Contextualising ethnic residential segregation in Denmark: welfare, housing and immigration

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This study is part of a four-year comparative research project on Nordic welfare states and the dynamics and effects of ethnic residential segregation (NODES)

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Preface

This research paper is part of a comparative Nordic research project "Nordic welfare states and the dynamics and effects of ethnic residential segregation (NODES)", funded by NORFACE's Research Programme on Migration. NODES is a four-year research project which involves a team of fourteen researchers and six partner institutions from Sweden, Denmark, Norway and Finland.

The NODES project comprises five multidisciplinary subprojects that aim to capture the links between the Nordic welfare state policies and trajectories of social and spatial integration. The main research question is: How are the Nordic welfare states shaping the conditions for ethnic residential segregation and de-segregation, and how are the patterns and processes of segregation affecting the wider social and spatial developments in the different host societies? The underlying causes and impacts of ethnic segregation are explored from the perspectives of both individual migrant families and the receiving society.

This research paper is part of the first subproject, which analyses differences and similarities in policy frameworks, immigration flows and settlement patterns in the Nordic countries. The specific research questions are: 1) How do welfare, housing, immigration and integration policy goals and practices differ between the countries, and what are the most prominent policy practices with regard to immigrant settlement patterns?, 2) What are the characteristics of immigrants and their migration flows into and out of the countries, and the major urban regions?, and 3) What characterises settlement patterns of different immigrant groups?

These questions are discussed in four individual country reports that comprise of case studies from Sweden, Denmark, Norway and Finland. The country reports function as background reports to contextualise the policy framework, and migration and settlement patterns that we hypothesize to shape and affect the processes of ethnic residential segregation in our countries. Each country report comprises five chapters focusing on recent changes in the policy goals, practices and structures of welfare (chapter 1), housing (chapter 2), immigration (chapter 3), integration (chapter 4), and segregation and settlement patterns (chapter 5). The main findings are summed up and discussed with reference to ethnic residential segregation in a concluding chapter.

The four country cases and comparative cross-country conclusions are published in a joint book, titled "Immigration, Housing and Segregation in the Nordic Welfare States". The book can be downloaded on the NODES webpage http://blogs.helsinki.fi/nodesproject/publications/.

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1. The Danish welfare State

Like the other Nordic countries Denmark can be characterised as a welfare state. There is wide theoretical and political agreement over the fact that the Nordic Welfare Model exists (see Nordic welfare… 2010) and in many fundamental ways differs from other welfare models (Castles 2004). The main features of the NWM are the following ones:

a. Comprehensiveness of social policy: encompassing social security, social and health care services, education, housing, employment etc.
b. Strong state involvement and extensive public responsibility in different social policy areas.
c. High degree of universalism: all pay and all benefit.
d. High degree of de-commodification and de-familisation through social policies.
e. Well-established gender equality policies basing on state feminism.
f. High level of social service provision: the notion of 'public social services state'.
g. Social rights basing on citizenship.
h. Uniformity of service provision: middle and upper classes use same services as others.
i. Municipalities responsible for providing services and partly also financing them.
j. Benefits are largely tax financed.
k. Strong political and popular support to the NWM and universalism in particular.
l. Active labour market policy.

Due to these and other features social rights of citizens are more extensive in the Nordic welfare societies than in other countries; and, the NWM decommodifies labour power and promotes gender equality more effectively than most other models. It has succeeded in distributing resources between rich and poor so that only a small minority of residents in these countries lives in poverty. There are less children and solo mothers living in poverty than in other countries. The NWM has created opportunities for women to act as both paid workers and carers by reconciling work and family responsibilities. Many economists have shown that high social expenditure and the high level of taxation closely attached to the model has not been an obstacle to economic growth and competitiveness in the global economy. There is also some evidence that the NWM promotes active citizenship in terms of political and social participation not to speak of labour market participation of both men and women. Finally, the NWM has proved to be fairly stable in spite of periods of economic recession and high unemployment (e.g. Kautto et al. 1999; Kautto et al. 2001).

Universalism, tax financing and strong popular and political support seems to strengthen each other. Universalism as an ideal and principle of redistribution has been important both for social democracy (cross-class solidarity) and women's movement (gender equality) in smoothening economic inequalities and creating equal opportunities. It has also favoured regional equality, which explains strong support given to universalism by Agrarian and Centre parties.

1.1. Income inequality and poverty

A comparison of welfare payments in the Scandinavian countries in 2002 (Bonke et al. 2005) showed that Danish welfare payments have been somewhat more generous than in Norway and Sweden. Especially because of the relative high income transfers and the general character of these transfers income inequality is lower in Denmark than in most other countries. Measured among the total population Denmark has the lowest Gini coefficient after taxes and transfers among the Nordic countries (according to OECD 2010). When comparing incomes among the working age population 18-65 years, Denmark does not differ much from the other countries. This point to that income transfers have a greater effect on the general income inequality in Denmark.

Table 1 shows figures on the development in incomes and income dispersion in Denmark since the mid-1980s based on OECD figures. While the Gini coefficient for the total population before taxes and transfers has increased somewhat from 0.37 to 0.42, there has only been small changes in the coefficient for incomes after taxes and transfers, which is about 0.23. The coefficient is the same among the working age population, but this coefficient has increased a little since the 1980s. Among the retirement age population the effects of transfers are very high. While the coefficient before transfers and taxes is about 0.7, it is only 0.2 after taxes and transfers. There has only been small changes over the years.

Table 1. The development in incomes and income dispersion in Denmark (OECD 2010).

Period		mid-80s	around 1990	mid-90s	around 2000	mid-2000s
Age	Income and population measures					
Total population	Real mean income 1)	164 597	174 901	179 968	189 519	200 130
	Real median income 1)	157 671	167 078	172 230	179 541	188 751
	Gini coefficient (after taxes and transfers)	0.22	0.23	0.21	0.23	0.23
	Gini coefficient (before taxes and transfers)	0.37	0.4	0.42	0.41	0.42
Working age population: 18 - 65	Real mean income 1)	175 889	186 769	192 719	202 745	213 348
	Real median income 1)	168 868	178 976	185 042	192 927	202 679
	Gini coefficient (after taxes and transfers)	0.21	0.21	0.21	0.22	0.23
	Gini coefficient (before taxes and transfers)	0.32	0.35	0.37	0.37	0.37
Retirement age population: above 65	Real mean income 1)	110 763	119 826	125 442	133 880	144 916
	Real median income 1)	96 811	105 451	111 586	116 552	126 393
	Gini coefficient (after taxes and transfers)	0.2	0.2	0.19	0.2	0.2
	Gini coefficient (before taxes and transfers)	0.7	0.71	0.71	0.7	0.68

1) DKK constant prices of mid 2000s.

There are different methods used to measure the poverty rate of a country. One is the persons with an income below 50 per cent of the median income are poor. In Table 2 is shown the figures for Denmark compared with the other Nordic countries calculated by OECD.

Table 2. Poverty rate*) after taxes and transfers (OECD 2010).

	mid-80s	around 1990	mid-90s	around 2000	mid-2000s
Denmark	6.0	6.2	4.7	5.1	5.3
Finland	5.1		4.9	6.4	7.3
Norway	6.4		7.1	6.3	6.8
Sweden	3.3	3.6	3.7	5.3	5.3

*) 50 per cent of the current median income

According to this measure 5.3 per cent of the Danish population is beyond the poverty line. The figure fell from mid-1980s to mid-1990s, but has increased in the last ten years. Compared to the other Nordic countries Denmark has, together with Sweden, the lowest poverty rate.

From 2004 welfare payments have been reduced for families on long term help. The total welfare support for a family, paid as welfare, housing allowances and others, must be below a certain limit called 'kontanthjælpsloftet'. If the limit is exceeded some of the support will be reduced. This change especially hits families who get housing allowances, which will be considerably reduced. Because of this the poverty rate must be expected to having increased in recent years.

1.2. Employment and unemployment

Denmark is one of the countries in the world with the highest labour market participation, mainly because of the high participation by women. But the growing number of older and retired people will reduce this in the future. In table 3 is shown the development in the proportion of Danes that are on the labour market compared with the other Nordic countries, the European Union and OECD.

Table 3. Total labour force as per cent of population (OECD 2010).

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Denmark	53.4	53.4	53.0	52.9	53.4	53.1	53.4	53.0	53.3
Finland	50.4	50.6	50.6	50.3	50.0	50.3	50.7	51.0	51.3
Norway	52.3	52.3	52.4	52.0	51.9	51.9	52.5	53.2	54.3
Sweden	49.8	50.2	50.2	50.2	50.2	51.2	51.4	52.9	53.1
European Union	48.0	47.9	47.8	48.0	48.2	48.7	48.6	48.8	49.1
OECD - Total	47.4	47.3	47.4	47.4	47.6	47.9	48.2	48.1	48.3

More than half of the Danish population is on the labour market. This is at nearby the same level as the other Nordic countries, a little lower that Norway and Sweden but higher that the averages for EU and OECD.

There have not been substantial changes in the last ten years before 2008, but the recent economic crisis may have expelled someone from the labour market.

The unemployment rate among the labour force is quite low in Denmark compared with other countries (Table 4). In 2008 is was only 3.4 and only Norway had a lower unemployment. It has been falling from 2003 to 2008, but has increased somewhat in recent years due to the economic crisis.

Table 4. Rate of Unemployment as per cent of Civilian Labour Force (OECD 2010).

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Denmark	4.6	4.8	4.8	5.6	5.7	5.0	4.1	4.0	3.4
Finland	9.8	9.1	9.1	9.1	8.8	8.4	7.7	6.9	6.4
Norway	3.5	3.6	3.9	4.5	4.5	4.6	3.5	2.5	2.6
Sweden	5.9	5.1	5.2	5.8	6.6	7.8	7.1	6.2	6.2
European Union	9.2	8.6	8.9	9.0	9.2	8.9	8.2	7.1	7.0
OECD - Total	6.1	6.2	6.8	6.9	6.8	6.6	6.1	5.6	5.9

1.3. Government spending and social expenditures

Denmark had a gross national income per capita on 37.000 $ in 2008, which is one of the highest in the world. It is at the same level as Sweden and Finland but somewhat lower than Norway. But a large part of the national income is used as government expenditure, a large part of it as social expenditures. In table 5 is shown the development in GDP and government expenditures in Denmark and their level is compared with the other Nordic countries and OECD average.

Table 5. The development of GDP and government expenditures in Denmark compared with other countries (OECD 2010).

	1980	1985	1990	1995	2000	2005
GDP mill. DKK at 2000 prices	816 424	933 493	1 001 381	1 124 052	1 293 964	1 377 414
Government expenditure DKK 2000 prices	438 193	520 562	560 199	665 643	693 219	725 802
GDP index	100	114	123	138	158	169
Government expenditure index	100	119	128	152	158	166
Gov. Exp. As % of GDP	54	56	56	59	54	53
Social expenditures % of GDP	25	23	25	29	26	27
Social expenditures % in other countries						
Finland	18	22	24	31	24	26
Norway	17	18	22	23	21	22
Sweden	27	29	30	32	29	29
OECD - Total	16	18	18	20	19	21

Since 1980 GDP has increased in Denmark with more than 70 per cent. Government expenditures have had a little lower increase. Government expenditures constitute a little more than half of GDP. The share increased from 1980 to 1995 but fell a little from 1995 to 2005. Social expenditures constitute 27 per cent of GDP. Only Sweden has higher social expenditures than Denmark while they are lower in Finland and especially in Norway.

2. Housing policy and housing market

2.1. Introduction

Even in the Nordic welfare states housing is not something that is produced and distributed entirely by the public sector. Basically housing is delivered by the private housing market, but the state (and local authorities) makes corrections to the market to obtain certain goals for the provision of housing (Bengtsson et al. 2006). In fact all industrialised countries have implemented special housing policies to make such market corrections (Doling 1997), but to a very different extent and with different purposes.

Housing policy is a policy area, which in general has a large variation between countries. Three explanations can be formulated for these differences (Skifter Andersen et al. 2003):

Firstly, the variation in the conception of the role of the welfare state in general and in particular to what extent housing is a task for the welfare state. Secondly the variation in the conception of to what extent there are 'market failures' in the housing market, which leads to that housing supply – especially for the poor – is insufficient or too expensive. Thirdly the variation in actual, visible housing problems and to what extent they are accepted. This depends on the actual situation in the countries concerning wealth, income distribution, interest level, land prices, urban structure etc. The perception of housing pro2.blems have changed over time from World War II, when severe housing shortages appeared to recent years when housing supply to a great extent can meet demands in many countries. The problems also have changed in connection with cyclical changes in the economic conditions of a country.

Differences in housing policy are to a great extent determined by differences in the opinion about what are the duties of the state and to what extent it should produce and distribute services and consumption. The big differences between the kinds of welfare systems in different countries (see chapter 1) normally also is mirrored in housing policy.

There has been pointed to three principally different approaches to the role of housing policy in different countries (Doling 1997). The first, which is particularly applicable in some countries in Southern Europe and the U.S., is that housing is primarily seen as private consumption in line with other consumables. The state only enters when extreme problems are visible in the form of homelessness and strong deterioration of housing.

The second position, which exists in countries like England, Belgium, Switzerland and partly Germany (Skifter Andersen and Munk 1993), is that housing policy primarily is designed to help vulnerable groups, who are not, by themselves, able to obtain acceptable housing conditions, while the rest of the population has to survive on the general conditions that exist on the housing market.

The third view perceive housing in general as something that is particularly important for health and welfare of society, and therefore sees it as the state's task to ensure a good supply of housing for all groups in society. It is thus not only housing for vulnerable groups, which is supported, but also housing consumption of broad groups of society. It is especially in the Scandinavian countries and in Holland that this political view, to different extents, has been found.

Over time there have been changes in the attitudes towards the role of the state in housing supply. There has been pointed to four phases in the housing policy since the Second World War, which in varying degrees and time courses has been experienced in Western European countries (Boelhouwer and van der Heijden 1992; Doling 1997).

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In the post-war period there was a massive housing shortage in all countries, which gave rise to extensive government involvement. The emphasis was on achieving a rapid quantitative increase in housing supply.

In the second phase, which for some countries (Belgium, England) already started in the 1950s in other early 1970s, the focus shifted from meeting housing needs to meet housing demand. It was increasingly accepted that unequal resources would lead to unequal housing conditions and that the market should allocate housing consumption.

In the third phase the state's involvement in housing was substantially reduced in many countries by the reduction of subsidies, removal of regulation, and privatization of social housing etc. This phase was applied mainly in the 1980s, but there were some forerunners in some countries in the 1960s. The development shows, however, that there have been shifts in the housing policy of the countries in line with the cyclical economic conditions and with changes in problems with housing supply. Boelhouwer and van der Heijden therefore pointed to a fourth stage in the late eighties and the beginning of the 1990s, when a recession forced more countries to a renewed commitment in housing supply. But these steps were often removed again in the late 1990s, when subsidies have been removed further – also for owner-occupied housing (Germany, England, Denmark and Sweden). The general privatisation of housing has continued during the 2000s.

Differences in housing policy may also be due to that different opinions exist on how well the housing market is able to provide the necessary housing supply (Doling 1997). If the housing market is functioning well, housing shortage and poor housing conditions are only an expression of inability to pay for decent housing among low-income groups, and only individual economic support to such families is needed. There is thus no need for support for housing production and for a special protected social housing sector. In many countries economists have argued for a stronger shift of subsidies from production to consumption subsidies. In countries like England and the United States the vast majority of subsidies are given as individual support for housing consumption.

Studies of the housing market (see an overview in Skifter Andersen 1993), however, suggests that there is some specific problems with a purely market-based housing supply - particularly for low income groups. The housing market is characterized by that only a small proportion of supply comes from new building. Fulfilment of housing demand from low-income groups is therefore dependent of: first, the extent to which they can afford to live in new build housing, and secondly the extent to which they can get access to cheaper housing in the existing stock. This is dependent on a running redistribution of existing housing so that more well to do households move to more expensive dwellings and make cheaper housing vacant for low-income groups – the so-called 'filtering process' (Griegsby 1963). Studies of the U.S. housing market (eg. Rothenburg et al. 1991) has shown that this re-allocation is not done to a satisfactory extent, which leads to that the supply in the lower parts of the market is too small and that rents / prices are relatively higher compared to the quality of the dwellings.

One explanation for this is that mobility on the housing market in general is low because people are attached to their dwelling and neighbourhood, which means, that mobility is not adequately affected by changes in prices and supply. Mobility is mostly determined by demographic changes that affects housing needs (Speare et al. 1974; Skifter Andersen and Bonke 1980). Therefore the housing market is quite slowly in adapting to changes in demand. As demand changes fast with changes in the economic cycles there will often be a disequilibrium in parts of the market and, as shown by Rothenburg et al., mostly in the lower part of the market.

In all Western countries housing shortages and housing problems for the poor has thus appeared which have lead to the implementation of housing policies. However, the measures that have been used have varied a lot. This has also been the case in the Nordic countries even if they can be considered very close what concerns their welfare ideologies and the importance of housing for welfare.

In a study of housing and urban renewal policies in the Nordic countries (Hansen and Skifter Andersen 1993) was formulated two different questions, the answers to which were seen as having fundamental importance for the design of housing policies in the countries. The first is to what degree housing is seen as a public or a private good. The other is to what extent the state should be involved in housing provision or if it should be left entirely to the market. The answer to the first question depends on the general welfare ideology that is ruling in the country. But in principle public goods could be provided by the market and be supported and regulated by public authorities. The answer to the second question depends on the perception of the nature of housing problems and to what extent 'market failures' are seen as significant. If there is a belief that the market will not be able to produce adequate housing for the whole population, even with subsidies, the solution is to establish public housing, or publicly controlled non-profit housing. There are some connections between the two questions as the belief of a well-functioning and fair market will strengthen the opinion that housing should be a private good.

Based on a comparative study of housing policy in Denmark and Germany Skifter Andersen and Munk (1993) formulated another hypothesis about what is important for the implementation of housing policies. It was claimed that housing is such an important part of the economy that governments tend to make an actual use of policy instruments that are steered by pragmatic considerations about how to solve currently observed housing problems or problems of the general economy. It was shown in the study that even if the ruling Social Democrats in Denmark had strong preferences for social housing and the Christian Democrats in Germany for owner-occupied housing, the outcome of the performed housing policies in the countries turned out to give the opposite result. Homeownership is much more common in Denmark than in Germany. One of the main explanations were found in differences in general economic policies were Germany, having fear of inflation, was very reluctant to allow tax deductions for interests on private debts. Therefore a hypothesis was formulated that the general level of housing consumption in a country mostly depends on its economic level as measured by GNP per inhabitant, while the distribution of housing consumption between different income groups could be very different depending on the design of the housing policy. The study showed that this exactly was the case comparing Denmark and Germany.

Finally Bengtsson et al. (2006), comparing housing policy in the Nordic countries, formulate a hypothesis about 'path dependency' in housing policies. They observed that when certain institutions and initiatives have been implemented there has been a tendency to that these systems would continue, even if conditions and tasks for housing policy changed.

2.2. What is housing policy?

Housing policy can be defined as public initiatives which affect the supply, price and quality of dwellings plus how they are distributed between households. Housing policy is to some extent intertwined with urban policy that influences where and how dwellings are located in space and the qualities of their neighbourhoods.

Housing policy instruments can be divided into:

1. **Individual financial support for housing consumption among households**: housing allowances given for individual households dependent on their needs, incomes and housing costs
2. **Direct financial supply support**: Subsidies for construction of new housing or to reduce running costs in certain tenures
3. **Establishment of a special social housing sector**: Establishment of a housing sector that is owned or highly controlled by central or local governments with the aim to provide cheaper or better dwellings for certain parts of the population
4. **Indirect tax support**: Tax systems that have importance for housing costs and make housing investments more profitable than other investments
5. **Rent/price control**: Regulation resulting in that rents or prices are below the local market level
6. **Regulation of the access to dwellings**: Rules determining which households get access to vacant dwellings
7. **Institutions and rules for finance of dwellings**: Institutions providing loans with lower interest or with reduced requirements for creditworthiness

Individual subsidies for housing expenditures are mostly given to households with high needs and low incomes. It is needs proven and most often depends on the income level and housing needs of the household plus the size of the dwelling and the level of housing expenditures with limitations on costs and housing consumption. It is mostly used in rented housing and sometimes in co-operatives and owner-occupied housing for special groups.

