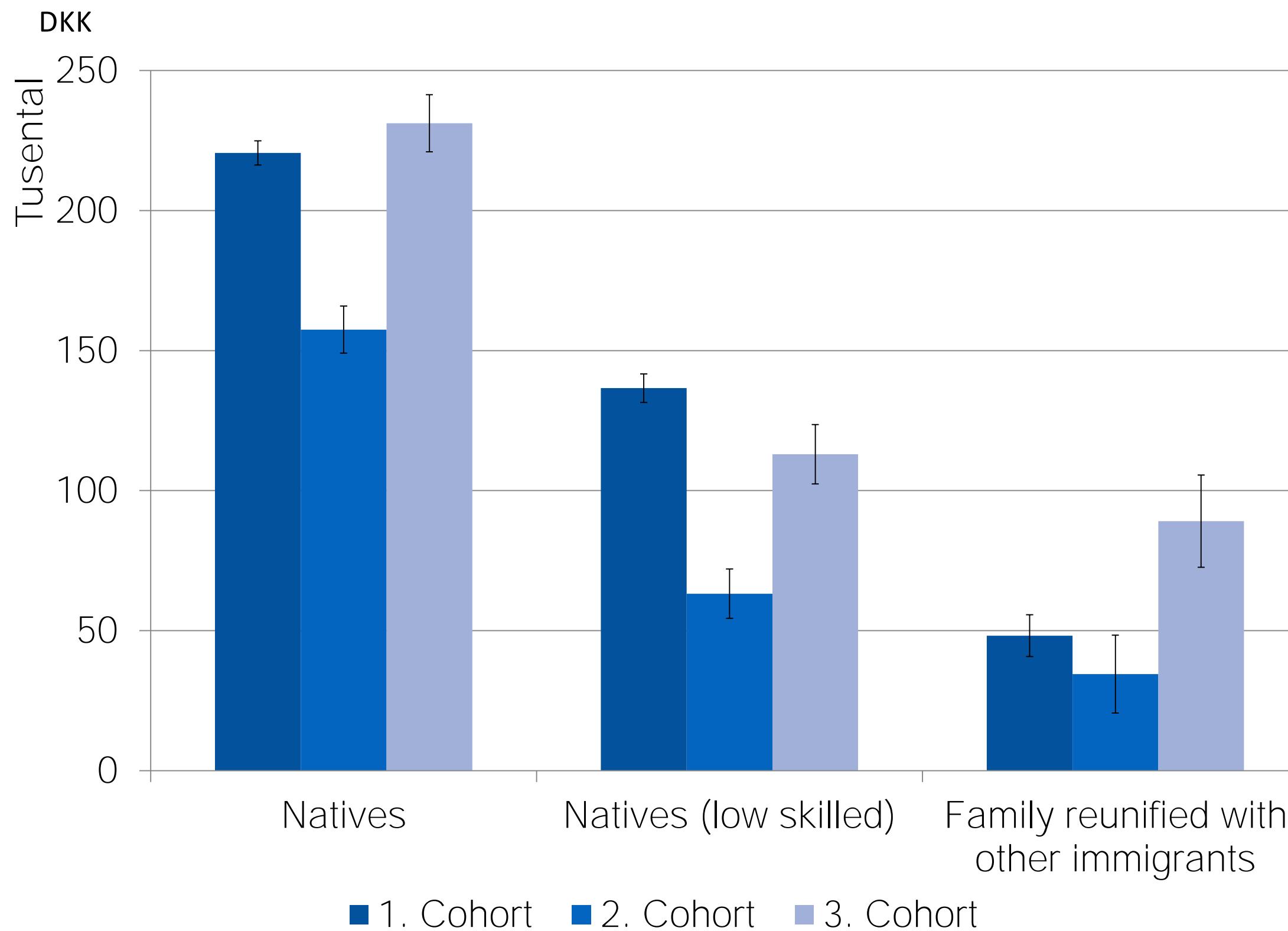
X_{it} is a vector of demographic characteristics [small children (0/1), # of children]