Supply subsidies are subsidies given to the property independent of who is living there. It is most often given as direct subsidies for new housing or rehabilitation. It can also be as a support to decrease running capital expenditures or maintenance. Often there are some limitations on who is allowed to live in the subsidised dwellings. This especially applies to so-called social housing, which is found in most countries.

Social housing can be designed in many different ways. The main characteristics of social housing are that (Skifter Andersen and Fridberg 2006):

1. Rents are below market prices
2. Vacant dwellings are assigned to people in accordance with needs and ability to pay for housing
3. The properties and their owners are subject to special rules concerning building activity, administration and financial matters and fixing of rents.

Tax support has earlier been very high in owner-occupied housing but has in most countries been reduced very much in recent years. There are different definitions of this support, but the one which has been used mostly among economists is that taxation of the imputed income from the properties has been lower than the taxation of other capital income. In praxis, however, it is most important to what extent capital expenditures can be deducted in the taxable income of the owner. This has much importance for affordability, especially in the first years after purchase.

Rent/price control has an influence on both affordability and accessibility because there will be a tendency to surplus demand in these sectors resulting in queues. In this case administrative rules and personal connections will be decisive for allocation of dwellings.

Legislation that directly regulates who can get access to dwellings is most often found in tenures, which receive supply subsidies, mostly social housing or publicly owned housing.

Earlier some of the Nordic countries had special institutions providing cheaper loans for certain types of housing and for certain groups of people. In some cases the support has been limited to that loans are guaranteed by the public, which means that it is easier to get loans.

2.3. The importance of housing tenures

These instruments are combined in 'packages' for different tenures. In each country is defined a limited amount of different tenures, which are subject to certain legislation and sometimes financial support. As stated by Ruonavaara (2005) '*Housing tenures are institutions, sets of practices and rules that regulate a particular field of human action and interaction*'. The design of tenures is of crucial importance for the functioning of the housing market. The establishment of a social housing sector with direct financial support, rent control, regulation of access and special finance is of special importance.

The most important distinction is between owner-occupied and rented housing, but often tenures exists that are a mix between renting and owing. Sometimes only the dwelling is private ownership, while the building is owned in common with other flat owners (owner-occupied flats), or the residents in common are owners of an association that is the actual owner of the property (co-operatives, shareholds). There can be other different kinds of owners of rented property as public authorities, non-profit housing associations or private landlords. All tenures are subject to different kinds of regulation, subsidies and tax rules, which have a strong influence on which households can get access to which tenures. For this reason the large differences in housing policies between countries also results in big differences in the tenure composition of the housing market. An example is the case of Germany, where absence of tax deductions in homeownership has led to that owner-occupation is much lower than in most other countries (Skifter Andersen and Munk 1993).

2.4. Spatial segregation and urban policy

Urban policy in general concerns the design and development of cities. In connection with urban planning it is decided where and how housing is located. Of special interest here is where and how different housing tenures are located.

Segmentation of the housing market can lead to spatial segregation if different tenures are separated in space. This has been the case in many European countries for several reasons. The historical development shows that private renting was dominant in the oldest and densest parts of the cities with blocks of flats dating back to the beginning of industrialisation. In the suburbs, owner-occupied single-family housing has been most common, but social housing, mainly built as blocks of flats, has also been built. Sometimes social housing has been concentrated in large housing estates in parts of the suburbs strongly separated from areas with owner-occupied single-family houses.

The localisation of these tenures has to some extent resulted from market demand. Social housing has been built in the least attractive tracts where land prices have been lower, while high-quality owner-occupied housing has been located in the most attractive environments. The localisation of tenures has not, however, only been a simple result of market demand. Land use has – to different extents in different countries – been controlled by local authorities. Physical planning has enabled the control of what kind of buildings and sometimes also tenures should be located where in a municipality. Local authorities have therefore exerted considerable influence on the location of various tenures. In this way, spatial separation of tenures can be seen as a result of a

political/institutional process. When a specific social group has attained political dominance in a municipality, they will try to use their political power to maintain this dominance. An effective way of doing this is to control the composition of tenures in new housing (Skifter Andersen et al. 2000).

There are also examples of local authorities facilitating the building of social housing in urban areas with higher land prices. In these cases, local authorities have acted against the segregational forces coming from the market and promoted a blend of tenures in space. There has been a clear focus on such policies in Sweden for some years (Arnell-Gustafsson 1983) and later also in Britain, Holland and Denmark (Elsinga 1996; Cole and Shayer 1998; Kintrea and Atkinson 1999; Ministry of Housing and Urban Affairs in Denmark 2000).

In recent years, other motives for controlling new housing have been important for Danish local governments. The budgets of local authorities have come under strong pressure because of a combination of demands from the state for limitations on tax increases and because of increasing social expenditure. In this situation, more local governments have been concerned about the *fiscal* consequences for the local authority of building different kinds of new housing. There has been more focus on the increased expenses for social and housing benefits and the reduced tax base (Denmark has local income taxes) stemming from poor people in social housing. This has led to a reduction of social housing in the least wealthy municipalities.

But social segregation in cities is not a simple product of the location of tenures. The distribution of people in space is a product of both social differentiation and of spatial inequality; the fact that cities consist of many different places that have very different qualities. This spatial inequality is a product of the social, physical and functional structure of the city, a structure that is continuously changed by economic investments and disinvestments as a consequence of people and functions being redistributed in space. This results in cities that are divided into identifiable areas that can be relatively homogeneous but exhibit distinctive characteristics and qualities that are very different from other neighbourhoods. The preferences for living in different kinds of neighbourhoods can vary between households with different needs and lifestyles, but people will always share some common values that result in some neighbourhoods being seen as less attractive than others. Some neighbourhoods in the cities have a very low status and are regarded as places where 'normal' people do not live.

Segregation, therefore, is influenced largely by the development of spatial differentiation and inequality in cities. The greater qualitative differences between neighbourhoods in a city the larger segregation will occur. Segregation and increasing spatial inequality are mutually self-perpetuating processes because the status and cultural identity of urban areas are determined by the composition of the people living there (Skifter Andersen 2003). Spatial differentiation leads to segregation while segregation creates spatial differences. There are strong forces in the cities that lead to a concentration in certain neighbourhoods of poor people and people with low status, especially immigrants. This could lead to a spatial concentration of social problems in the so-called 'deprived neighbourhoods' that tend to reinforce themselves making conflicts, crime and deterioration of buildings and environment (Skifter Andersen 2002; 2003).

Most countries have implemented urban policies to encounter problems in deprived neighbourhoods and to reduce segregation and concentration of poor people and immigrants. This is also the case in the Nordic countries. These measures have been directed against reducing visible social problems and crime in the areas and to make them more attractive to 'ordinary' people by physical embellishment. In some cases local authorities have taken control of the allocation of vacant dwellings to reduce the moving in of people with social problems. But the task for urban policies

has been very difficult as strong forces tend to increase segregation in cities and concentration of poor people. It has been formulated as a 'swimming against the tide' (Power and Townstall 1995).

2.5. The importance of housing policy for housing for immigrants

Housing preferences and housing choice of ethnic minorities in European countries can to a great extent be expected to have the same explanations as those for other citizens (Skifter Andersen 2006a). That is, they depend on family situation, economic resources and local housing market possibilities. But evidence shows that the housing situation for ethnic minorities in most countries diverges from that of the native population.

In many countries in Northern Europe in recent years there has been a growth in the number of immigrants and there has been a tendency for these families to settle in certain parts of the housing market and in limited parts of cities (Musterd et al. 1998). In most countries they have settled in social housing. In this way some neighbourhoods in the cities have obtained a large share of ethnic minorities and have been transformed to what we call *multiethnic neighbourhoods,* in which citizens of national origin have become a minority.

Some researchers are of the opinion that the housing situation of ethnic minorities can primarily be explained by their lack of resources and by discrimination. Not only economic resources but also cognitive, political and social resources are important (Van Kempen 2003). It is particularly these non-economic resources, which ethnic minorities often lack. In parts of the housing market good contacts to important persons or institutions are decisive for access to dwellings. This concerns especially private landlords. It is important to have good knowledge on the possibilities and rules on the housing market, which also often demands good language skills or good access to advisers.

Some studies (Aalbers 2002; Andersson 1998) point to discriminatory practices on the housing market, where social and private landlords to some extent exclude ethnic minorities from their housing. There could also be discriminatory practices among banks or institutions providing capital for purchase of housing if, as a result of prejudice, ethnic minorities are seen as less solvent customers. As a result of all these factors ethnic minorities are restricted to the least attractive parts of the housing stock, which often are located in certain parts of the cities.

Alternative or supplementing explanations for the concentration of ethnic minority households are connected to the notion that members of some ethnic minorities have special housing preferences or behaviour that are culturally conditioned or connected to their special situation as immigrants. Some studies (Zavodney 1998; Jaeger 2000; Bartel 1989, all cited in Damm 2002) show that it is important for immigrants' housing choice if there are many other residents of the same origin and ethnic social networks in the neighbourhood. In the opinion of some researchers (Musterd et al. 1998, 181) this is only a parallel to a known phenomenon among all house hunters: that people want to live with others who have a similar social status and cultural background. Other authors (Wacquant 1997; Peach 1998; Murdi 2002) have argued that for new immigrants moving to neighbourhoods with many countrymen – called ethnic *enclaves* - is part of a strategy for survival and integration in their new country. Some of the arguments for this strategy are that immigrants often have family or friends in the enclaves, who they want to live close to. Some have shown that an ethnic network in the enclave can improve the ability of the members of the group to find a job (Portes 1998; Sassen 1995 cited in Damm and Rosholm 2005). Often there are also local shops that purchase consumer goods from the homeland. Moreover, this can reduce the costs of using ethnic goods and services (Chiswick and Miller 1995). Finally, the feeling of security and safety in a well-known social and cultural environment can be important.

In relation to immigrants housing options, three conditions are important:

1. **Affordability**: Ability to pay running housing costs. This depends on housing costs in different kinds of housing in relation to incomes and how this is connected to housing subsidies and regulation
2. **Creditworthiness:** Access to capital that can be used for investment in housing
3. **Accessibility**: Ability to get access to housing. This could depend on legal rules or administrative practices that regulate the admission to different kinds of housing. In some housing tenures personal connections to owners can be important for getting access. In others there are more transparent systems of access.

Having financial and cultural resources is essential for obtaining good housing. Different groups of immigrants have different resources for housing depending on income and employment, cultural background, degree of integration depending on factors like number of years since immigration, employment, social capital and language skills. The connection between housing policy instruments and Accessibility-Affordability-Creditworthiness is described in the table six below.

Table 6. Housing policy instruments.

Housing policy instruments	*Accessibility*	*Affordability*	***Creditworthiness***
Individual support		**x**	
Supply support		**x**	
Social housing	**x**	**x**	
Tax support		**x**	
Rent/price control?	**x**	**x**	
Regulation of access?	**x**		
Supported finance			**x**

The different kinds of financial support (individual support, supply support and tax support) all increases affordability for the households who can get access to the support. A non-profit social housing sector with lower rents also increases affordability, but also makes access easier for some groups and more difficult for others dependent on what rules and procedures are implemented.

Rent/price control in the private sector increases affordability if rents/prices are below the market level but at the same time makes it more difficult to get access to dwellings because of queues. Moreover, access is getting more dependent on who can decide the allocation of vacant dwellings. Private landlords and co-operatives tend to choose new residents who they know or who look like themselves. This means that it is more difficult for immigrants to get access to private housing with rent/price control.

Especially in social housing there are rules regulating the access to dwellings, but there could also be such rules in other kinds of housing with public support, for example private co-operatives. These rules can be designed in ways that in practice are either favourable for immigrants or the opposite. In connection with urban policies that have the objective to 'normalise' deprived housing areas rules could be designed which in practice make it more difficult for immigrants to get access.

Finally supported finance with public guarantees could make it much easier for immigrants to obtain loans for purchase of owner-occupied housing as it has been shown that immigrants more often have problems with creditworthiness than natives.

3. Housing policy and housing market in Denmark

3.1. Denmark in the Nordic context

Bengtsson et al. (2006), finds that there are some principal differences between the Nordic countries. The Danish and Swedish housing policies are characterised as more general and universalistic in the sense that they to a greater extent are pointed at housing for the whole population and not only for vulnerable low-income groups. This means that support for housing to a great extent also is available for middle and higher income groups, especially tax subsidies and social housing. On the other hand the Finnish policy is described as much more selective and to a greater extent a part of social policies, where support is more limited and means tested. Norway is ascribed a position in between.

The general social goals for housing policy in the countries do not, according to Bengtsson et al. (2006), seem to differ substantial[1]. But such objectives always tend to be very general. Hansen and Skifter Andersen (1993) pointed to some marked differences in the way housing was perceived in the countries, which have influenced the actual policies. They tried to identify the position in the countries concerning two main questions (as discussed above):

1. Should housing be seen as a private or a public good? Should individual financial resources be entirely deciding for housing consumption or should housing of a certain standard be available for all household.
2. Should housing mostly be provided by the market or by the public sector?

There is some connection between these two questions as those who have the opinion that housing is a private good also find that it should be provided by the market. But the position also exist that housing to some degree is a public good, but should be provided by a subsidised and regulated market.

Besides general conceptions of housing policy arising from these positions there has been different opinions in the countries concerning the desirability of different housing tenures. This is not only a question about which tenures are either most market oriented or have social qualities, but more on what is the best kind of housing for people in general. In some cases homeownership is seen as the most desirable kind of housing because it promotes savings and gives optimal possibilities of disposition.

[1] In Børresen et al. 1997 (p 45) the overall goals for housing policy in the countries are cited as:

Sweden: The whole population should be offered healthy, well designed and well equipped dwellings of good quality at affordable costs

Denmark: Policies should secure good and healthy dwellings for all. This should be obtained by a versatile supply of housing that give all groups in the population the possibility to find a suitable dwelling in accordance with their needs and financial ability

Norway: Everyone should be in possession of a good and reasonable dwelling in a good housing environment.

Finland: All groups in society should have access to an affordable dwelling, which fulfils certain criteria concerning size and standard, and is located in a good and functional environment.

Lujanen et al. (2004) points to three phases in the development of housing policies in the Nordic countries after the Second World War. The first phase up to the first half of the 1970s was largely concerned with satisfying quantitative need for housing. During the second phase more intention was given to the qualitative aspects of housing and urban renewal gained more importance in Denmark, Norway and Finland (Sweden had already done a lot in the first phase). In the third phase from the mid-1980s reduction of tax subsidies for homeownership, privatisation of housing and especially state controlled housing finance (in Sweden, Norway and Finland) came into focus.

Bengtsson et al. (2006) points to the same phases called 1. The construction phase, 2. The administration phase and 3. The phase-out phase. While the two first phases can be explained by the structural dynamics of the housing sector, the last one, where housing policies are dismantled, is explained as a consequence of ideological political changes that demanded a general withdrawal of the welfare state.

Denmark has had strong social objectives for housing but not as pronounced as in Sweden (Hansen and Skifter Andersen 1993). More weight has been put on the market and less state control, especially of housing finance. General tax subsidies, which have strengthened homeownership, have been extensive. But there has also been a considerable support for social housing and the sector is strong. Despite the general market orientation there has been a strong rent control in the private rented market, which is still functioning.

3.2. Housing stock and housing conditions

Denmark has about 2.5 million dwellings corresponding to 460 dwellings per inhabitant. More than half of the dwellings have four or more rooms as can be seen by table 7. The average number of rooms per inhabitant is 1.7.

Table 7. Dwellings distributed on number of rooms as per cent, number of dwellings per 1000 inhabitants and average rooms per person 2008.

Distribution of dwellings %	
1 room with kitchen	4
2 rooms with kitchen	18
3 rooms with kitchen	23
4 rooms with kitchen	24
5+ rooms with kitchen	29
Not stated	2
Total	100
Number of dwellings/1000 inhabitants	462
Average rooms per inhabitant	1.7

Source: The Nordic Statbank, Eurostat

The housing conditions are thus quite favourable in Denmark. In a survey made by Eurostat (Table 8) it was shown that only 8.3 per cent of that respondent households found that they lived in an overcrowded dwelling. More than 25 per cent found their dwellings very spacious. Nearby 60 per cent of the dwellings are in detached or semi detached single family houses (Table 9).

Table 8. Households distributed on overcrowded and spacious dwellings as per cent (Eurostat EU-SILC).

	Over-crowded	Somewhat spacious	Very spacious	Total	n
Denmark	8.3	66.5	25.2	100	5 711

Table 9. Dwellings distributed on type of building as per cent (The Nordic Statbank).

	Denmark
One- and two family houses	59
Apartment blocks	38
Other dwellings	3
Total	100

3.3. Housing costs and expenses

Like many other European countries Denmark had an increase in property prices during the economic boom from the middle of the 1990s followed by a decline after 2007. But the fluctuations in Denmark were especially strong. In **Error! Reference source not found.**figure one is shown the development in sales prices per square meter for respectively single family houses and owner-occupied flats.

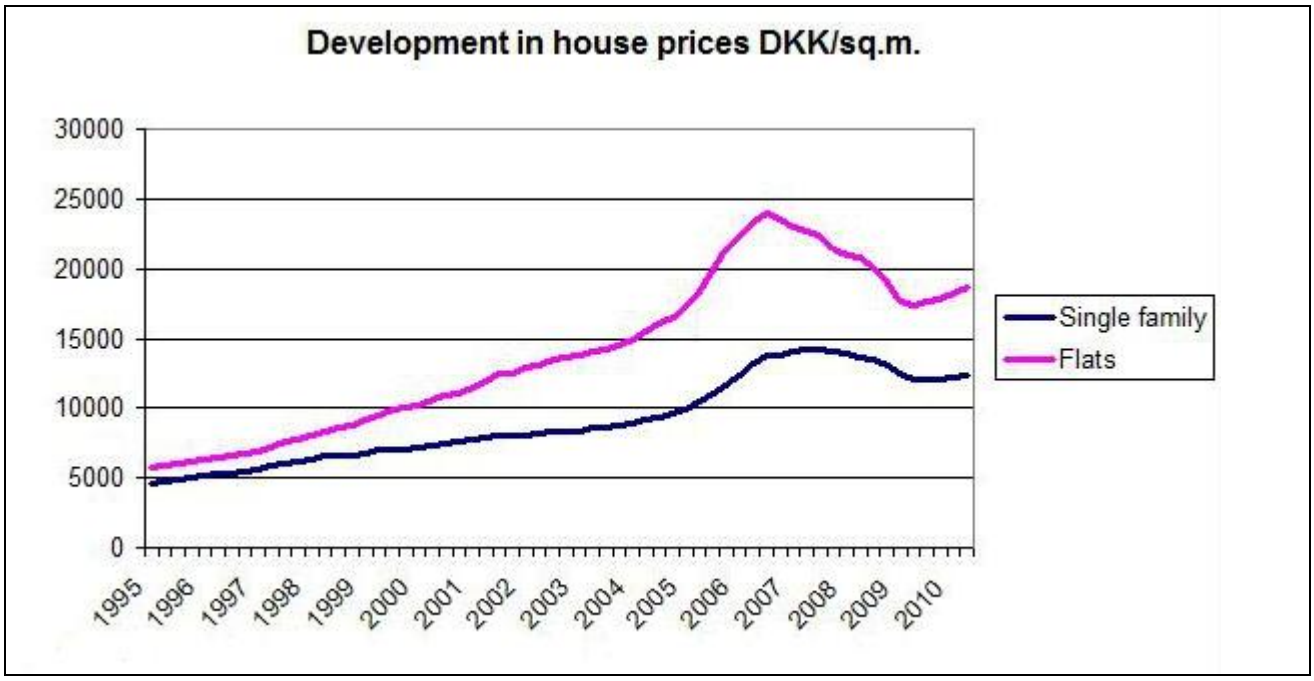

Figure 1. The development in house prices in Denmark 1995 – 2010 in DKK per square meter (The Association of Danish Mortgage Banks).

Especially the sales prices for flats increased from about 6,000 DKK per square meter in 1995 to nearby 24,000 in 2006 followed by a decline to 17,000 in 2009. The prices on single family houses increased from 4,600 in 1995 to 14,000 in 2007 and declined to 12,000 in 2009. It is especially the period from 2004 that have peen turbulent, mainly because the government in 2004 allowed new types of loans without paying instalments.

Because of this development the prices became very high and it became much more difficult for first time buyers to afford a home. These difficulties are especially found in the Capital Region as can be seen from table 10. There are especially differences between the prices for single family houses. It can that there are some differences in rents between social housing and private renting, and between the Capital Region and the rest of the country.

Table 10. Sales prices and rents per square meter, euro (Statistics Denmark).

	Average for the country	Average for the capital region
Sales prices		
Detached houses	1 735	2 646
Flats	2 522	2 927
Rents 100 square meter		
Social housing	785	870
Private renting	859	1 055

In a survey from Eurostat a population of Danes has been asked about to what extent they feel their housing costs as a strain. As shown in table 11 nearby 60 per cent of the respondents found that the financial strain was high or very high. This figure is high compared to other countries in the study and very high compared to the other Nordic countries.

Table 11. Households distributed on housing cost strain as per cent, Nordic countries, 2006 (Eurostat EU-SILC).

	Low	Medium	High	Very high	All	n
Denmark	3.8	36.6	43.8	15.8	100.0	5 711

3.4. Tenures on the housing market

In all the countries a number of distinct housing tenures has been designed, which are subject to specific legislation and sometimes public support. These tenures are not quite alike in the countries but can be divided into five groups:

- Owner-occupied houses: Dwellings in buildings that constitute one property, mostly in detached single family houses
- Owner-occupied flats etc.: Dwellings in blocks of flats with separate ownership
- Co-operatives: Dwellings in blocks of flats with joint ownership
- Private renting: rented dwellings owned by private landlords based on general market conditions
- Social housing: Housing owned by the public or by non-profit housing companies controlled by local authorities

The composition of the housing market in the four countries is seen in table 12.

Compared to many other countries the share of owner-occupied dwellings is quite low. The rented sector is about 40 per cent and divided into two sectors of nearby equal size as social housing and private rented housing. Finally there is a relatively small co-operative sector, which, however, are strong in the municipality of Copenhagen, where it constitutes about 25 per cent. The Danish housing policy can be characterised as shown in table 13.

Table 12. Dwellings distributed on tenures in 2007 in Denmark, per cent.

	The share of total
Owner-occupied houses	48
Owner-occupied flats etc.	5
Co-operatives	7
Private renting	19
Social/public housing	21
All	100

Table 13. Characterisation of the Danish housing policy.

	Social housing	Private renting	Co-operatives etc	Owner-occupied
Individual support	yes	yes	(yes)	no
Supply support	yes	no	no	no
Tax support	no	no	(yes)	yes
Rent/price control?	yes	yes	(yes)	no
Regulation of access?	yes	no	(yes)	no
Supported finance	yes	no	(yes)	no

(yes) means partly

Owner-occupied housing

In Denmark housing finance has been privatised since the early 1960s. For many years special so-called 'real credit associations' had monopoly on giving loans with security in real estate. In recent years these associations have been privatised and sold to banks or have become normal joint-stock companies. And banks have also been given the permission to give loans. Earlier the only condition for loans was the value of the property and the loan could be up to 80 per cent of the estimated value. After the fiscal crisis in the last part of the 1980s, however, personal economic capabilities of the debtor came increasingly in focus, especially after the financial crisis in 2008. So the evaluation of the financial situation and solidity of the potential borrower, made by the banks, increasingly determines who can get loans for buying a home.

There are no supported loans and no supply or individual subsidies for owner-occupation in Denmark (except for some tax advantages for pensioners). Earlier tax subsidies were very high because all capital costs could be deducted from the taxable income. This has been very much reduced since the beginning of the 1990s and now only about 30 per cent of the costs can be deducted. Moreover, owner-occupied housing is due to a property value taxation, which is one per cent of the taxable value.

Prices has increased very much in the period 1995-2007, which has made it increasingly difficult for the middle class to buy a home near the big cities. Since 2008 prices and interests has fallen somewhat, but at the same time it has been more difficult to obtain a loan.

Co-operatives

Co-operatives are a small sector in Denmark and most of it is older housing that has been transferred from private renting. This is because there has since 1981 been legislation saying that, when a private landlord wants to sell his property, he has to offer it to the tenants as a co-operative at the same price as the offer he gets from other potential buyers. Especially in the City of

Copenhagen co-operatives have expanded and is now the largest tenure with about 25 per cent of dwellings.

Since the beginning of the 1980s there has, however, been public financial support for building of new co-operatives with certain limits on the size and costs of the dwellings. This support has since 2000 been reduced to a public guarantee on loans.

There are no supply subsidies for the older co-operatives and there is no individual support, except for pensioners, in co-operatives as a whole. Capital costs on individual loans to finance the share contribution can be deducted in the taxable income, but loans taken by the co-operative can not.

The prices of co-operatives are subject to regulation. In principle the share value of a dwelling should be calculated based on the difference between the taxable value of the property and the mortgages on it. The taxable value of co-operatives is calculated as the value of a comparable rented property. Because of rent control these values have been rather low which for a long period resulted in that a co-operative was much cheaper to buy and live in than owner-occupied flats. This resulted in queues and most co-operatives had waiting lists with different rules, which had been decided locally. As a result co-operatives to a large extent has been populated with people being in family with each other or being friends. To some extents co-operatives has been a closed sector for outsiders, especially immigrants, who do not have personal relations to the residents living there.

In recent years this situation to some extent has been changed. It has been allowed that co-operatives get a specific evaluation of the value of the property by a real estate agent as basis for calculation of the share value. As prices on rental property has skyrocketed and the agents been happy to make a high value, share prices in some properties has increased to what can be seen as a market value comparable with owner-occupied flats. Co-operative dwellings are increasingly sold on the market and not distributed by waiting lists. But it is very difficult for house hunters to see through the economic conditions of co-operatives and some people have burned themselves by buying a too expensive dwelling.

Parts of the co-operative sector are still relatively cheap, but the access to these dwellings is more than ever conditioned by social relations to the present residents. An increasingly part is purchased free at market price level, but as legislation has become obsolete this involves some financial risks.

Private renting

Private renting is a somewhat diverse sector where different parts of it are subject to different kinds of regulation. About half of all private rented dwellings are subject to a strict rent control. Rents are in principle determined by the costs involved in running the properties (not including capital costs) plus a so-called capital yield calculated in accordance with certain rules. The rest of the sector is subject to a more weak control saying that the rent should not exceed 'the value of housing service', which is determined by courts by comparing with other rents in the local area. The result of rent control is that rents tend to be below the market level. In an earlier report (Lejelovskommisionen 1997) it was estimated that rents were 40 per cent below the market level. In a more recent report (Skifter Andersen 2008) it was reported that private landlords in average only expected a ten per cent increase in rents if rent control were abolished. But in the big cities rents are more below market level than in less urbanised areas.

As a consequence of this there is a surplus demand for private renting, especially in the cities. This means that landlords often can pick and choose between the applicants for dwellings. Less than half of new tenants are found through advertisement (Skifter Andersen 2008). More than 20 per cent of

landlords puts weight on that they know the tenant in advance. Moreover, 18 per cent of landlords do not want to let out to immigrants.

Tenants in private renting can get housing allowances. There are two kinds of allowances for respectively pensioners and other tenants, where the allowance for pensioners is much more favourable. The size of the subsidy is dependent on the size of the rent, the size of the dwelling, household income and household size.

Social housing

In Denmark social housing is organised in non-profit housing associations. In principle the associations are private autonomous organisations but they are subject to a strict public regulation and under surveillance of local authorities.

Rents in social housing are fixed in accordance with principles of financial balance between earnings and expenses on every housing estate. As the historic costs and capital costs vary between estates build in different time periods this means that rents varies in a way that is not in accordance with the variation in quality and location. Some estates are very cheap and some are very expensive. These differences are to some extent levelled out because especially the older estates are paying contribution to a central fond called 'Landsbyggefonden'. But the system causes that some estates have difficulties in competing on the housing market and are vulnerable to distress and depravation.

New social housing is subsidised and under controlled costs. The local authorities have until recently been obliged to contribute with 14 per cent of the funding (now seven per cent). Two per cent comes from contributions from the tenants and 84 per cent comes from the private real credit institutes at market conditions. Earlier, when interests in Denmark were higher, there was a support bringing down capital costs to a certain interest level, about 3.4 per cent. Tenants in social housing can get housing allowances with the same rules as for private renting. Tenants can also get guaranteed loans to cover the deposit.

In principle all kinds of households can get access to social housing. On some estates with larger dwellings there can be principles about giving preference to families with children but this priority can be cancelled if dwellings are vacant. As a main rule vacant dwellings on an estate are allocated to people on a waiting list in the specific housing association. But there are also several other means of allocation. One is that the local authorities can dispose of 25 per cent of vacant dwellings. These are often used for poor families in urgent need of a dwelling and for refugees. Another system is an internal waiting list in the association where residents, who can move out and release a dwelling, are given preference. Finally there, in connection with urban policies trying to change the social composition of deprived neighbourhoods, have been introduced other allocation systems giving preference to people in education or employment.

Especially in Copenhagen there has been a high pressure on the social housing sector and the normal waiting lists have been very long resulting in many years of waiting time. It has thus been difficult for many immigrants to get access to social housing and they have only succeeded if they have accepted to wait for several years. Most Danes have given up the waiting lists, so a relatively large proportion of people on the lists are immigrants. A study from 2004 (Skifter Andersen 2004) showed that many immigrants used the internal waiting lists to upgrade their housing situation. Some of them also used this system to move to estates with a higher concentration of immigrants.

3.5. Segmentation of the housing market

Dependant on how tenures are designed the housing market can be more or less 'segmented'. Segmentation of the housing market is a concept that has been used to describe the way different people are allocated to different parts of the housing market (Lindberg and Lindèn 1989; Olson Hort 1992) or that different parts of the housing market are designed to meet different kinds of demand (Rothenburg et al. 1991). Segmentation is created when different tenures to a great extent are made available and attractive for different households, for example divided by income and family situation. Segmentation often means that high-income groups are concentrated in certain parts of the housing market, mostly owner-occupied detached housing, while low-income groups mostly reside in poor rental housing or social housing. Segmentation has mostly been a result of the way subsidies are designed (tax subsidies in owner-occupation is most favourable for high-income groups while only low-income groups can get housing allowances in rental housing) or by the way access to tenures is regulated (sometimes only low-income groups can get access to subsidised social housing).

In Denmark there has been an increasing segmentation of the housing market in the last 30 years in the sense that there has been a steady increase in the difference in average household incomes between the owner-occupied and the rented sector (Skifter Andersen 2005). In table 14 is shown the average household incomes in different tenures in 2008.

Table 14. Average household incomes in different tenures in Denmark 2008 (SBi database based on data from public registers).

	Share of housing	Average household income in euro per year	Relative deviation from all households %
Owner-occupied houses	46	75 078	34
Owner-occupied flats etc.	6	58 495	5
Co-operatives	8	44 569	-20
Private renting	21	38 003	-32
Social/public housing	20	33 868	-39
All	100	55 957	

It can be seen, that the household income in owner-occupied houses is more than twice the income in social housing, which is at the lowest. This can partly be explained by people living in social housing are more often singles. Also incomes among households in private renting are quite low. Residents here are often young singles (Skifter Andersen 2007). The incomes in co-operatives are higher than in rented housing but still far below the owner-occupied sector.

To get a more detailed picture all households are divided into income deciles and their distribution on tenures is shown in table 15. A segmentation index is for each tenure calculated as the sum of the numerical deviations between the deciles and the whole population divided by ten. This index shows to what extent a broad segment of the population is living in the tenure or not.

Table 15. Households divided in income deciles distributed on tenures in Denmark 2008, and calculated segmentation indices[2] (SBi database).

	Owner-occupied houses	Owner-occupied flats etc.	Co-operatives	Private renting	Social/public housing	All
Income deciles						
1	11	3	8	42	36	100
2	16	3	9	34	39	100
3	26	5	10	29	32	100
4	31	6	10	26	27	100
5	37	8	11	22	22	100
6	47	8	10	18	17	100
7	62	7	7	13	12	100
8	73	5	5	9	8	100
9	78	5	4	8	5	100
10	81	6	3	8	3	100
All households	46	6	8	21	20	100
Segmentation index	22	1	2	10	11	14,7

The table shows that owner-occupied houses is the most segmented tenure with an calculated index on 22. Social and private rented housing is next, mainly because an overrepresentation of the lowest income groups. Co-operatives and owner-occupied flats are the least segmented. In co-operatives the middle-income groups are overrepresented, while owner-occupied flats have a quite equal distribution in all deciles.

[2] Segmentation index for tenure x = sum i=1-10 (numeric(share of decile no. i in tenure x – share of all households in tenure x)/10)

Total index: sum x=1-m (index for tenure x * share of dwellings in tenure x)/100

4. Immigrants in Denmark

4.1. The historic development of immigration policies and immigration

For centuries there have been different kinds of immigration to Denmark from other European countries, but it was never felt as something that should need special integration initiatives. The first time this came on the agenda was when Denmark received around 1,000 refugees from Hungary in 1956. At this moment an organisation 'Dansk flygtningehjælp' was organised to take care of refugees and measures of integration was established by the government.

In connection with the high economic growth in the 1960s Danish firms actively searched for labour in countries like Italy, Portugal, Yugoslavia, Turkey, Pakistan and Morocco. In this period it was very easy for foreigners to get permission to come to the country and search for work. This was changed in 1973 when the upcoming economic crisis and increasing unemployment motivated the government to make a stop for immigration of migrant workers. It was expected that the labour immigrants would return to their home country in case of unemployment, but they did not. In stead most of them had their family moved to Denmark as family reunification, which was granted them in the legislation.

Denmark also felt it as a responsibility to receive refugees. The country received refugees from Chile and Vietnam in the 1970s and from Iran, Iraq, Lebanon (Palestinians), and Sri Lanka in the 1980s. Besides these groups also refugees from Yugoslavia and Somalia appeared in the 1990s. Also these groups had in many cases family reunification with their relatives from the homeland, which was granted them since 1983.

The number of immigrants from the so called 'labour immigration' countries outside Western Europe (Turkey, Yugoslavia, Pakistan and Morocco) living in Denmark increased from about 40,000 in 1975 to 100,000 in 1996 (White paper 1337, 1997). The number of people, who had come from the 12 largest refugee countries increased from 2,000 in 1980 to 56,000 in 1996.

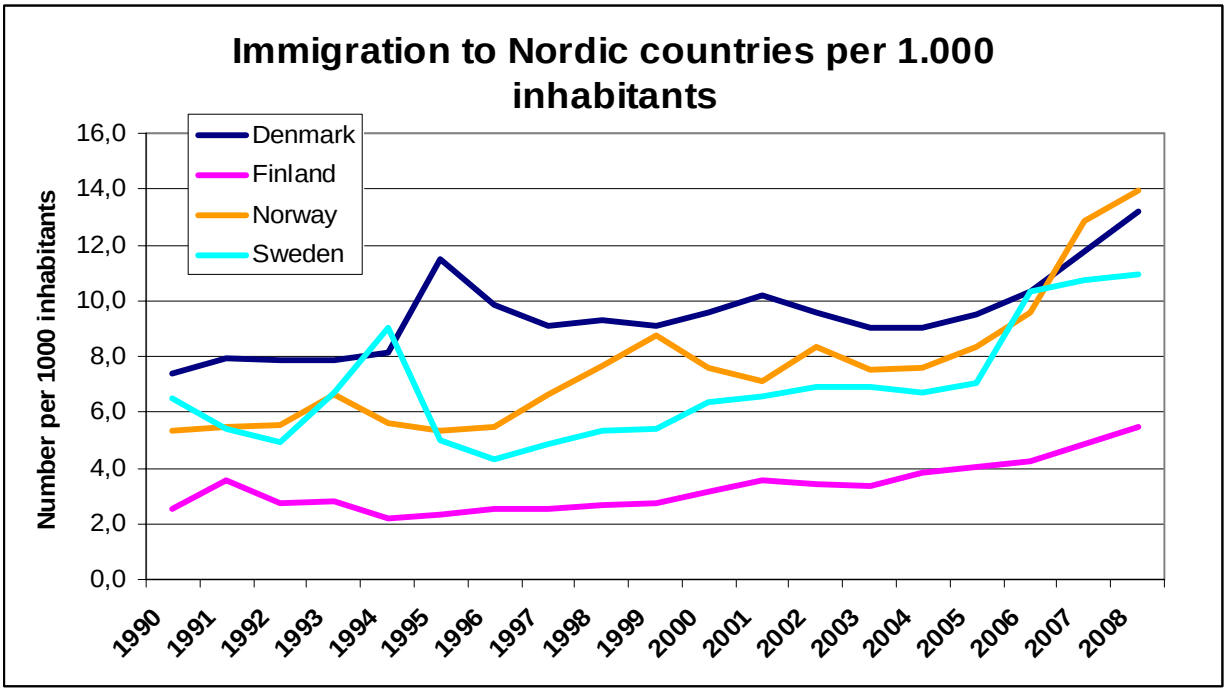

Figure 2. Immigration to Nordic countries per 1000 inhabitants (Nordic Statistical Databank).

In the last part of the 1980s a political debate was started about immigration as it became more evident that few immigrants formed their family by marrying Danes, but instead preferred to 'import' partners from their homeland. Therefore in 1992 the rules concerning family reunification were tightened (Stenild and Martens 2009). It was demanded that one should have lived in Denmark for at least five years. Moreover, one should have the economic means to support a family.

In 2001 a new government, depending on support from the right wing party 'Dansk Folkeparti' came to power. It had as one of its main objectives to reduce the number of immigrants from third world countries. The 'de-facto' rules, meaning that everyone who appeared inside the borders had the right to apply for asylum and stay until their case was solved, were abolished. Moreover, new rules for family reunification were introduced. One should be older than 24 to be unified and there was a rule that the family as a whole should have greater affiliation to Denmark than to any other country. In practice this rule is difficult to enforce and the administration of it concerns many conditions like how long time each of the couple have lived in Denmark, if they have other family in the country or in other countries, if they have work or education in Denmark, how well they speak Danish and how long time they have spend in other countries. There is a lot of judgement in the administration of the rules and it has appeared that also people with a Danish background in some cases have not been able to marry a foreigner and settle in Denmark if the partner is less than 24 or if it is judged that the couple have a stronger affiliation to another country outside the EU because they both have lived there for some years. These rules do not apply to people who have been Danish citizens for more than 28 years or if they are born in the country and are more than 28. Moreover, the person living in Denmark must have a minimum income which is judged to be big enough to support a family and his dwelling must have a certain minimum size.

These new rules led to a marked fall in immigration after 2001 in connection with asylum and family reunification, as shown in figure three. Residence permits for asylum had a peak with 20,000 in 1995 because of many refugees from Bosnia, but after this the level in the last part of the 1990s stayed at about 5,000 per year increasing to 6,300 in 2001. After 2001 the number of refugees given asylum decreased year after year to about 1,000 at the lowest level in 2006.