U_{lt} is the local unemployment rate in the community l

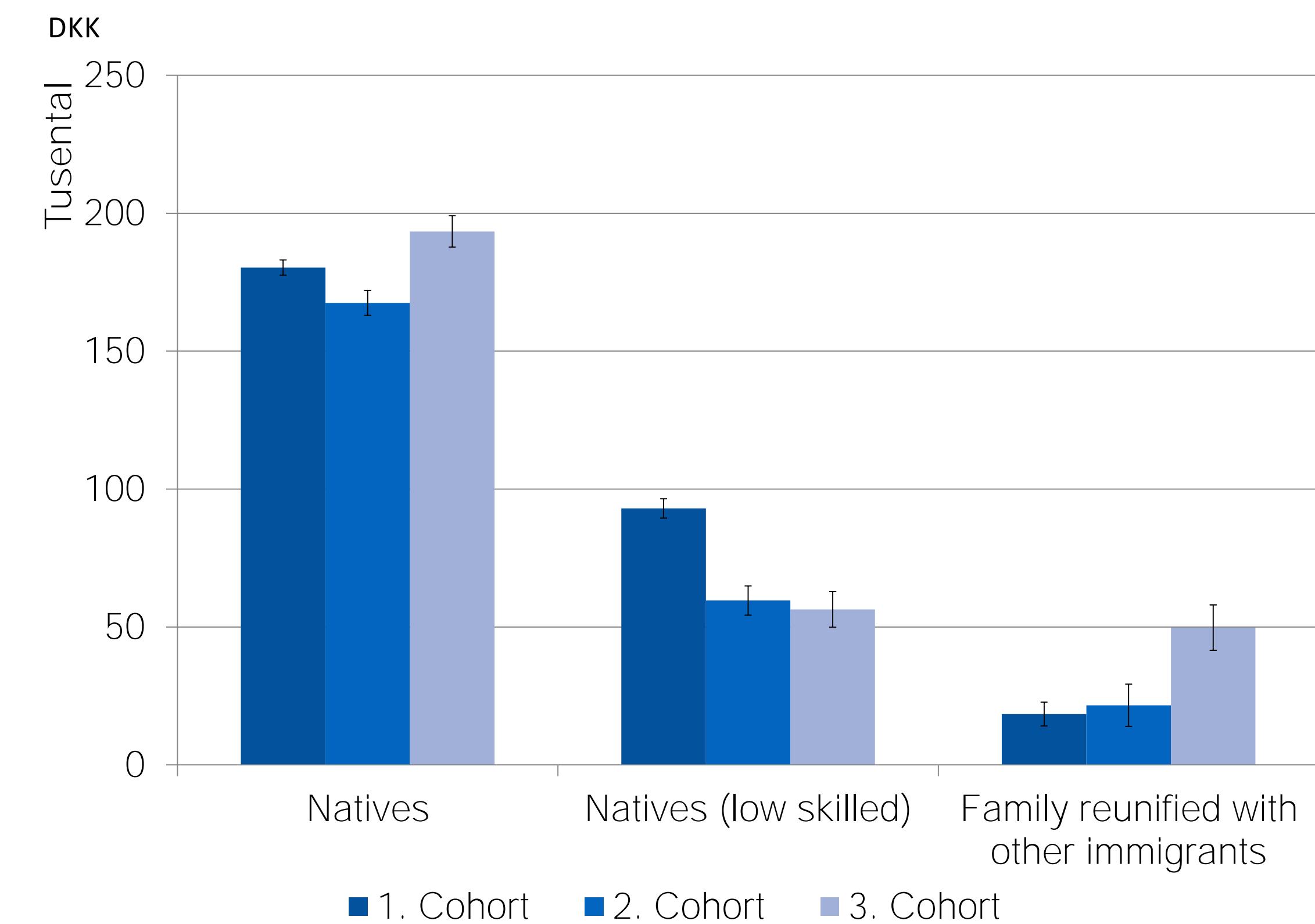
C_t is calendar year t

Appendix 3. Predicted earnings gap in Denmark (2)