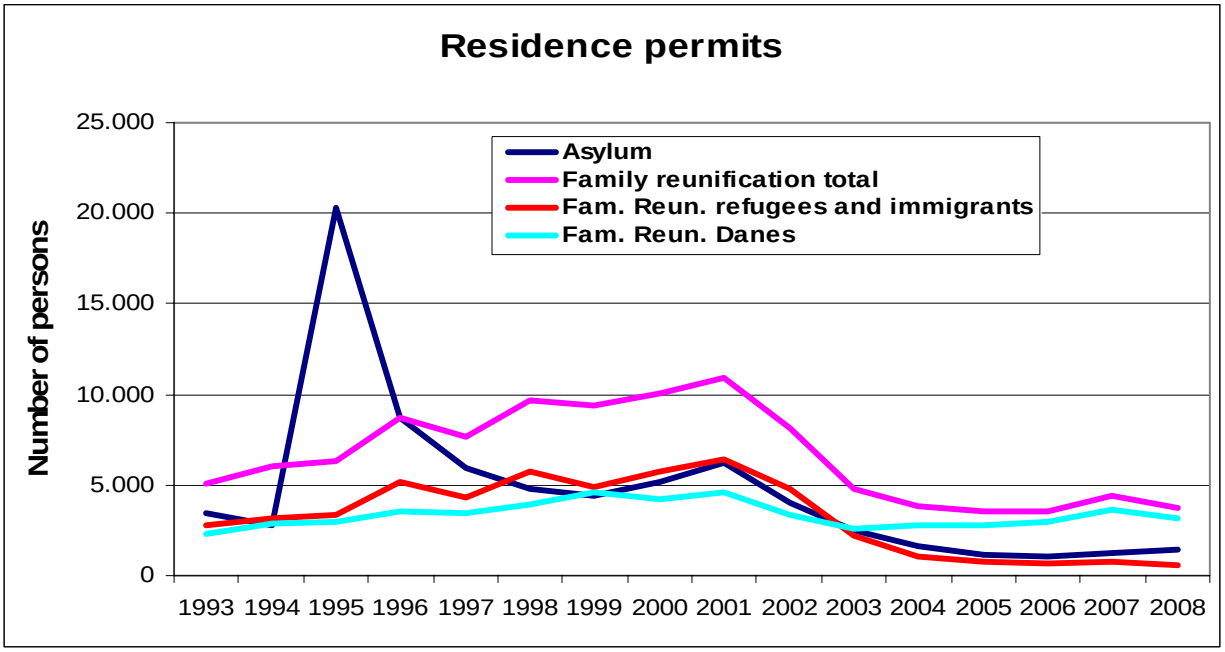

Figure 3. The development in residence permits to asylum and family reunification (Publications from the Danish Ministry of Integration).

The number of residence permits in connection with family reunification was increasing in the 1990s from about 5,000 in the beginning of the decennium to 11,000 in 2001. Of these 6,400 were persons who were reunified with other immigrants, while 4,600 were unified with people of Danish origin. After 2001 the total number of permits given in connection with family reunification dropped to 3,500 in 2005. Reunification with immigrants dropped even more and was only 550 in 2008.

After 2001 the Danish unemployment rate dropped and there was a beginning shortage of labour in certain sectors of the economy. Therefore immigration of skilled labour came on the political agenda. In 2002 a 'green card' arrangement was introduced which made it easier for immigrants coming to work in certain sectors in accordance with a 'positive list'. After 2007 it was possible for everyone to come and work in Denmark provided that they would get a certain income. Immigrants with certain qualifications can get residence permit for a period of six months to seek employment. These rules were further developed in 2008 to make it possible for Danish firms to recruit labour from other countries. The income limit was reduced to 375,000 DKK per year and the green card arrangement was extended (Nilas 2009).

Of even greater importance was the extension of the EU with countries from Central Europe in 2004. In the first place immigrants from the new countries as a transitional agreement were covered by the general rules for labour immigration. These rules were relaxed in 2008 and from 2009 citizens from the new EU countries are free to seek employment in Denmark.

As residence permits in connection with education also were extended, this meant that immigration to Denmark after a short fall in 2003 increased very much in coming years (Figure 4). The total number of residence permits increased from 30,000 in 2003 to 70,000 in 2008.

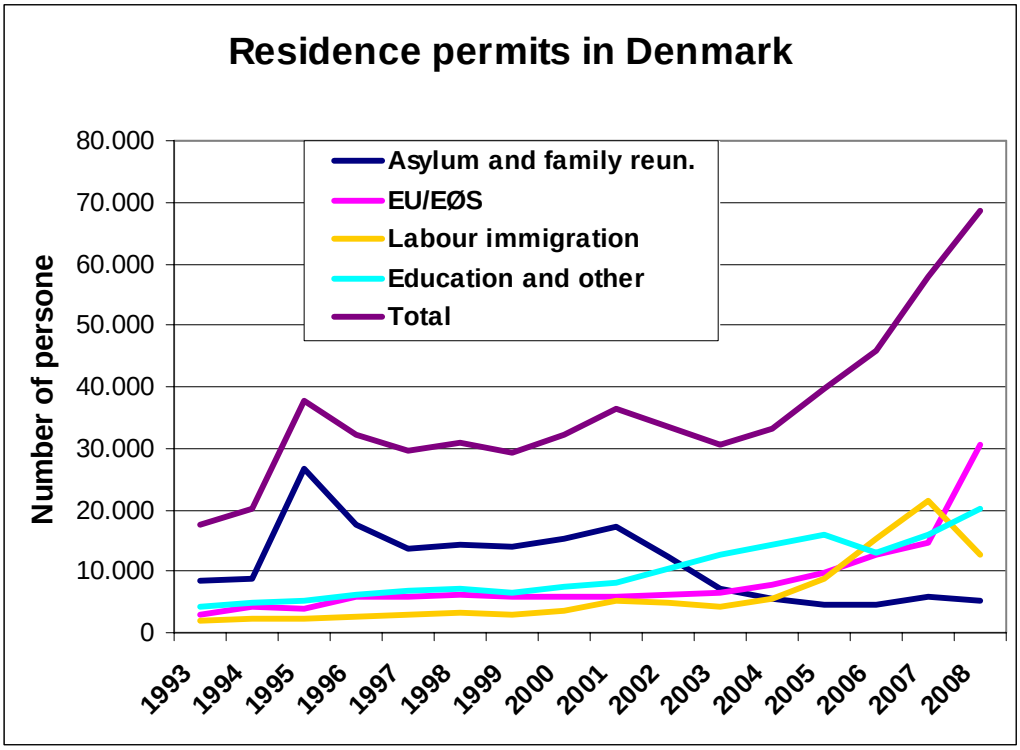

Figure 4. All residence permits in Denmark 1993-2008 (Statistics Denmark).

Labour immigration increased from 2,000 in the beginning of the 1990s and 3,600 in 2000 to 21,000 in 2007. Immigration from other EU countries (and EØS) increased from 3,000 in 1993 to 6,000 in 2000 and 15,000 in 2007. In 2008 immigrants from the new EU countries are encompassed by the EU rules why these permits have been much increased while labour permits have decreased.

4.2. The national composition of immigration to Denmark

At the same time as the reasons for immigration to Denmark have been changed there has also been a shift in the national composition of immigrants as can be seen from figure five. In 1980, 60 per cent of the immigrants came from other European countries and 13 per cent from North America. The Middle East (North Africa and Western Asia) stood for about ten per cent (2 900 immigrants). In 1985 this immigration increased to a peak of 7,500, mostly because of refugees from Iran and Lebanon (Palestians). From the middle of the 1980s to 2001 this immigration varied up and down between 6,500 and 3,000 per year. After 2001 it decreased gradually to a little more than 2,000.

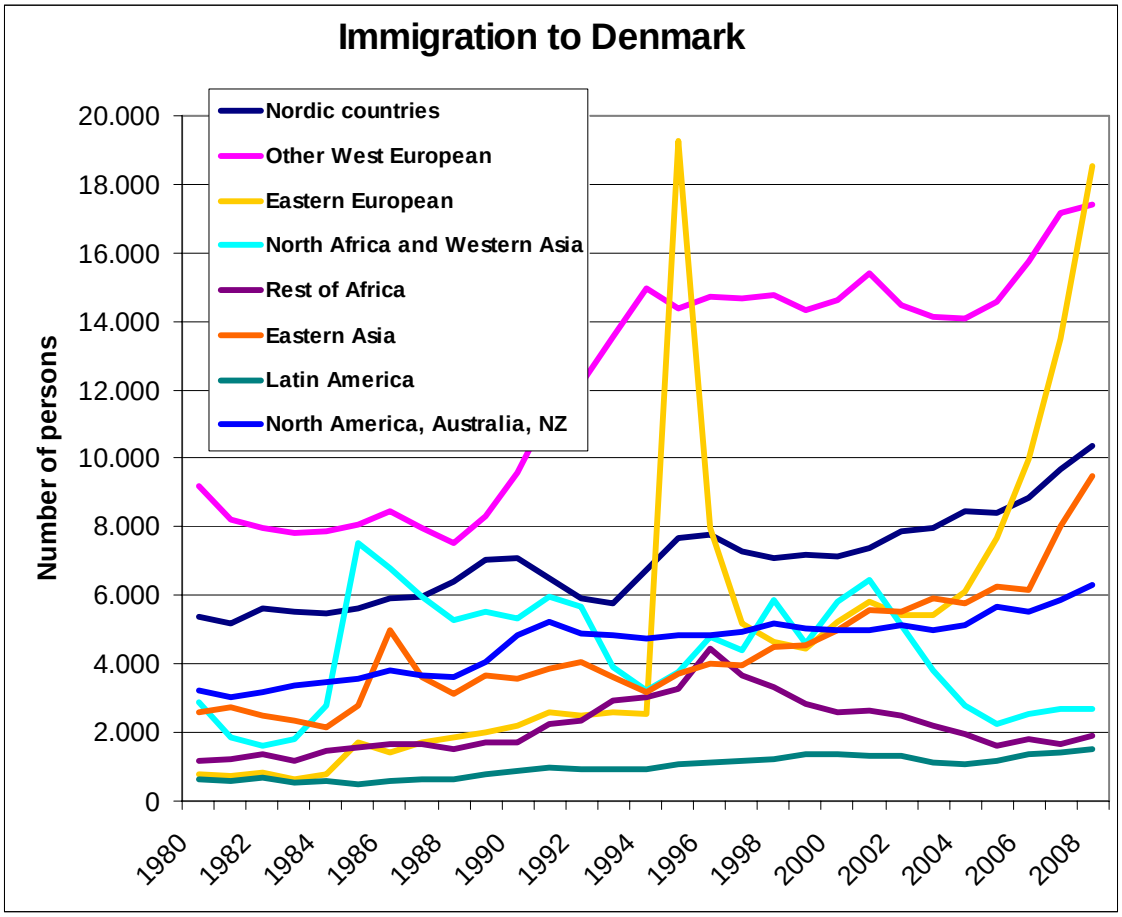

Figure 5. The development in immigration to Denmark from different parts of the world (Statistics Denmark).

Immigration from Eastern Asia has gradually increased all over the years from 2,600 in 1980 to 9,400 in 2008. In the last years many of these immigrants has come to get education. The immigration from the rest of Africa has been somewhat smaller except for Somalis. It increased until a peak at 4,400 in 1996 and has after that decreased to less than 2,000 per year in recent years.

The most fluctuating immigration has come from Eastern and Central European Countries. A large contingent of refuges was received from the former Yugoslavia in the years 1995-97. Besides this, there was a steady increase in the immigration over the years from less than 1,000 in the beginning of the 1980s to the extension of the EU in 2004, where immigration exploded because of labour permits.

The most important immigration countries outside Europe and North America can be divided into 'labour immigration countries' and 'refugee countries'.

The most important of these labour immigrant countries have been Turkey (32,000 immigrants in the period 1980-2008), Pakistan (17,000) and Morocco (5,500). Immigration from these countries started already in the 1960s, but after 1973 almost all has been as family reunification except from Curd refugees from the Eastern part of Turkey.

In figure 6 is shown the development in the immigration from these countries 1980 to 2008. Immigration from Turkey has been most extensive and fluctuating with a peak in 1990 and a decrease after 2001. Immigration from Pakistan increased more steadily until 2001 also followed by a fall. Immigration from Morocco has been modest during the whole period with a peak around 1990.

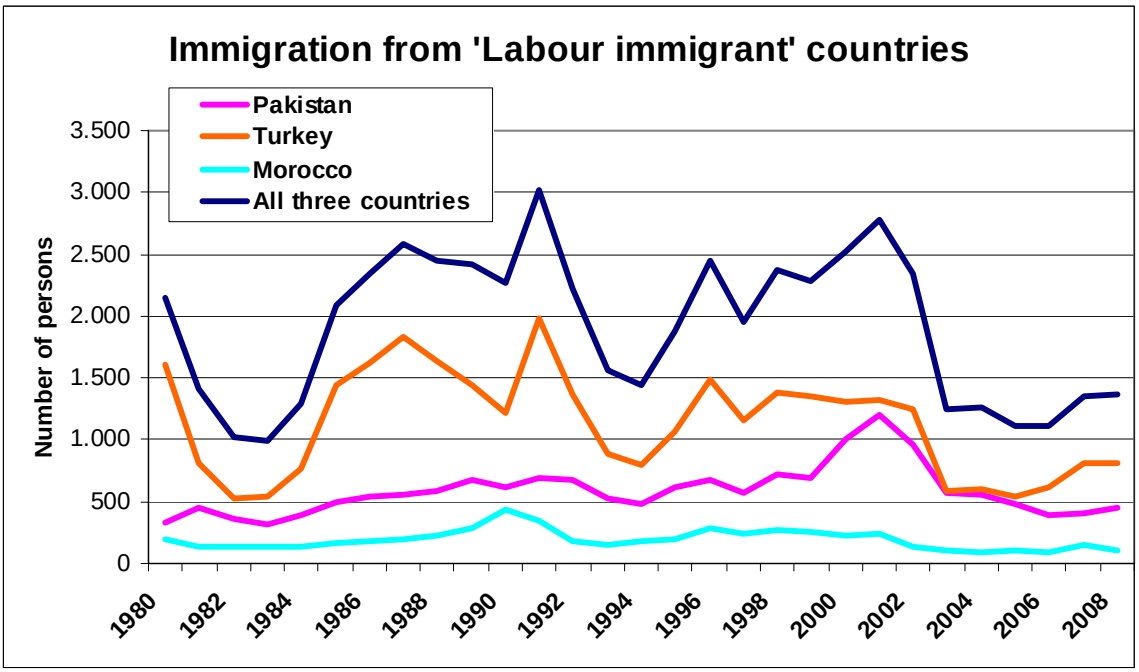

Figure 6. Immigration from the three largest labour immigration countries outside Europe and North America (Statistics Denmark).

Figure 7 shows the development in immigration from the seven largest refugee countries outside Europe and North America. Until 1984 the number of refugees coming to Denmark was quite small. In 1985, however, about 4,000 Iranian refugees came to the country followed by 2 500 Palestinians from Lebanon in 1985. In the following years the total number of immigrants from the seven countries fluctuated around three to four thousand people. Immigration from Somalia increased to a peak of 2,000 in 1996 followed by a steep decrease in the following years. Immigration from Iraq especially came after 1992 and peaked in the last part of the 1990s. The Afghans came after the NATO invasion in 2001. Immigration from all the countries has been diminished since 2001.

Besides these refugee countries there has also been a stream of refugees from the former Yugoslavia. Between 1995-1997 Denmark received 24,000 refugees from there.

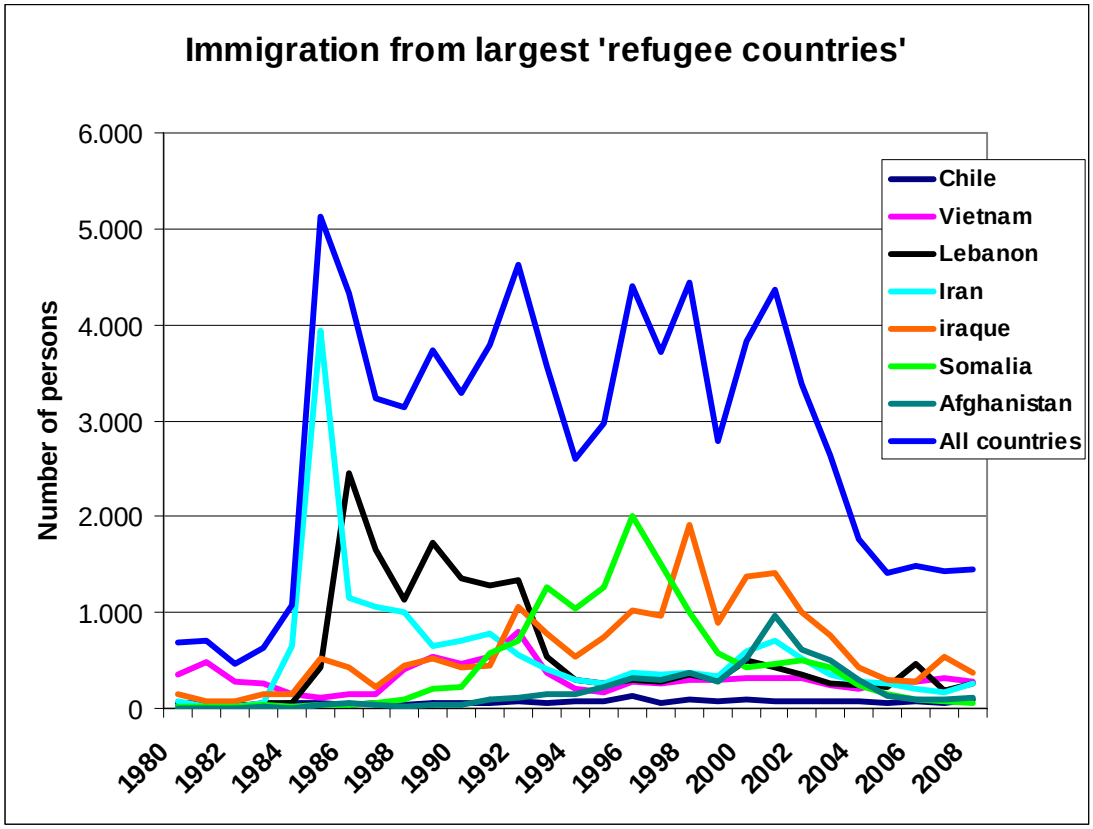

Figure 7. Immigration from the seven largest refugee countries outside Europe and North America (Statistics Denmark).

4.3. The development in the number of immigrants

Some of the immigrants leave Denmark after some years. This especially applies for people coming from the European countries but also for some of the immigrants coming from abroad for getting education or work for a period. The development in the number of immigrants in the country thus does not have a strict connection to the development in immigration shown above. In figure 8 is shown how the immigrant population in Denmark has developed since 1980. The figures include descendants born in Denmark.

Immigrants from the Middle East (North Africa and Western Asia) more often have stayed in the country why their number have been steadily increasing over the years from 20,000 in 1980 to 160,000 in 2009. The number of immigrants from other African countries rose from 2 200 to 33,000 in the period. Also the amount of immigrants from Eastern and Central Europe and from Eastern Asia has been increasing, but in recent years this to a greater extent are people who seek work or education. Many of these immigrants can be expected to leave the country again and cannot be seen as permanent settlers in the country. This is even more pronounced for immigrants coming from the Nordic Countries, from Western Europe and from North America etc.

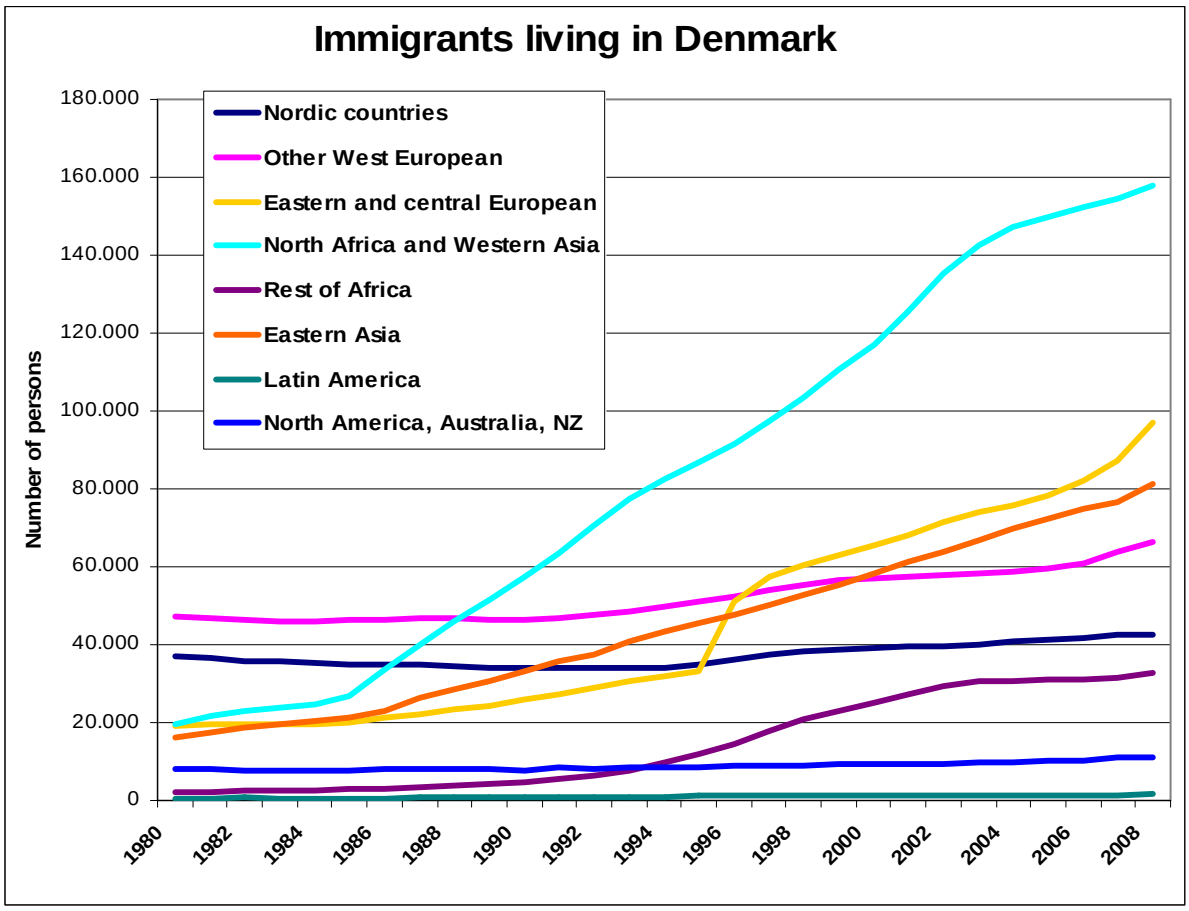

Figure 8. The development in immigrants and descendants[3] in Denmark (Statistics Denmark).

In table 15 is shown the populations of the 20 largest immigrant groups in Denmark in 2009. There are three Nordic countries (Norway, Sweden and Iceland), two Western European countries (Germany and Great Britain), three Central European countries (Poland, Bosnia and Kosovo etc.), six countries from the Middle East (Turkey, Iraq, Lebanon, Iran, Afghanistan and Morocco), one from Africa (Somalia) and five from Eastern Asia (Pakistan, Vietnam, Sri Lanka, China and Thailand).

The Turks are far the largest immigrant population of nearby 60,000 people. Other important groups from the third world are Iraqis, Pakistani, Somalis, Iranians, Vietnamese, Afghans and people from Sri Lanka.

[3] Descendants are defined as persons born in Denmark with both parents being immigrants. The number of immigrants and descendants in Denmark increased from 150,000 in 1980 to 490,000 in 2009. Some of these immigrants are permanent settlers while others are only temporary in the country.

Table 16. The 20 largest immigrant populations in Denmark 2009.

	Immigrants 2009
Turkey	58 191
Germany	30 385
Iraq	28 917
Poland	27 198
Lebanon	23 563
Bosnia	22 093
Pakistan	19 880
Kosovo etc.	17 141
Somalia	16 689
Norway	15 956
Sweden	15 140
Iran	14 896
Vietnam	13 626
Great Britain	12 986
Afghanistan	12 187
Sri Lanka	10 663
Morocco	9 622
China	9 356
Thailand	8 844
Iceland	8 632

Note: Descendants are included

4.4. Characterisation of immigrants from countries outside Western Europe and North America

This section is based on a Danish study of immigrants in Denmark in 2004 (Skifter Andersen 2006a) the grouping of immigrants is taken from this study. It only encompasses immigrants (and descendants) from countries outside Western Europe, North America, Australia and New Zealand, who now make up about 16 per cent of the Danish population. These immigrants have been divided in the groups shown in figure **Error! Reference source not found.**8.

These immigrants have been distributed on households defined as persons living at the same address and the ethnic composition of the household has been analysed. The method has been to find the person in the household with the highest income, who has been named the 'main person'. The households are in table 18 grouped after the background of this main person and the composition of the household.

The idea behind this analysis is to group immigrant households after their expected degree of integration in society. It is expected that mixed households and descendants are more integrated than others. Moreover households with a main person, who are a Danish citizen, could be better integrated than those who are not. Finally immigrants who have lived fewer years in the country must be expected to have greater difficulties in adjusting to the conditions in the country.

Table 17. Grouping of immigrants in Denmark from countries outside Western Europe etc. 2004 (Skifter Andersen 2006a).

	Number of persons 2004	Proportion of all %
All	289 615	100.0
Turkey	50 355	17 .4
Pakistan	18 075	6 .2
Arabic countries	63 645	22 .0
Iran	12 840	4 .4
Afghanistan	9 520	3 .3
Somalia	16 450	5 .7
Central and Eastern Europe	44 485	15 .4
Other Asiatic countries	58 790	20 .3
Other African countries	10 970	3 .8
Other countries	12 295	4 .2

Table 18. Households in Denmark with immigrants from countries outside Western Europe etc. 2004 (Skifter Andersen 2006a).

	Number of households	Proportion of households	Share of all Danish households
Mixed household with Danes and immigrants	96.520	55%	
Descendants	2.575	1%	
Immigrants with Danish citizenship	30.890	18%	
Others immigrated before 1990	10.815	6%	
Others immigrated after 1989	34.305	20%	
All	175.105	100%	
Pure immigrants households	78.585	45%	3,3 %
Mixed households, 'main person' is immigrant	12.095	7%	0,5 %
Mixed households, 'main person' is Danish	84.425	48%	3,5 %

It can be seen from the table that there are 175,000 households in Denmark (out of 2.4 million) with at least one person originating from countries outside Western Europe etc. But most of them also contain Danes. Only a little less than 80,000 are pure immigrant households. In more than 90 per cent of these all residents are from the same country. In 12,000 of the mixed households the main person is immigrant, while there are 84,000 mixed households with a Danish main person. The number of households, where the main person is a descendant is very small, only 2,500. But a quite large part of the pure immigrant households have a main person, who has Danish citizenship. As can be seen from figure 9 there are considerable differences between immigrants coming from different countries.

In some of the 'ethnic groups' there are very few mixed households, few descendants and quite a few with citizenship. This especially applies to immigrants from Somalia and Afghanistan. On the other hand Immigrants from Iran towers as a group often living in mixed households and having citizenship. The only groups with some 'descendant households' are Pakistanis (12 per cent) and Turks (6 per cent). There are quite a lot mixed households with main persons coming from other African or Asiatic countries. Those who have Arabic background relatively often have obtained citizenship.

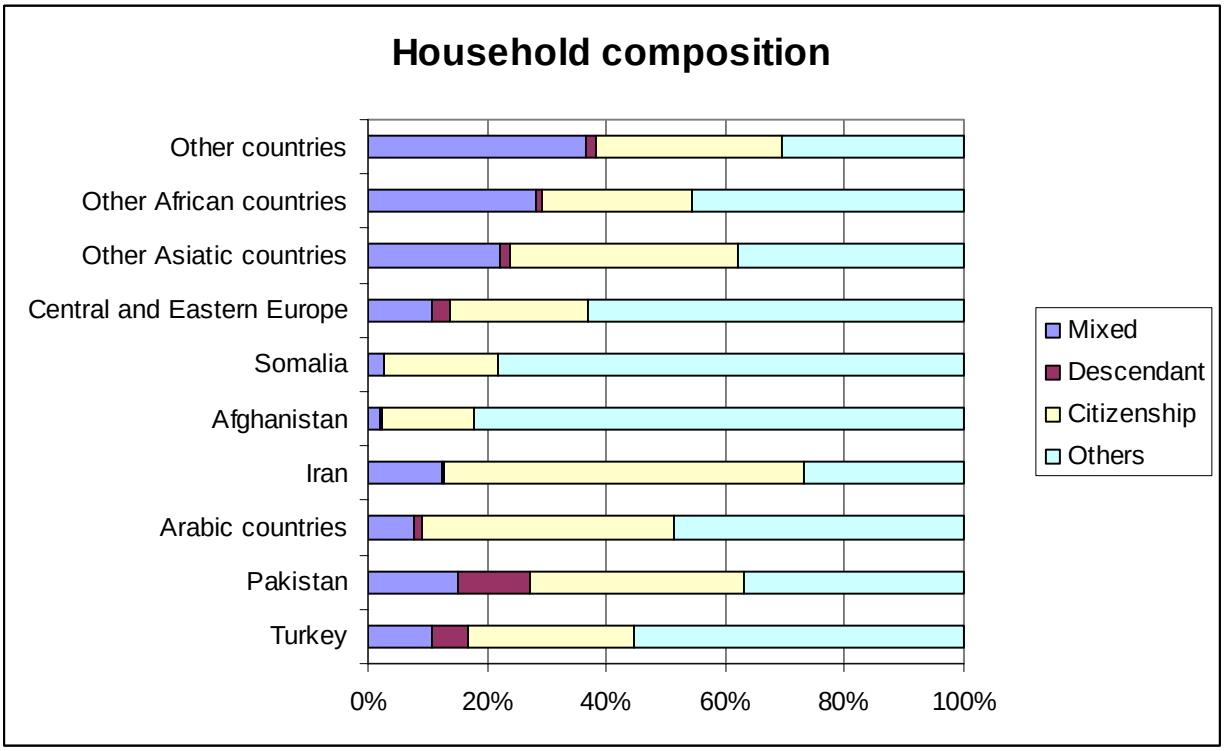

Figure 9. Households 2004 with an immigrant as main person distributed on household groups after expected degree of integration (Skifter Andersen 2006a).

One can to some extent judge the degree of integration of the different groups from the size of the group 'Others'. It points to that Somalis and Afghanis are the least integrated groups followed by immigrants from central and Eastern Europe, from Turkey and from Arabic countries. Concerning immigrants from Eastern Europe and to some extent Turkey, an explanation could be that they always saw themselves as temporary labour migrants and therefore have not applied for citizenship.

The immigrant population has a very different age distribution compared to the Danish average as can be seen from figure 10. Only 22 per cent of the whole population is younger than 18 years and 44 per cent younger than 35 years. For some of the immigrant groups like the Somalis and Afghans half of the group are children and about 80 per cent are younger than 35 years. For Pakistanis, Arabs and Turks also 70 per cent are younger than 35 years. The Iranians are the group that is closest to the national average.

In Denmark 25 per cent of the households are families with children. Among immigrants households the proportion of families with children typically is much higher as can be seen from figure 11.

Except for Iranians the proportion of families with children is especially high in all the largest immigrant groups. Among the Afghanis more than 60 per cent of households have children. For the other groups the figures are: Arabic countries 58 per cent, Turkey 55 per cent, Somalia 53 per cent, Pakistan 46 per cent and Iran 39 per cent. Also immigrant groups from other parts of the world more often have children than the Danish average. Quite a few immigrants are living as singles. This especially applies to Pakistani and Turks, but also to Somalis and Afghanis. In many cases the households consist of several families (multifamily households), where more than one nuclear family is present. Especially Pakistani, Somalis and Turks often live in such households.

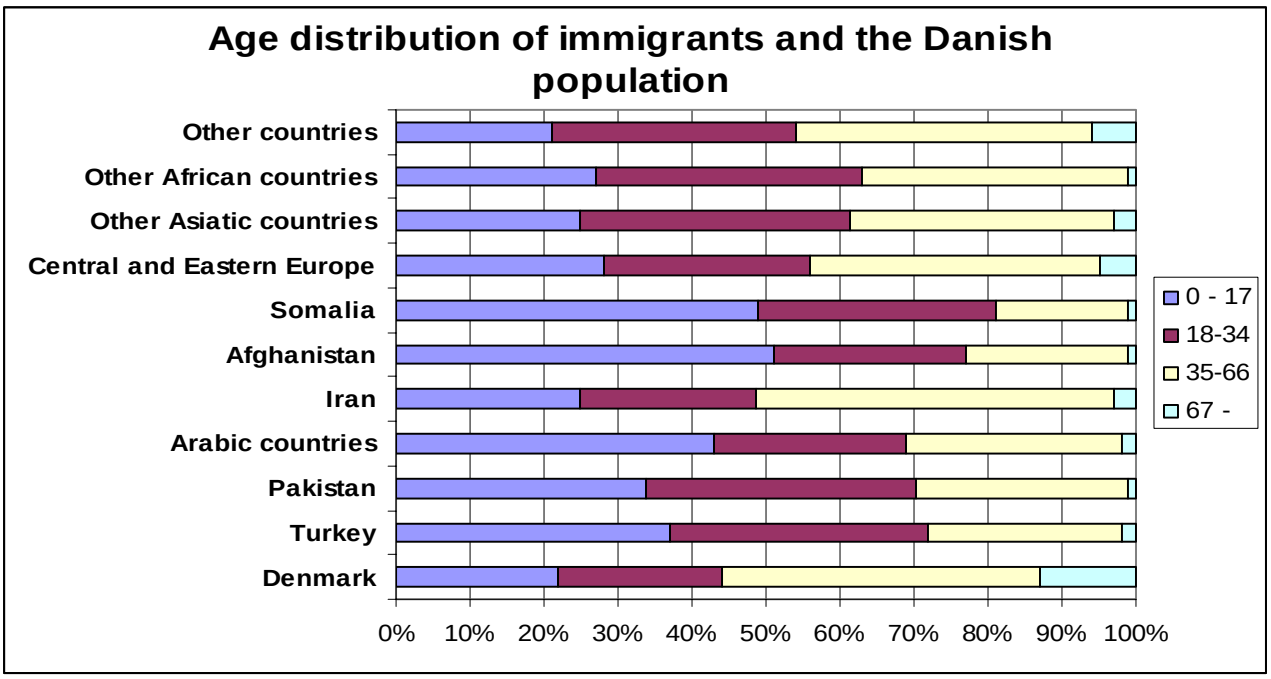

Figure 10. Age distribution 2004 for immigrant groups coming from countries outside Western Europe etc. groups compared to the national average (Skifter Andersen 2006a).

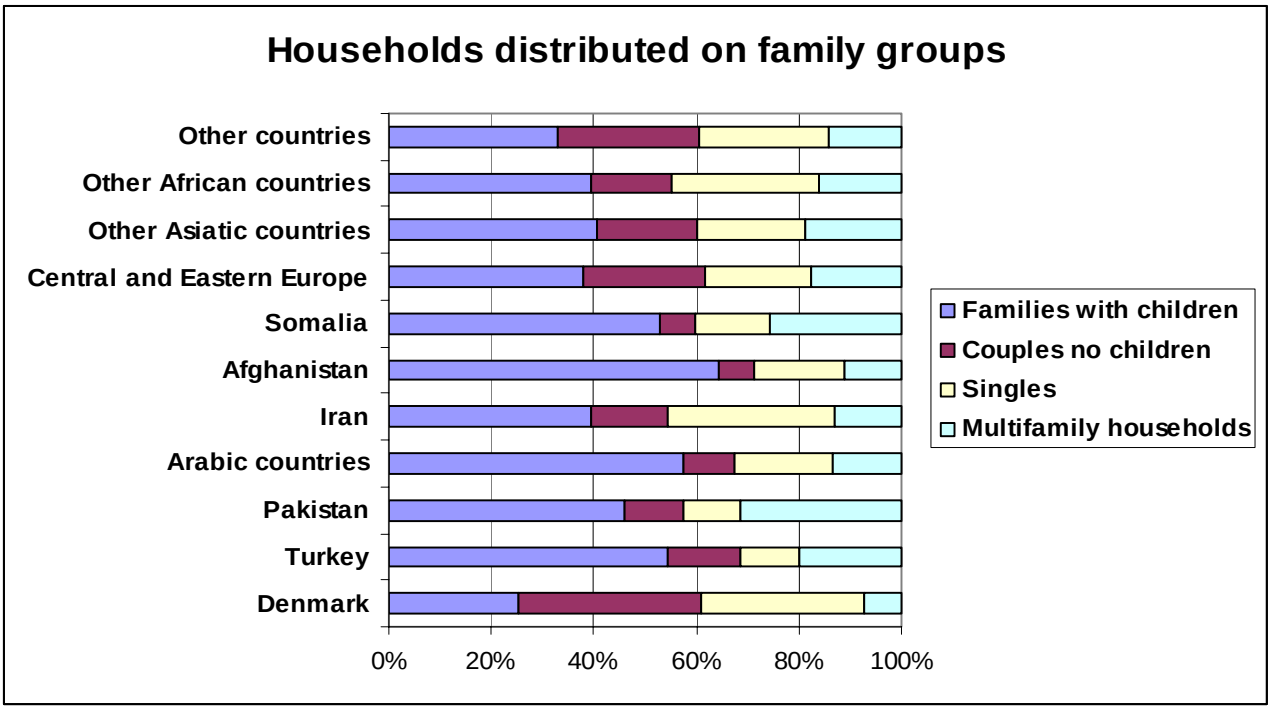

Figure 11. Households in different immigrant groups coming from countries outside Western Europe etc. distributed on family situation 2004 compared to the national average (Skifter Andersen 2006a).

There are considerable differences between the employment status of immigrants from third world countries and the rest of the population as can be seen from figure 12. For the whole population over 18 years old, 54 per cent are in employment, 21 per cent are pensioners, eight per cent are students and 17 per cent are others not in employment. For all immigrants from countries outside

Western Europe and North America etc. only 37 per cent are employed, while 50 per cent are unemployed (besides ten per cent students and five per cent pensioners).

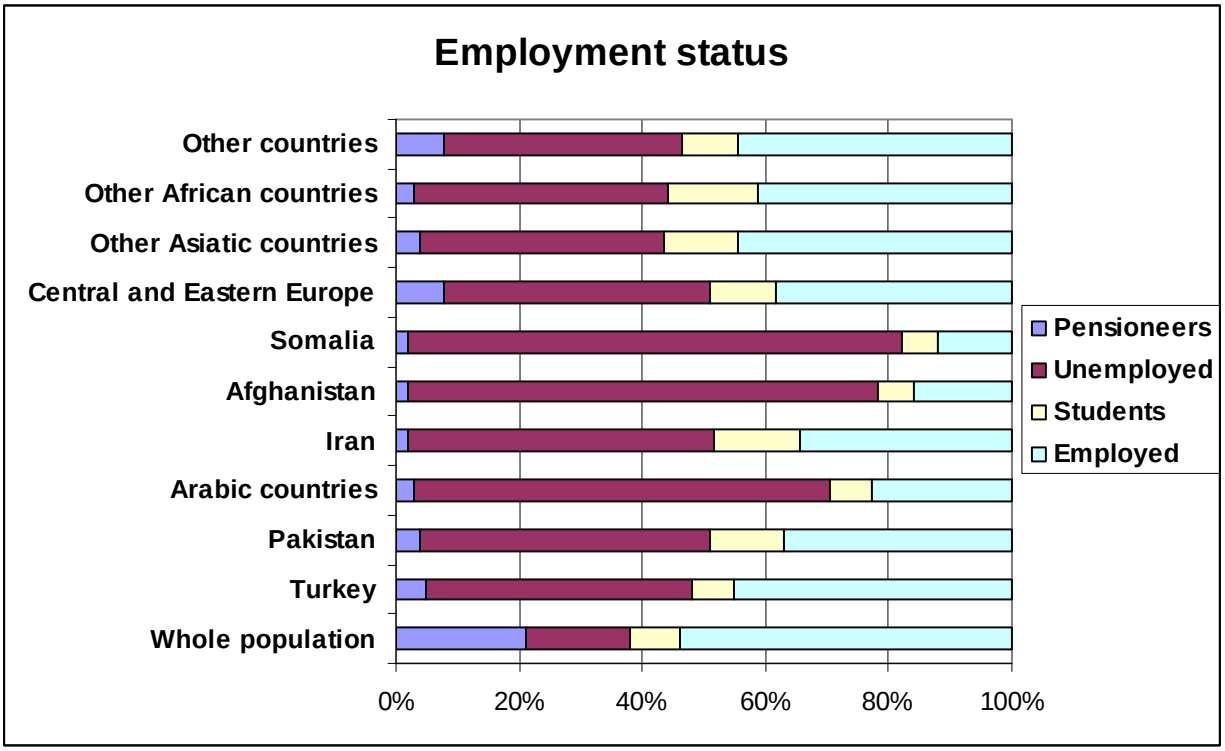

Figure 12. Employment status 2004 for different groups of immigrants 18+ years coming from countries outside Western Europe etc. compared to the whole Danish population (Skifter Andersen 2006a).