Men, 5 years after arrival



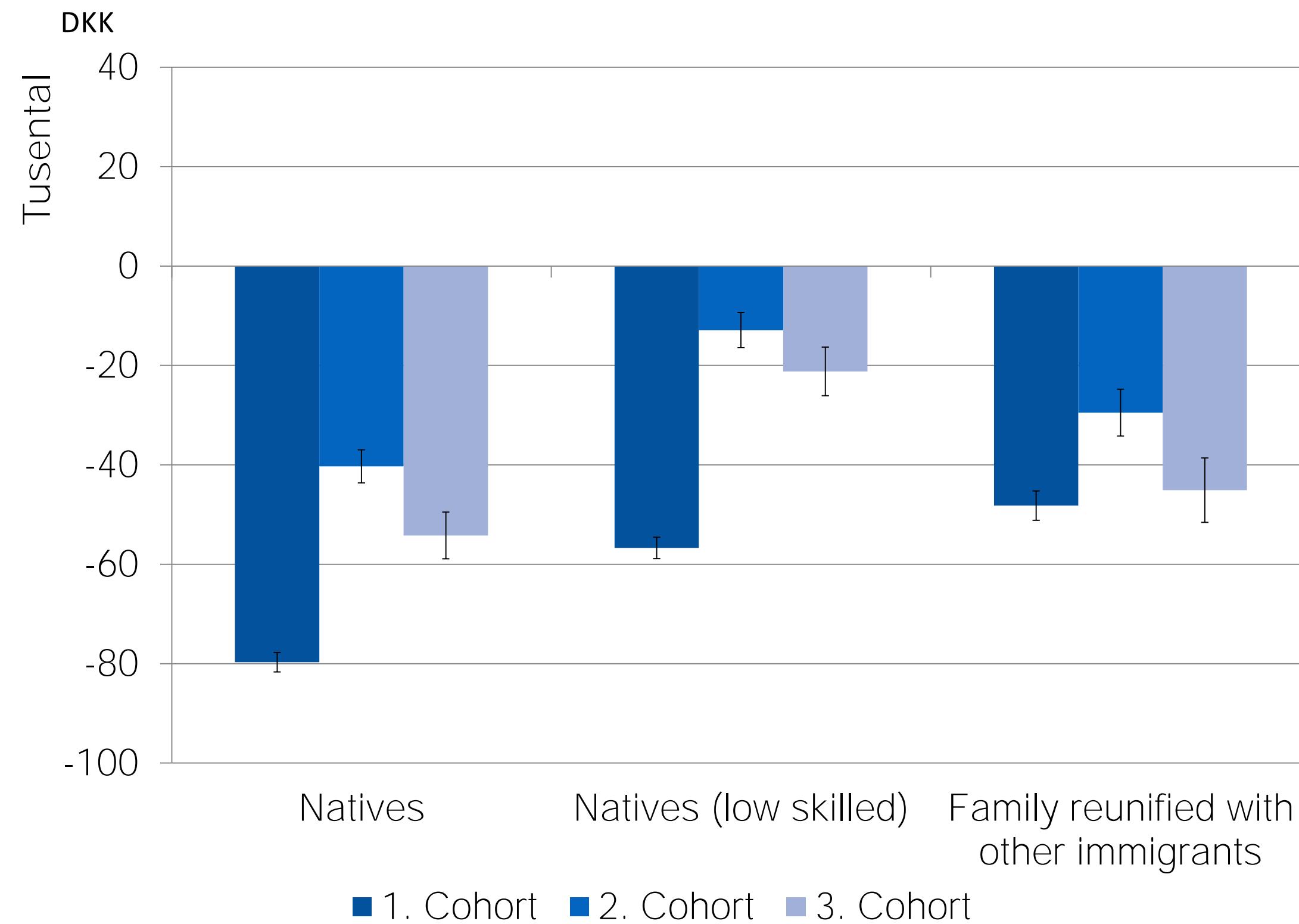
Women, 5 years after arrival



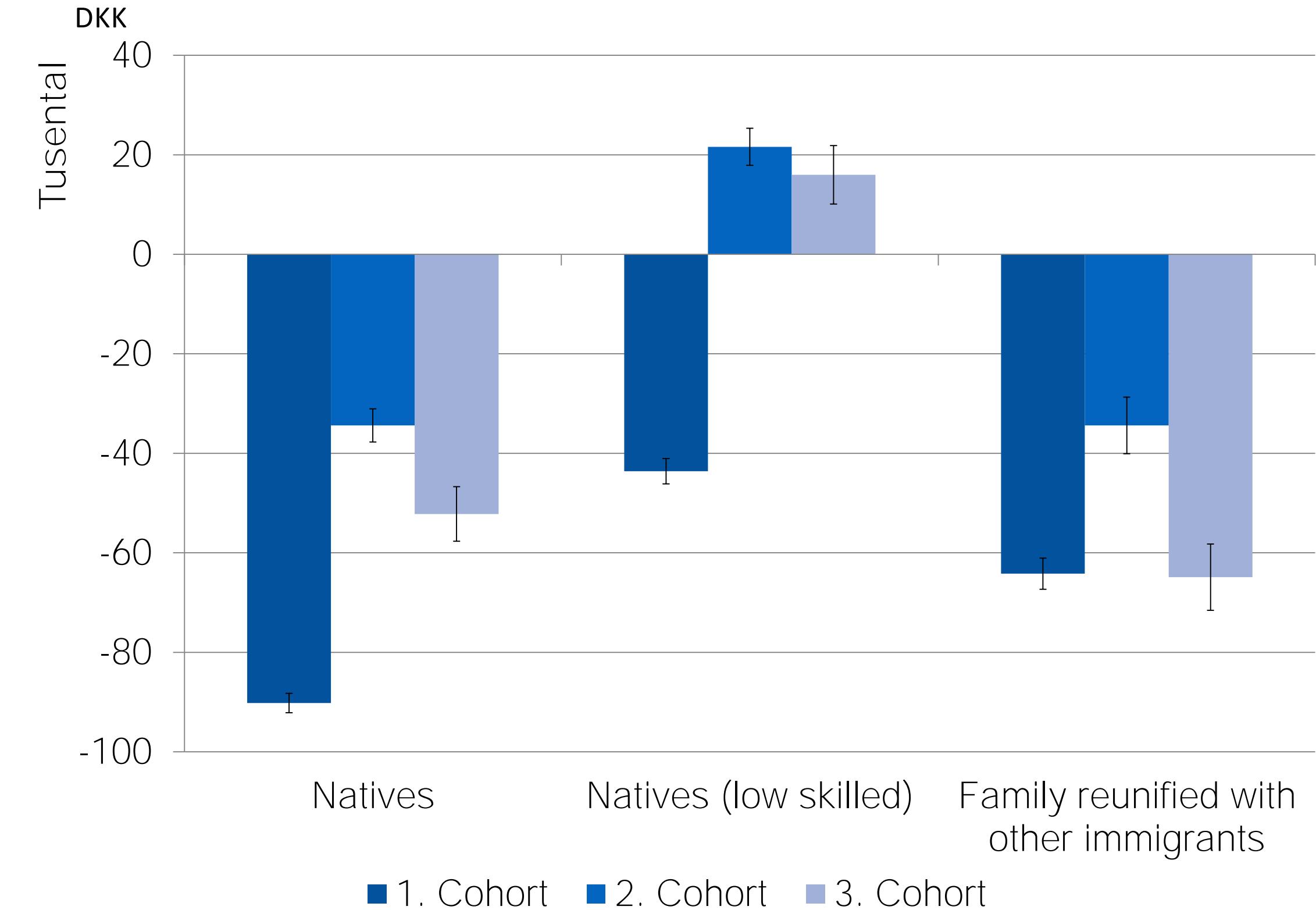
Source: Schultz-Nielsen (2017)

Appendix 4. Predicted transfer income gap in Denmark (2)

Men, 5 years after arrival



Women, 5 years after arrival



Source: Schultz-Nielsen (2017)