The employment rate varies very much between different ethnic groups. A very high unemployment is found among Somalis and Afghanis followed by immigrants from Arabic countries. Also immigrants from the 'labour-immigration countries', Pakistan and Turkey have quite a high rate of unemployment (43 and 47 per cent). The figures point to the considerable problems for the Danish welfare state to create employment among immigrants.

As a consequence of the high unemployment immigrants in Denmark also have quite low incomes as can be seen from table 19. In average the household income among immigrants coming from countries outside Western Europe etc. is only 75 per cent of the average income for Danes. Among nuclear families with children it is even lower. Couples with children only have 55 per cent of the average income among Danes in the same family group.

Table 19. Average household income (gross) in DKK 2002 for immigrants coming from countries outside Western Europe etc. compared to households with a Danish background.

	Danish background	Immigrants	Relative difference
Single without children	202	156	77%
Single with children	257	171	66%
Couple without children	474	307	65%
Couple with children	631	346	55%
Mixed households	521	437	84%
All	394	297	75%

5. Policies related to immigrants settlement and integration

5.1. The meaning of integration and integration policies

In two public 'white papers' the meaning of 'integration' of immigrants and of 'integration policies' has been discussed. In the first one (Betænkning 1337, 1997) there was made a distinction between 'cultural' and 'social' integration. While social integration includes participation in the labour market, participation in social life and political participation, cultural integration demands the sharing of norms and values. In this white paper there was made an emphasis on social integration.

In a later government report (Tænketanken 2006), which was made after the appearance of a new government based on support from a wright-wing nationalist party, a change occurred. It was stated that greater emphasis should be made on fundamental values and norms. As an example was mentioned that a lack of equality between sexes among immigrants could hamper labour market participation and social integration. In the report seven objectives for a successful integration of immigrants were defined:

- Education and language skills
- Labour market participation
- Being self-supporting
- Absence of discrimination
- Social contacts between Danes and immigrants in daily life
- Political participation both as voters and elected

Sharing fundamental values about democracy, rights of freedom, respect for the law, human rights, equality between the sexes and tolerance to others values and norms

In the report was made an evaluation of to what degree these objectives had been reached in Denmark, which is referred last in this chapter.

Integration of immigrants is, however, only a means to fulfil other purposes. When it comes to what determines 'integration policies' two aims are of special importance. The first is the need of labour. Denmark has since the middle of the 1990s had a low unemployment rate and a lack of labour in certain parts of the economy. Therefore it has been of great importance to make use of the labour reserve among immigrants. The other important aim is to relieve the pressure on the public finances and taxes. It has been important to move immigrants from being dependant on welfare support to be greater contributors to tax incomes.

There has also been a dilemma between integration policy and immigration policy. The new right-wing government from 2001 had as one of its main objectives to reduce immigration. One of the ways to obtain this is to make life for newly arrived immigrants as unattractive as possible to make them go back where they came from and to discourage potential immigrants. Therefore refugees should not from the beginning be allowed to establish a normal life; they should not get work and not be socially integrated in the Danish society. Objectives for immigration policies have thus overruled objectives for integration policies in the way that obstacles have been made for the integration of refugees.

The Danish integration policies can be divided in the following subjects:

- Rights for asylum seekers and rules for getting permanent residence permit
- Rules for getting citizenship
- Acknowledgement of education obtained in other countries
- Political rights
- Procedures for location of refugees with residence permit
- Integration programmes on education and job training
- Special, lower, welfare support for immigrants

5.2. The historic development in integration policies

In 1986 it was decided to start a system of spreading refugees to different municipalities. Until 1998 the system was organised by 'Dansk flygtningehjælp'. In principle there should be an equal share to each county but not necessarily to each municipality and refugees could to some extent choose by themselves if they had relatives in the country. After 1998 the state has established a quota system for each county (now region) and the municipalities inside the region have to agree about the distribution of refugees.

In 1999 the first comprehensive law on integration of immigrants was passed by the parliament. It encompassed all refugees and family reunification. The responsibility was moved from Dansk Flygtningehjælp to the local authorities. The law included rules for a three year introduction programme with education and work training, which all new immigrants had to go through. In 2001 a separate ministry for integration of immigrants was established.

In 2002 it was decided that immigrants should receive less welfare payments to increase their incentives to get work. Later, in 2006, subsidies to companies, who employed new immigrants, were introduced.

5.3. The legislative framework for integration

5.3.1. Handling of asylum seekers

Asylum seekers normally are placed in an asylum centre while their case is decided by the authorities. If they have relatives in Denmark they can get permission to stay at their home. As a main rule they are not allowed to take work, which is different from the other Nordic countries. Children in the age 7-16 years are offered teaching at the centres. Some of the asylum seekers have been living for more than ten years at the centres because there has been uncertainty about to what extent they could be viewed as refugees. This especially applies to refugees from Iraq where there are different opinions on how safe it is to return to the country.

5.3.2. Rules for getting a permanent residence permit

When immigrants get a permission to stay in Denmark they in the first place only get a temporary residence permit. After seven years they can get a permanent residence permit on the assumption that:

- No 'severe' crime has been done (if there has the person can only get a permanent residence permit ten years after his release from prison)
- Courses in the Danish language and on the Danish society must have been accomplished with a passed examination
- Debt to the public must not exceed about 10,000 Euro

Moreover, the government has decided in January 2010 that before getting permanent residency permit an applicant has to score a certain amount of points earned by passing examinations in Danish language and knowledge of the Danish society plus by having employment. If they have received welfare payments in the period before the application they will be refused. All foreign citizens can be expelled from the country if they commit serious crimes.

For so-called 'well-integrated immigrants' there can be a permanent residence permit after five years. The conditions are that they have had employment in the latest three years, that they have not received any welfare payments in these three years and that they 'have achieved a substantial affiliation to the Danish society'.

In general immigrants in Denmark must have been a longer time in the country to get a permanent residence permit than in the other Nordic countries.

5.3.3. Rules and procedures for getting citizenship

The fundamental principle for becoming a citizen in Denmark is family relations. This is in opposition to principles in some other countries where place of birth is most important. A newborn child is thus only automatically a Danish citizen if one of the parents is a Danish citizen. Other immigrants have to apply for citizenship and must be approved by the Danish parliament.

A permanent residence permit requirements:

- As a main rule the applicant must have stayed in Denmark for nine years without a break. Nordic citizens only need to have stayed two years. Refugees eight years. Immigrant married to Danish citizens between six and eight years depending of the length of the marriage
- Children immigrated before the age of 15 years can in principle be citizens when they are 18 years no matter how long time they have stayed in the country
- Immigrants that have been sentenced to at least two years of prison cannot get citizenship
- Other immigrants who have a criminal record must wait until a certain qualifying period has expired. It depends on the severity of the crime
- The applicant shall pass examinations on language skills and on knowledge on the Danish history and society
- There must not be a debt to the public in certain fields
- The applicant shall be self-supporting. He must not have received public help in the last year and only for six months within the last five years
- The immigrant shall submit a vow on allegiance and loyalty to Denmark and Danish legislation
- Adults shall as a main rule give up citizenship in other countries.

A central condition is the rule about being self-supporting. It means that immigrants, who are outside the labour market, cannot become a Danish citizen and obtain the concomitant rights.

The political most sensitive part of the conditions is the demands to pass examinations on language and Denmark. They have been designed so difficult that even many Danes are not able to answer the questions properly. After the examinations have been implemented it has been more difficult to get citizenship and as can be seen from figure 13 much fewer immigrants have achieved citizenship since 2000. The number of immigrants from non-western countries, who achieved Danish citizenship, fell from 19,000 at the highest level in 2000 to 3,300 at the lowest in 2007.

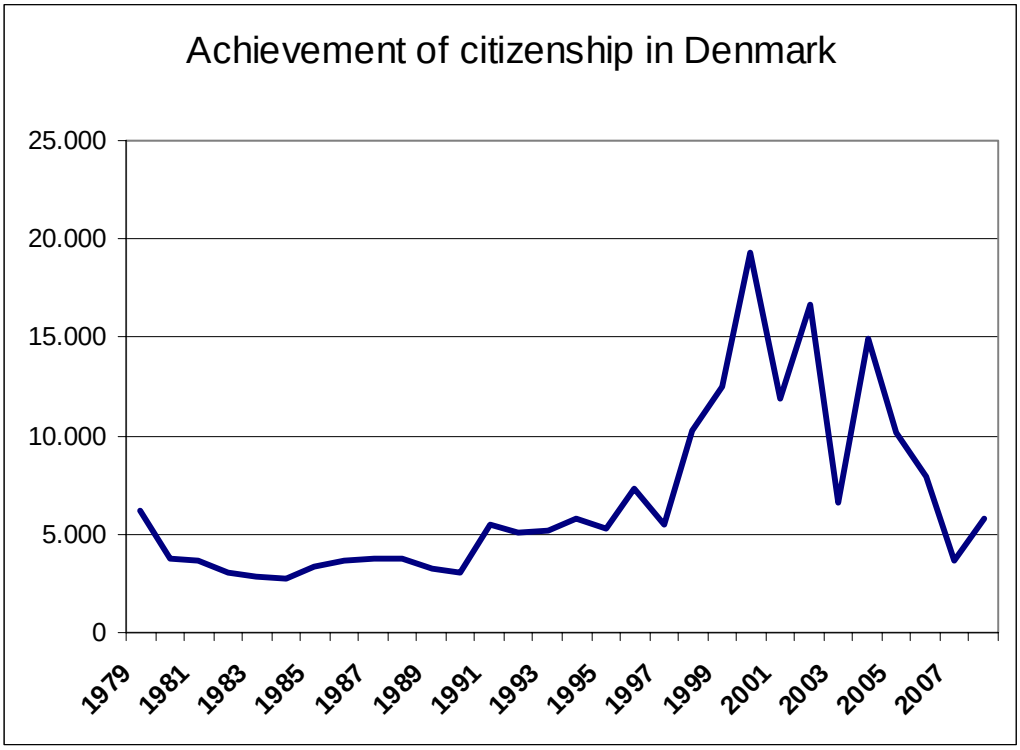

Figure 13. The development in the number of immigrants getting Danish Citizenship (Statistics Denmark).

In total about 41 per cent of all immigrants living in Denmark has received Danish citizenship. But there are considerable differences between different ethnic groups as can be seen from **Error! Reference source not found.**.

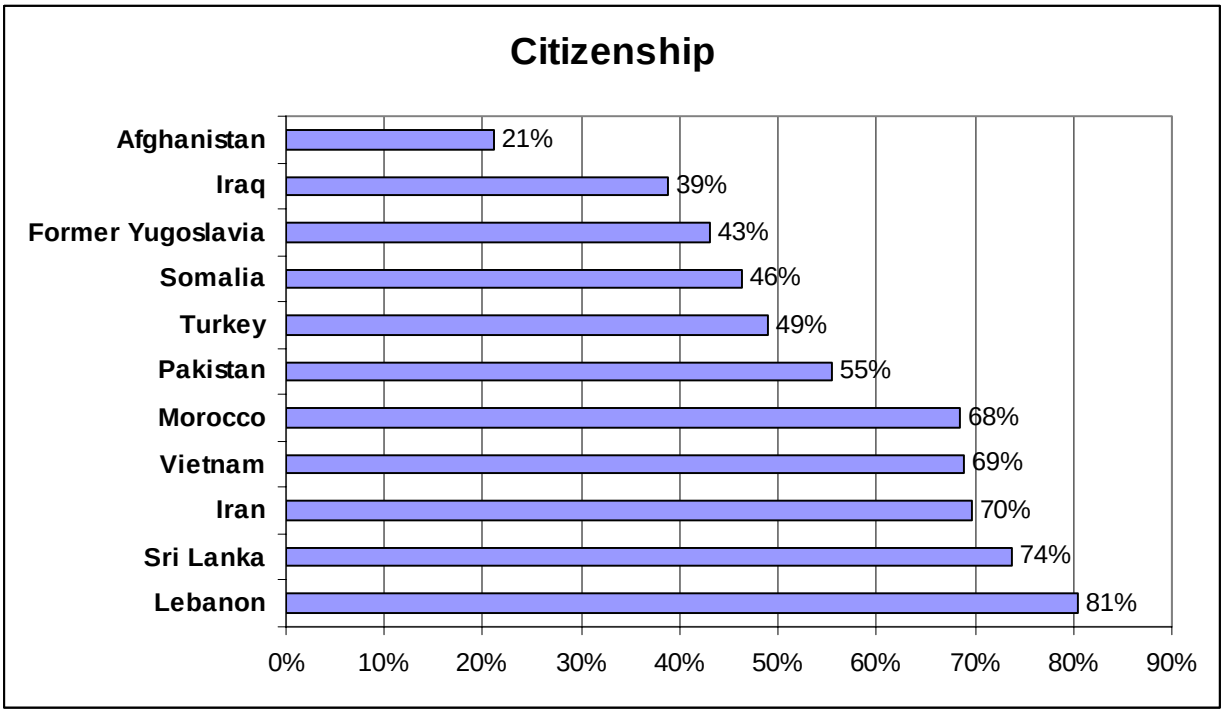

Figure 14. Proportion of immigrants in the most important groups, who have obtained Danish citizenship 2008 (Database on the Danish population established by the Danish Building Research Institute).

The proportion of immigrants, who have obtained Danish citizenship, varies from only 21 per cent of the Afghanis to 81 per cent among immigrants from Lebanon, who are mostly Palestinians. Two factors seem to have special importance here: duration of stay and reason for immigration. In general groups of immigrants, who came early, more often tend to be citizens, but Turks and Pakistanis, who came early as labour immigrants, only to a moderate degree have become citizens. The highest extent of citizenship is found among the early refugees from Lebanon, Sri Lanka, Iran and Vietnam. Citizenship has been obtained less often by the last refugee groups like Afghanis, Iraqis and Somalis, for whom it also has been more difficult because of the new rules since 2001.

It has also something to do with the age distribution of the groups. In general about 60 per cent of the children in these immigrant groups are Danish citizens. Among the adults only about 50 per cent have citizenship, mostly among the younger immigrants.

5.3.4. Acknowledgement of education obtained in other countries

It is very important for immigrants' possibility to make a working career that their education from the home land is acknowledged on the Danish labour market. In Denmark is established a centre in the Ministry of Education, which performs an evaluation of qualifications on the basis of diplomas and certificates from foreign places of study. The decision of the centre is important for getting access to educations in Denmark, to trade unions and to certain kinds of trades. Approval of merits from former education, when seeking place at universities and other kinds of higher education, is decided by the universities themselves. It has shown to be quite difficult for immigrants to have their education from abroad acknowledged by these rules – especially at the universities.

It is also possible for immigrants to have their qualifications proved at a so-called AMU centre or via labour work ability testing in a private company.

5.3.5. Political rights

Immigrants, who are not Danish citizens, cannot vote for the Danish parliament and for the EU parliament and cannot be elected as members. Immigrants from EU and the Nordic countries can from they arrive vote to the municipal councils. Other immigrants can do this when they have stayed in the country for more than three years before the election. They can also be elected as members of the councils.

5.4. Direct measures of integration

5.4.1. Location of refugees with residence permit

Asylum seekers, who have obtained residence permit, are allocated to Danish municipalities in accordance with a quota system for regions that tries to make an equal distribution of immigrants to municipalities, not only for spreading the costs of integration but also to avoid geographical concentrations of immigrants. The refugees are forced to stay in the selected municipality at least for three years if they want to receive public support. Denmark is the only country which has such a systematic dispersal of refugees (Tænketanken 2004).

The local authorities are obliged to assign a dwelling for the incoming refugees. They must assign to a permanent dwelling and they most often use their power to assign dwellings in social housing. There are no demands on the size and quality of the dwelling.

An evaluation of the effects of the arrangement for the location of refugees (Pohl Nielsen and Blume Jensen 2006) has showed that the rules have resulted in that many more municipalities have received refugees. And since the approval of the 'law on integration' in 1998 an increasing number of refugees choose to stay in the municipality where they were placed. However, many refugees still chose to move from the smaller towns to more urbanised areas with higher concentrations of immigrants. Another study (Skifter Andersen 2006a) has shown that this applies for all immigrants. It also showed (Skifter Andersen 2006b) that the main reason for these moves were an expectation of better opportunities for getting employment, but also that some immigrants wanted to move closer to family and friends in the cities.

5.4.2. Integration programmes in accordance with the Law on Integration

All new immigrants coming as refugees or by family reunion has to sign an 'integration contract' with the local authority in the municipality where they settle. They are based on an evaluation of the immigrants specific situation and needs in preparation for that the person in question as fast as possible can be self supporting. Among the agreements in the contract is that the immigrant participate in an 'introductionary programme'. The content and rules about this programme depends on to what extent the immigrants are self-supporting or not. If the immigrant does not follow the agreement he can be deprived of his public support.

As a part of the agreement immigrants are obliged to follow some courses in the Danish language and on the Danish society and pass an examination. The extent of these courses is greater than in other countries and Denmark is the only country, where examination is compulsory (Tænketanken 2004).

Another part of the 'integration contract' contains agreements on upgrading of skills in preparation for employment or better jobs. It can be about education or practical training in private companies. Also in this case the immigrants can lose their public support if they do not follow the agreement. The local authorities are also obliged to offer stimulation to children in the use of the Danish language from the age of three years and arrange special courses in Danish for children in schools.

5.5. Special economic conditions for immigrants - welfare payments

Important criteria for how to design welfare payments for immigrants in Denmark (Tænketanken 2004 , 12) has been:

- If the living standard for immigrants living on public support is higher than in other countries, there is a risk of attracting more immigrants that are not able to support themselves. This will put a pressure on the public sector and the tax system
- If the difference between welfare payments and income from doing work is too small, the incentive for immigrants to 'do the hard work' to learn the language and seek work will be lower resulting in higher unemployment rates and public expenditures.

In 2002 was introduced a new rule for welfare payments to immigrants, called 'Start help'. It was considerable lower than the welfare payments it replaced (table 20). All immigrants, who had not been living in the country for seven out of the last eight years, were directed to this support. In the report from 'Tænketanken' (2004) the following comparison was made for the value of this support compared with normal welfare payments and the payments in some other countries:

Table 20. The Danish 'Start help' for immigrants compared to normal Danish welfare payment and payments in som other countries 2004 (Source: Tænketanken 2004).

	Euro per month*)	Compared to 'Start help' %
'Start help'	558	100
Welfare payments Denmark	816	146
Welfare payments Sweden	630	113
Welfare payments Holland	838	150
Welfare payments Germany	511	92

*) Payments after taxes corrected for differences in purchasing power

Besides these special rules for newer immigrants there have also been some changes in the general rules for welfare payments, which especially affect immigrants. From 2004 the total support for a family, paid as welfare, housing allowances and others, must be below a certain limit called 'kontanthjælpsloftet'. If the limit is exceeded some of the support will be reduced. As immigrant families much more often than native Danes have two adults without work or unemployment support they are more often affected by these rules

5.6. Effects of the Danish integration policies

In 2006 an evaluation of the Danish integration policy was made (Tænketanken 2006). It was based on a comparison of the situation in 2005 compared to 1999, but without comparison with other countries. The evaluation was related to seven goals for integration formulated (cited in the beginning of the section). The conclusions were:

Education and knowledge of the Danish language: There had been an improvement in language skills but still one third of the immigrants did not have adequate skills. The proportion of young immigrants and descendants that get an education has increased but not as much as the Danish population as a whole and there is till a marked difference between Danes and immigrants.

Labour market integration: Despite an increase in employment among immigrants there are still a large difference between the employment rate among immigrants (48 per cent in the age group 25-64 in 2005) and Danes (78 per cent). Descendants are doing better (67 per cent) but still worse than Danes.

Self support: There has been an increase in the proportion of immigrants who are self supporting, but it is still far below Danes (36 per cent in the age 25-64 compared to 59 per cent for Danes)

Discrimination: There has been a marked fall in the proportion of immigrants, who experience discrimination, but still 30 per cent express complaints over this.

Social contacts between Danes and immigrants: One of the means for this has been to get more small children to join public child care. This has improved much. But it is concluded that the contact still is hampered because of segregation in housing and schools. A survey, however, showed that the proportion of immigrants that only had friends among other immigrants was reduced from 60 to 40 per cent from 1999 to 2005.

Political participation: Participation has improved but is still far below the proportion of Danes voting at the elections and being elected.

Values and norms: A special study was made on the values and norms of immigrants (Tænketanken 2007). The survey showed that immigrants just as often as Danes support ideas on

democracy and freedom of speech, that they are more tolerant to other religions, but that they to some extent have other values concerning equal rights of the sexes and on to what extent parents should decide for their children. It is concluded that the last values are an obstacle for integration.

A comparison with other countries was made in an OECD study of 'THE LABOUR MARKET INTEGRATION OF IMMIGRANTS IN DENMARK' (OECD 2006). The conclusions of the study were:

'The labour market integration of immigrants in Denmark is not favourable. In no other OECD country are the differences between the employment rates of native-born and immigrants as large as in Denmark, and unemployment is more than twice as high among immigrants as among the native-born. The gaps in employment rates visà- vis the native-born are particularly high for immigrants from non-OECD countries, which account for about half of the overall immigrant stock. However, gaps in employment rates are also high for immigrants from OECD countries and their offspring. This has to be seen in light of overall high employment rates in Denmark, particularly for women. Yet, even immigrants' employment rates themselves are below those observed in other countries.

These disappointing outcomes have to be seen in the context of a doubling of the immigrant population over the past twenty years, with particularly high immigration in the second half of the 1990s. Among the EU-15, only the Southern European countries and Ireland experienced a larger increase in the immigrant stock in the past ten years. But the stock of foreign-born in the Danish population is still relatively low in international comparison: about 7 per cent of the working-age population compared with an EU average of about 12 per cent. In addition, the composition of migration to Denmark has been dominated by humanitarian migrants. Such migrants tend to have relatively poor labour market outcomes in most countries, particularly in the early years of settlement. Indeed, entry-category effects far outweigh the employment impact of any other socio-economic characteristic. However, other factors are at work too since labour market outcomes are also not favourable for the foreign-born from OECD countries.

The observed high gaps in employment rates for all immigrant groups are not a new phenomenon. For more than two decades, gaps vis-à-vis the native-born have been well above 10 per cent, for both genders. This stands in contrast to a number of other European countries, where outcomes of immigrants were similar to those of the native-born until the early 1990s. This may be partly attributable to the fact that Denmark had less "guestworker" migration than other countries.

Against the background of persistently unfavourable outcomes and a growing immigrant population, integration of immigrants has taken an increasingly prominent place in the public debate. As a result, improving the integration of immigrants, and labour market integration in particular, has become a prime objective of the Danish government. It has tackled the issue by enhancing its efforts to improve the labour market integration of already resident immigrants and their offspring by a comprehensive set of integration measures, some of which are quite resource intensive and developed. Although data are not fully comparable, it appears that Denmark invests significantly more into integration than other countries, particularly with respect to language training and targeted labour market measures. At the same time, Denmark is trying to shift the mix of immigrants by facilitating labour-market oriented immigration and restricting entry policies for other categories of immigrants, particularly for family reunification, and by introducing selection criteria for its annual intake of quota refugees – whose current employment probability is particularly unfavourable. For recent arrivals, lower social assistance applies for seven years, and participation in a three-year introduction programme is obligatory for those migrants receiving social benefits after arrival.

This mix of restrictive entry policies and obligatory measures on the one hand and of elaborate, non-obligatory offers on the other sends an ambiguous message to resident and potential immigrants. Much is being done to integrate them, and integration is doubtlessly in their own interest, but the nature of some of the policies in place reflects the view that immigrants may not be willing to integrate into the Danish economy and society.

The three-year introduction programme consists of extensive, modular and multitiered language training and tailored labour market integration offers. Particularly noteworthy in this respect is the strong focus on labour market integration, based on the view that employment is the single most important factor contributing to successful integration. Municipalities are in charge of implementing the introduction programme, and they enjoy substantial discretion in doing so. There is a highly developed scheme of financial incentives for municipalities to foster rapid labour market integration of new arrivals.

The strong focus on employment in the integration efforts, particularly for recent arrivals, seems to have increased the employment probability of immigrants, in particular among recent immigrants from non-OECD countries. As early labour market entry has a strong impact on future employment probability, this can be anticipated to contribute positively to future integration, although it is too early yet to evaluate the long-term effect of the measures taken. However, along with the increase in employment, a growing share of recent immigrants is unemployed. Indeed, the emphasis on early employment has the risk of neglecting those groups which face particular difficulties in labour market integration, and where employment might be expected to be a more distant objective. The increase in unemployment may well reflect the increase in participation and thus the success of activation schemes but may also point to persistent difficulties in finding employment, which benefit cuts will not resolve.

There is relatively quick convergence in employment during the first few years after arrival in Denmark, but this generally tapers off after 8-10 years, leading to less-than full convergence over the medium-term. The recent policies for new arrivals seem to have increased the speed of convergence for new immigrants, but the long-term effect is not yet clear. For women, there are even indications of an increase over the medium term.

Due to a well-developed statistical and research infrastructure, the integration of immigrants has been the subject of more study in Denmark than in many other OECD countries. There is a benchmarking system in place to monitor the success of the municipalities in the labour market integration of immigrants, and to measure the impact of specific policies on labour market entry. This system has shown that after accounting for the structural conditions of the municipalities and the personal characteristics of the immigrant intake, differences in the integration performance between most municipalities are small, despite the substantial discretion which municipalities enjoy in the application of the introduction programme.

Many immigrants tend to face high net replacement rates resulting from low expected earnings and relatively generous benefits at the bottom end. However, there is no evidence that immigrants react differently to the resulting disincentives than the native-born, yet the benefit levels for recent arrivals have been lowered substantially. On the demand-side, the relatively high collectively-bargained entry wages are a concern, and may be one explanation for employer hiring reticence in the case of information asymmetries or lower initial productivity. Indeed, there is evidence that wage subsidies are much more effective for immigrants than for the native-born. However, there appears to be little reason for lower minimum wages as a hiring incentive to employers if these are not compensated by payments to the immigrant. Such measures would tend to foster potential

unemployment traps, and could intensify the problem of low returns to education which employed immigrants face.

The stylised labour market integration model ("stepmodel") for unemployed immigrants in Denmark accounts for these barriers by a flexible combination of preparatory up-skilling including language training, on-the-job-training and subsequent initial wage subsidies, based on an assessment of the individual's needs and the demands of the labour market. This seems to be an effective strategy as empirical analysis shows that among the labour market integration measures taken, enterprise-based job training (privat jobtræning) is most effective, followed by wage subsidies to employers. However, few migrants profit from these measures, and the stepmodel is not often applied. Measures should thus be undertaken to foster the provision of enterprise-based job training, and broader provision of wage subsidies could be considered. First steps in this direction have been taken by the June 2006 agreement on welfare, which enhances the scale and scope of both of these measures.

Denmark has a dispersal policy which aims to spread out immigrants more evenly across the country. However, some of the smaller municipalities did not have much experience with immigrants in the past, and with the declining numbers of humanitarian and family reunification immigrants, small municipalities have difficulties in offering the full range of integration measures. Indeed, some of the integration measures which seem particularly effective – i.e. company-based training combined with job-specific language training – require a certain number of immigrants in order to generate scale economies. Some of these problems should be alleviated by the forthcoming municipality reform, which reduces significantly the number of municipalities. Nevertheless, empirical evidence suggests that dispersal may not always be effective, as it prevents immigrants from using their ethnic networks to get into employment. An equal geographic distribution should thus not be the sole objective and there are other factors to consider. Although the refugee's preferences as well as his/her educational needs and employment chances are taken into account in the authorities' location decisions, there seems to be a case for assessing the effectiveness of dispersal policy.

As in other OECD countries, the bulk of directly integration-related public spending is attributable to language training. The calculated norm is that immigrants in need of this may receive on average 2000 hours of such training. Although the actual average number of training hours is unknown, this clearly appears to be well above the levels in the other countries under review which provide typically between 500 and 900 hours. In contrast to the elaborate evaluations on integration measures in general, the labour market impact of language training has not been sufficiently investigated in Denmark. The available evidence to date suggests some lock-in effects related to the relatively extensive language training, i.e. language training may be provided at a level that is no longer effective, let alone efficient. Given the high cost of this measure, it is urgent to undertake some rigorous pilot studies of what might be a more optimal intensity of language training and what types of language training work best for immigrants. A study is currently being prepared which should look into these issues.'

6. Migration flows and settlement patterns within the country

A study on immigrants housing choices and moves in Denmark were conducted in 2006 (Skifter Andersen 2006a). This section is based on the study.

6.1. The spatial location of immigrants

The Danish municipalities have been divided into five groups according to their degree of urbanisation. The groups are:

- Copenhagen City: The municipalities of Copenhagen and Frederiksberg.
- Copenhagen suburbs: Municipalities in the suburbs
- Odense, Aarhus, Aalborg: The three largest provincial cities
- Other municipalities with towns larger than 15,000 inhabitants.
- Other municipalities

Below is analysed the geographical distribution of households in Denmark. Immigrants are defined as households where the person with the highest income is an immigrant or a descendant (see Chapter 2). Only immigrants coming from countries outside Western Europe and Northern America are included for analyses.

In table 20 is shown the distribution of immigrant households on the spatial defined groups of municipalities compared to the distribution of the whole population. It is shown to what extent immigrants are over-represented in the groups.

Table 21. Distribution of immigrant households from countries outside Western Europe and North America on urban location 2004 compared to the whole Danish population, measured by over-representation (Skifter Andersen 2006a).

	Immigrants	Whole population	Over-representation
Copenhagen City	27	13	108
Copenhagen suburbs	21	15	40
Odense, Aarhus, Aalborg	16	12	33
Provincial towns > 15.000	22	24	-8
Other municipalities	13	35	-63
Total	100	100	

About half of the immigrants are settled in the capital region compared to only 28 per cent of the whole population. They are especially over-represented in Copenhagen City, but also in the suburbs. They are also over-represented in the three largest provincial towns, but the actual proportion of immigrants living there is only 16 per cent. In total 65 per cent are living in the capital region and the three largest provincial cities. 35 per cent are settled outside the larger cities, most of them in towns with more than 15,000 inhabitants, while quite a few lives in the smaller towns, villages and the countryside compared to the whole population.

There are, however, big differences between the spatial location of different immigrant groups. In figure 5 is shown the proportion of different immigrant groups (households) living in the capital region and the three largest provincial cities.

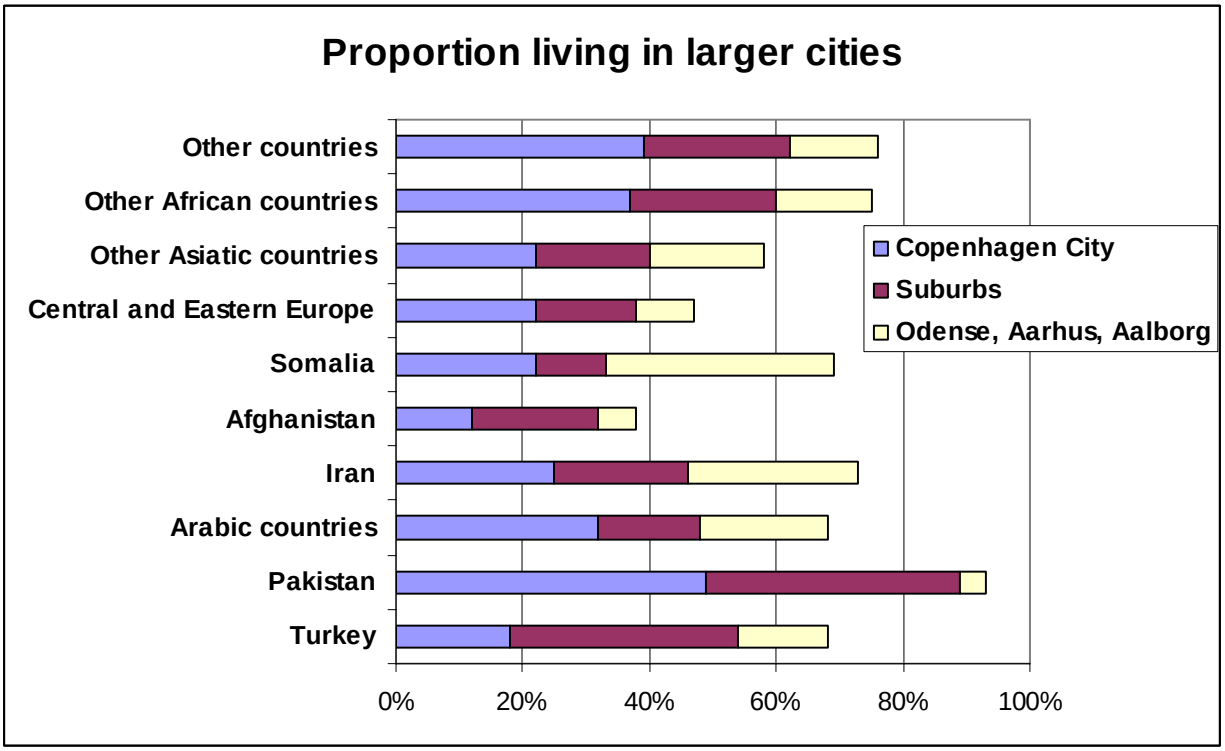

Figure 15. Proportion of different immigrants groups (households) living in either the capital region or the three largest provincial cities 2004 (Skifter Andersen 2006a).

The highest concentration of immigrants living in the larger cities (93 per cent) is found among the Pakistanis. They are both very over-represented in Copenhagen city and in the suburbs but not in Odense, Aarhus, and Aalborg.

High concentrations in larger cities are also found among Somalis, Iranians, Turks and Arabs. The Somalis, and to some extent Iranians, are to a great extent over-represented in Odense, Aarhus and Aalborg, less in Copenhagen City and not in the suburbs. The Turks most often are settled in the suburbs of Copenhagen, but quite a lot of them also stay in provincial towns with more than 15,000 inhabitants. Arabs most often stay in Copenhagen City or Odense, Aarhus, and Aalborg.

The groups mostly dispersed are Afghanis and immigrants from Eastern and Central Europe, who in 2004 mostly were refugees from Bosnia, Kosovo etc. In both of these groups there are refugees coming lately to Denmark, which means that they have been encompassed by the refugee dispersal programme established in 1998, where new refugees were spread to all municipalities with the obligation to stay there for at least three years (see chapter 4).

6.2. The internal migration patterns of immigrants

There is a net movement of immigrants from the less urbanised parts of the country to the more urbanised as can be seen from table 22. In the table is shown the share of moving immigrants in 2002 who moved to a place located in places with different degree of urbanisation compared to all moves in Denmark. Moreover is shown the net migration rate for immigrants measured as the difference between the number of in-movers and out-movers as a share of all moves of immigrants.

More than 40 per cent of all moving immigrants move to a place in the capital region. This is a much higher share than applies to all moves in Denmark. As a result there is a net immigration to the capital region. There is also net migration of immigrants to the three largest provincial towns.

Table 22. Distribution of moving immigrant households 2002 on their moving destination, compared to all moving household, plus net immigration rates for the destinations (Skifter Andersen 2006a).

The share as per cents	Immigrants	Whole population	Over-repræsentation	Net immigration rate*), immigrants
Capital region	44	28	57	0,8
Odense, Aarhus, Aalborg	19	16	19	0,8
Provincial towns > 15.000	27	30	-10	0,2
Other municipalities	10	26	-62	-1,8
Total	100	100		

*) In-movers minus out-movers as per centage of all national moves.

Immigrants especially move away from the least urbanised places in smaller towns, villages and the countryside. For middle-sized provincial towns there is a positive net migration even if the number of moves to the places is below average. An explanation could be that immigrants more seldom move inside these areas. The trend to move towards the capital region is, however, not the same for different immigrant groups as can be seen from **Error! Reference source not found.**. The movements towards the capital region are especially strong among Iranians and immigrants from African countries. Turks and Pakistani tend to leave the capital region.

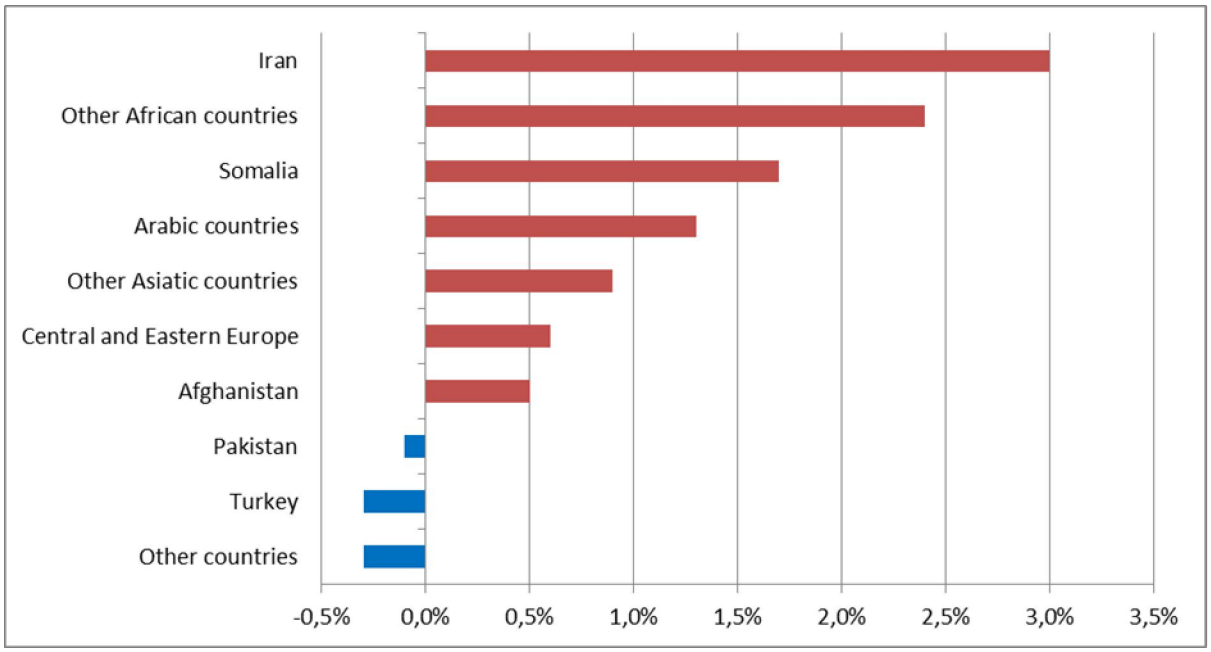

Figure 16. Net migration rates to the capital region in Denmark 2002 for different immigrant groups (Skifter Andersen 2006a).

6.3. Immigrants settlement on the housing market

Immigrants in Denmark are to a very high degree concentrated in social housing as can be seen from table 22. More than 60 per cent of immigrant households (households were the person with the highest income is immigrant or descendant) are living in social housing. This is three times as often as applies to the whole population. On the other hand immigrants very seldom have obtained

homeownership in detached or semi-detached houses. Their appearance in private renting, co-operatives and owner-occupied flats is also lower but not so much as for homeownership. The degree to which immigrants are living in social housing varies between different groups, as can be seen from figure 17.

Table 23. Distribution of immigrant households from countries outside Western Europe and North America on housing tenure 2004 compared to the whole Danish population measured by over-repræsentation, as per cents (Skifter Andersen 2006a).

	Immigrants	Whole population	Over-repræsentation
Social housing	61	20	205
Private renting and co-operatives	22	26	-16
Owner-occupied flats	5	5	-13
Homeownership	10	48	-78
Others	2	2	40
Total	100	100	

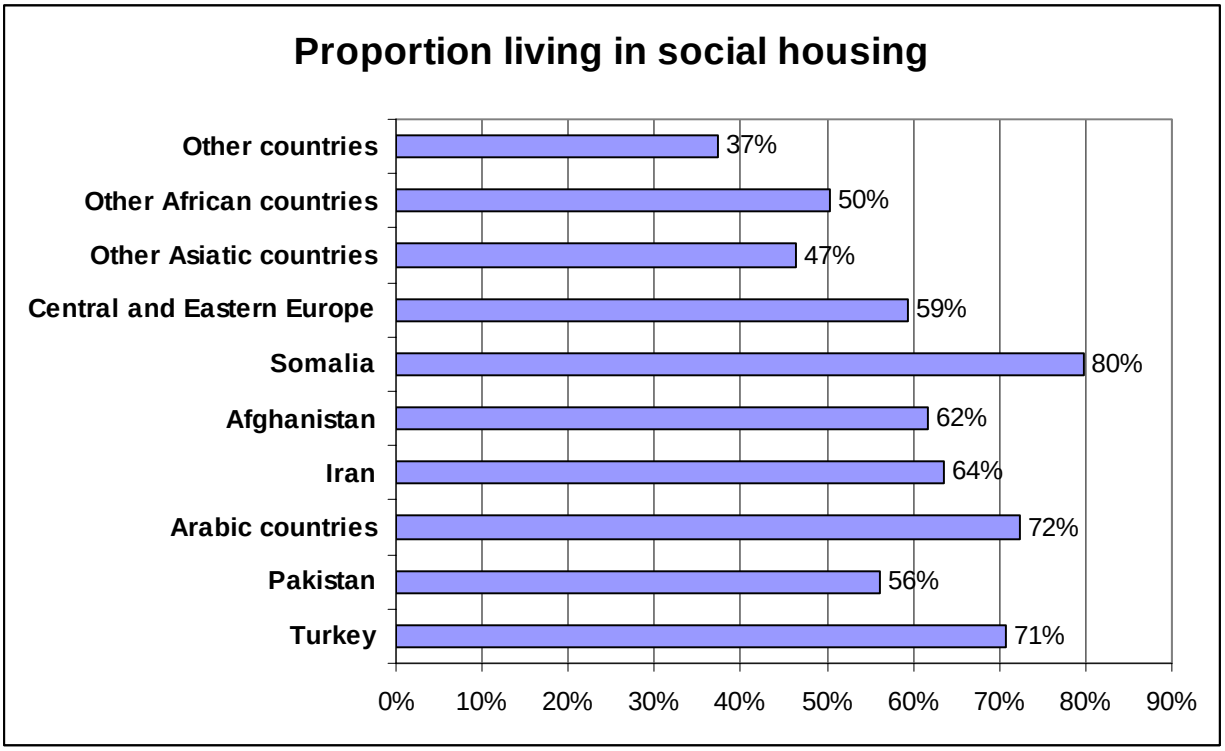

Figure 17. Proportion of immigrant households from different countries living in social housing in Denmark 2004 (Skifter Andersen 2006a).

In general immigrants coming form countries with many refugees more often stays in social housing, but the picture is not quite clear as also immigrants from labour-immigrant countries often live in the sector. Among the immigrants from Somalia only 20 per cent are living outside the social housing sector. Moreover, refugees and immigrants coming from Arabic countries very often live in social housing. But also especially Turks, and to some extent also Pakistanis, very often are settled in the social sector.

The least dependency on social housing is found among immigrants from Eastern Asia, other African countries and other countries (mostly Latin America). But the proportion living in the

sector still is very high. There are also big differences between the groups concerning to what extent they are homeowners (Figure 18).

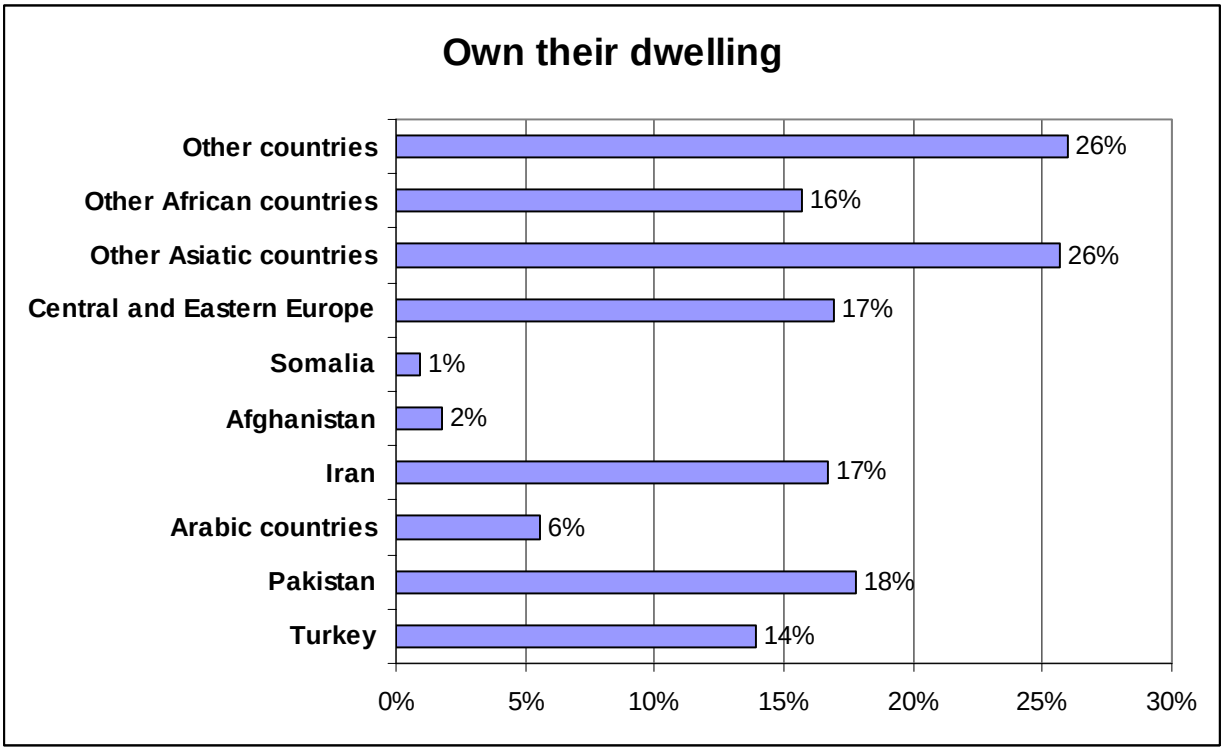

Figure 18. Proportion of immigrant households from different countries who own their dwelling (as either owner-occupied flat or detached/semi-detached house) in Denmark 2004 (Skifter Andersen 2006a).

Homeownership is most seldom found among the latest arrived immigrants coming from refugee countries. Very few Somalis, Afghanis and Arabs are homeowners. A greater proportion of long-term immigrants from the labour immigrant countries Pakistan and Turkey own their home. This also applies to immigrants from Iran and Eastern Europe. Ownership is, however, most often found among immigrants from East Asia. But also for this group the homeownership rate is less than half of the Danish average.

7. Conclusions

7.1. The welfare state

A comparison of welfare payments in the Scandinavian countries in 2002 (Bonke ed. 2005) showed that Danish welfare payments have been somewhat more generous than in Norway and Sweden. Especially because of the relative high income transfers and the general character of these transfers income inequality is lower in Denmark than in most other countries. Measured among the total population Denmark has the lowest Gini coefficient after taxes and transfers among the Nordic countries. There have only been small changes in this since the 1980s. For the working age population, however, inequality has increased a little.

Compared to the other Nordic countries Denmark has, together with Sweden, the lowest poverty rate. It decreased from mid-1980s to mid-1990s, but has increased in the last ten years. In recent years some change have been made in the welfare payments, which reduce payment for long term recipients and for immigrants. These changes will in the cause of time lead to an increasing poverty rate and increased inequality.

Denmark is one of the countries in the world with the highest labour market participation, mainly because of the high participation by women. But the growing number of older and retired people will reduce this in the future. More than half of the Danish population is on the labour market. This is at nearby the same level as the other Nordic countries, a little lower than Norway and Sweden but higher than the averages for EU and OECD. There have not been substantial changes in the last ten years before 2008, but the recent economic crisis may have expelled someone from the labour market. The unemployment rate among the labour force is quite low in Denmark compared with other countries. It has been falling until 2008, but has increased somewhat in recent years due to the economic crisis.

Denmark had a gross national income per capita 37,000 $ in 2008, which is one of the highest in the world. It is at the same level as Sweden and Finland but somewhat lower than Norway. Large part of the national income is used as government expenditure (about 50 per cent), and as social expenditures (27 per cent). Only Sweden has higher social expenditures than Denmark while they are lower in Finland and especially in Norway. Since 1980 GDP has increased in Denmark with more than 70 per cent. Government expenditures have had a little lower increase.

7.2. Housing market and housing policy

The Danish housing policy can be characterised as more general and universalistic than in other countries in the sense that it to a greater extent are pointed at housing for the whole population and not only for vulnerable low-income groups. This means that support for housing to a great extent also is available for middle and higher income groups, especially tax subsidies and access to social housing. Denmark has had strong social objectives for housing but not as pronounced as in Sweden. More weight has been put on the market and less state control, especially of housing finance. General tax subsidies, which have strengthened homeownership, have been extensive. But there has also been a considerable support for social housing and the sector is strong. Despite the general market orientation there has been a strong rent control in the private rented market, which is still functioning.

Denmark has about 2.5 million dwellings corresponding to 460 dwellings per inhabitant. More than half of the dwellings have four or more rooms. The average number of rooms is 1.7 per inhabitant. The housing conditions are thus quite favourable in Denmark. Only 8.3 per cent of households think that they live in an overcrowded dwelling and more than 25 per cent that their dwelling is very

spacious. Nearby 60 per cent of the dwellings are in detached or semi detached single family houses.

Like many other European countries Denmark had an increase in property prices during the economic boom from the middle of the 1990s followed by a decline after 2007. However the fluctuations have been large. Because of this development the prices became very high and it became much more difficult for first time buyers to afford a home. These difficulties are especially found in the Capital Region. There are also some differences in rents between social housing and private renting, and between the Capital Region and the rest of the country. A survey from Eurostat has shown that nearby 60 per of the Danes feel their housing costs as a high or very high financial strain. This figure is high compared to other countries in the study and very high compared to the other Nordic countries.

Tenures in Denmark can be divided into five groups: Owner-occupied houses, Owner-occupied flats, Co-operatives, Private renting and Social housing[4]. Compared to many other countries the share of owner-occupied dwellings is quite low. The rented sector is about 40 per cent and divided into two sectors of nearby equal size as social housing and private rented housing. Finally, there is a relatively small co-operative sector, which, however, is strong in the municipality of Copenhagen, where it constitutes about 25 per cent.

There are not supported loans nor supply or individual subsidies for owner-occupation in Denmark (except for some tax advantages for pensioners). Earlier tax subsidies were very high because all capital costs could be deducted from the taxable income. This has been very much reduced since the beginning of the 1990s.

Co-operatives are a small sector in Denmark and most of it is older housing that has been transferred from private renting. Since the beginning of the 1980s, there has been public financial support for building of new co-operatives with certain limits on the size and costs of the dwellings. This support has since 2000 been reduced to a public guarantee on loans. The prices of co-operatives are, in principle, subject to regulation. As a result, co-operatives, to a large extent, have been populated by family members or friends of previous residents. To some extents, co-operatives have been a closed sector for outsiders, especially immigrants, who do not have personal contacts to the residents living there. In recent years, regulation has been riddled for different reasons, and prices have increased to market levels in some parts of the stock, but parts of the co-operative sector are still relatively cheap.

Private renting is a somewhat diverse sector where different parts of it are subject to different kinds of regulation. About half of all private rented dwellings are subject to a strict rent control. The result of rent control is that rents tend to be below the market level. As a consequence there is a surplus demand for private renting, especially in the cities. This means that landlords often can pick and choose between the applicants for dwellings. Tenants in private renting can get housing allowances. There are two kinds of allowances for respectively pensioners and other tenants, where the allowance for pensioners is much more favourable. The size of the subsidy is dependent on the size of the rent, the size of the dwelling, household income and household size.

In Denmark social housing is organised in non-profit housing associations. In principle the associations are private autonomous organisations but they are subject to a strict public regulation and under surveillance of local authorities. Rents in social housing are fixed in accordance with

[4] Social housing is housing owned by the public or by non-profit housing companies controlled by local authorities.

principles of financial balance between earnings and expenses on every housing estate. As the historic costs and capital costs vary between estates build in different time periods this means that rents varies in a way that is not in accordance with the variation in quality and location. New social housing is subsidised and under controlled costs. Tenants in social housing can get housing allowances with the same rules as for private renting. Tenants can also get guaranteed loans to cover the deposit. In principle all kinds of households can get access to social housing. As a main rule vacant dwellings on an estate are allocated to people on a waiting list in the specific housing association. However, there are also several other means of allocation. One is that the local authorities can dispose 25 per cent of vacant dwellings. Especially in Copenhagen there has been a high pressure on the social housing sector and the normal waiting lists have been very long resulting in many years of waiting time. It has thus been difficult for many immigrants to get access to social housing and they have only succeeded if they have accepted to wait for several years. Most Danes have given up the waiting lists, so a relatively large proportion of people on the lists are immigrants.

In Denmark there has been an increasing segmentation of the housing market in the last 30 years in the sense that there has been a steady increase in the difference in average household incomes between the owner-occupied and the rented sector. Household income in owner-occupied houses is more than twice the income in social housing. Also incomes among households in private renting are quite low. The incomes in co-operatives are higher than in rented housing but still far below the owner-occupied sector.

7.3. Immigration and immigration policies

In connection with the high economic growth in the 1960s Danish firms actively searched for labour in other countries. In this period it was very easy for foreigners to get permission to come to the country and search for work. This was changed in 1973 when the upcoming economic crisis and increasing unemployment motivated the government to make a stop for immigration of migrant workers. Denmark also felt it as a responsibility to receive refugees from the beginning of the 1970s. The number of immigrants from the so called 'labour immigration' countries outside Western Europe (Turkey, Yugoslavia, Pakistan and Morocco) living in Denmark increased from about 40,000 in 1975 to 100,000 in 1996. The number of people, who had come from the 12 largest refugee countries increased from 2,000 in 1980 to 56,000 in 1996.

Many came by family reunion. The rules for both this and for asylum were tightened since the beginning of the 1990s and especially after 2001. As a result the number of immigrants given asylum was reduced from 20,000 in 1995 to 1,000 in 2006. Family reunions decreased from 6,000 in 2001 to 550 in 2008.

Instead immigration from the EU and labour migration in general has increased since 2001. In 2002 a 'green card' arrangement was introduced. After 2007 it became possible for everyone to come and work in Denmark in condition they provide that they would earn enough income for living. Of even greater importance was the extension of the EU with countries from Central Europe in 2004. The residence permits for education were also extended, this meant that immigration to Denmark after a short fall in 2003 increased very much. As a result of all this, total immigration to Denmark increased from 30,000 to 70,000 from 2003 to 2008.

The number of immigrants and descendants in Denmark increased from 150,000 in 1980 to 490,000 in 2009. Some of these immigrants are permanent settlers while others are only temporary in the country. Among the 20 largest immigrant groups in Denmark in 2009 are three Nordic countries (Norway, Sweden and Iceland), two Western European countries (Germany and Great Britain), three Central European countries (Poland, Bosnia and Kosovo etc.), six countries from the Middle

East (Turkey, Iraq, Lebanon, Iran, Afghanistan and Morocco), one from Africa (Somalia) and five from Eastern Asia (Pakistan, Vietnam, Sri Lanka, China and Thailand). The Turks are the largest group followed by Germans, Iraqis and Poles.

The immigrant population has a very different age distribution compared to the Danish average. They are more often children, and also the adults are younger. There are considerable differences between the employment status of immigrants from 3' world countries and the rest of the population with many more people outside the labour market. As a consequence of the high unemployment immigrants in Denmark also have quite low incomes. Couples with children only have 55 per cent of the average income among Danes in the same family group.

7.4. Policies related to immigrants settlement and integration

Two objectives have been of special importance for integration policies in Denmark. One is that full employment has made it of great importance to make use of the labour reserve among immigrants. The other important aim is to relieve the pressure on the public finances and taxes. It has been important to move immigrants from being dependant on welfare support to be greater contributors to tax incomes.

There has been a dilemma between integration policy and immigration policy. From 2001 the government had as one of its main objectives to reduce immigration. One of the ways to obtain this is to make life for newly arrived immigrants as unattractive as possible to make them go back where they came from and to discourage potential immigrants. Therefore refugees should not from the beginning be allowed to establish a normal life; they should not get work and not be socially integrated in the Danish society. Objectives for immigration policies have thus overruled objectives for integration policies in the way that obstacles have been made for the integration of refugees.

In 1999 the first comprehensive law on integration of immigrants was passed by the parliament. It encompassed all refugees and family reunification. The responsibility was moved from a private organisation to the local authorities. The law included rules for a three year introduction programme with education and work training, which all new immigrants had to go through. In 2001 a separate ministry for integration of immigrants was established. In 2002 it was decided that immigrants should receive less welfare payments to increase their incentives to get work. Later, in 2006, subsidies to companies, who employed new immigrants, were introduced. Immigrants in Denmark must have been a longer time in the country to get a permanent residence permit that in the other Nordic countries and the conditions for getting it are more difficult.

The fundamental principle for becoming a citizen in Denmark is family relations. This is in opposition to principles in some other countries where place of birth is most important. The rules for getting access to citizenship are very demanding and have been tightened during the years. As a result the number of immigrants from non-western countries, who achieved Danish citizenship, fell from 19,000 at the highest level in 2000 to 3 300 at the lowest in 2007. Only about 41 per cent of all immigrants and descendents living in Denmark have received Danish citizenship.

After 1998 the state has established a quota system for each county (now region) and the municipalities within the region have to agree about the distribution of refugees. This system has in the first place resulted in that many more municipalities have received refugees. However, many refugees still chose to, after three years, to move from the smaller towns to more urbanised areas with higher concentrations of immigrants.

All new immigrants coming as refugees or by family reunion has to sign an 'integration contract' with the local authority in the municipality where they settle. Among the agreements in the contract is that the immigrant participate in an 'introductionary programme'. As a part of the agreement immigrants are obliged to follow some courses in the Danish language and on the Danish society and pass an examination. The extent of these courses is greater than in other countries and Denmark is the only country, where examination is compulsory. Another part of the 'integration contract' contains agreements on upgrading of skills in preparation for employment or better jobs. It can be about education or practical training in private companies. Also in this case the immigrants can loose their public support if they do not follow the agreement.

In 2002 was introduced a new rule for welfare payments to immigrants, called 'Start help'. It was considerable lower than the welfare payments it replaced. All immigrants, who had not been living in the country for seven out of the last eight years, were directed to this support. This reduces welfare payment for immigrants with more than 30 per cent and results in that the families come beyond the poverty line.

Despite an increase in employment among immigrants there are still a large difference between the employment rate among immigrants and Danes. There has been an increase in the proportion of immigrants who are self supporting, but it is still far below Danes. Descendants are doing better (67 per cent) but still worse than Danes. An OECD report concludes '*The labour market integration of immigrants in Denmark is not favourable. In no other OECD country are the differences between the employment rates of native-born and immigrants as large as in Denmark*' and '*This mix of restrictive entry policies and obligatory measures on the one hand and of elaborate, non-obligatory offers on the other sends an ambiguous message to resident and potential immigrants. Much is being done to integrate them, and integration is doubtlessly in their own interest, but the nature of some of the policies in place reflects the view that immigrants may not be willing to integrate into the Danish economy and society*'.

7.5. Migration flows and settlement patterns within the country

About half of the immigrants are settled in the capital region compared to only 28 per cent of the whole population. They are especially over-represented in Copenhagen City and in the three largest provincial towns. There are, however, big differences between the spatial locations of different immigrant groups. The highest concentration of immigrants living in the larger cities (93 per cent) is found among the Pakistanis. High concentrations in larger cities are also found among Somalis, Iranians, Turks and Arabs.

There is a net movement of immigrants from the less urbanised parts of the country to the more urbanised. Immigrants especially move away from the least urbanised places in smaller towns, villages and the countryside. The movements towards the capital region are especially strong among Iranians and immigrants from other African countries, followed by Somalis and Arabs. Turks and Pakistani tend to leave the capital region.

More than 60 per cent of immigrant households are living in social housing. This is three times as often as applies to the whole population. On the other hand immigrants very seldom have obtained homeownership in detached or semi-detached houses. Their appearance in private renting, co-operatives and owner-occupied flats is also lower but not so much as for homeownership. In general immigrants coming form countries with many refugees more often stays in social housing, but the picture is not quite clear as also immigrants from labour-immigrant countries often live in the sector.

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