

CHAPTER 1

Low-Wage Work in Denmark

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This book attempts to describe the functioning of the Danish labor market mainly from the perspective of a low-wage earner. In describing conditions for low-wage workers in Denmark, the contributors to this volume focus especially on labor market institutions.

There are many differences between being a low-wage worker in Denmark and a low-wage worker in the United States. The low-wage level in Denmark is measured in this book at and below two-thirds of the median earnings, which by coincidence is just at the level of the median hourly earnings in the United States. If we adjust for lower purchasing power in Denmark, the Danish low-wage threshold is of course reduced. The main reason for this equality is that the wage distribution in Denmark is much more compressed than in the United States, which means that the difference between being in the lowest earnings decile and being in the highest is much smaller in Denmark. There are other important differences between Denmark and the United States: all Danish low-wage earners are covered by health insurance, and the effective marginal tax even for low-wage income earners is about 44 percent. In the United States, low-wage earners do not pay federal tax, and they often receive an income subsidy when they have a family to support, the Earned Income Tax Credit (EITC). In Denmark, there is a small tax deduction that works in the same way; in addition, most public services are free of charge because they are paid out of the public budget and financed by high taxes. Most importantly, education and health care are almost always free in Denmark.

Although the wages of low-wage Danish workers are high compared to the median wage in the United States, the average American still earns more than the average Dane because he or she works longer hours—on average about one-fifth more. Danes work a little less than the average European, and in Europe only Germans work

fewer hours. The low number of hours worked in Denmark is a result of gradual reductions of weekly hours and increases in vacation time. Moreover, Danes tend to retire later than the average European but earlier than the average American. However, the number of working hours for each Danish household is higher than in most European countries because of the high female labor force participation rate.

The first two chapters of the book describe Danish institutions and how they influence the conditions in Denmark's labor market. This first chapter introduces the themes we cover, and the next chapter goes into more detail about Danish institutions and legislation and their effect on outcomes for low-wage workers. These first two chapters are based on public statistics and government register-based statistics on individuals. The remaining chapters in the book are based on interviews with workers in selected industries that in other countries are known for employing many low-wage workers: the food industry, the retail sector, hotels, hospitals, and call centers.

LOW-WAGE WORK IN THE DANISH CONTEXT

Low-wage work has long been a central issue in Danish welfare policies at different levels. Trade unions, political parties, and a long succession of governments have contributed to the debate over this issue in different ways. The generally accepted policy has been to let the labor market pay the salaries that can be justified from the value of production while the government provides social assistance and makes other welfare transfers to people who cannot support themselves by working. Maintaining this welfare system has over time become a high-priority issue for most political parties, with the result that today no Danish political party is making serious attempts to limit welfare policies. The trade unions have been key advocates for low-wage workers; for many rounds of central bargaining, the unions' goal was to push up the lowest wages, in particular the wages of women. Related efforts were the introduction of a minimum tariff (wage) and the adoption of an equal pay act for men and women.

In the following, we take an introductory tour through the institutions that are important for low-wage Danish workers. More thoroughly documented in chapter 2, these institutions play important roles in the case reports in subsequent chapters.

BACKGROUND

Denmark has a long tradition through its welfare policies of supporting those who cannot make a decent living in the market. Thus, conditions for low-wage earners and the provision of income transfers through welfare policies aimed at them are closely related in Denmark. Before the end of the nineteenth century, the state was subsidizing old-age pensions at a low level and also subsidizing the sickness insurance systems that prevailed at the time.

The first public old-age pension was based on an applicant's need, which was evaluated by the authorities, but anyone over the age of sixty-five could apply, regardless of previous work experience and contributions. Finally, in 1957, everyone over the age of sixty-seven was granted the right to a minimum pension irrespective of their prior income or the income they might have been receiving along with the pension. The minimum pension could be supplemented with means-tested extra benefits related, for example, to health, housing and heating, and that system is close to what is still in place today.

Sickness insurance and unemployment insurance were originally organized as private insurance based on guild membership, so prior to the twentieth century it was available only to the few and mainly to high-wage workers. Sickness insurance specifically for the poor and mandatory work accident insurance was introduced before the turn of the century. In 1907 a law creating an unemployment insurance (UI) system was passed in the Parliament. The law included a state subsidy and provided for a substantial trade union influence on the management of UI funds. Indeed, because management of the UI funds was based on the old privately organized system, a strong relationship was maintained between the trade unions and the public UI system. Unemployment insurance has remained more or less the same over the years, with only two major changes: sickness insurance has been taken over by the state, and in the late 1960s daily pay was increased to a maximum of 90 percent of an individual's previous salary, though a relatively low upper absolute ceiling was also established. These benefit amounts have since been regulated according to either a wage index or the consumer price index. All benefit payments are now also subject to taxation.

For low-wage workers, this system has resulted in a relatively high replacement ratio in the event of unemployment or sickness.¹ How-

ever, it has also kept their incentive to seek work relatively low. At the same time, it is an important feature of the Danish system that income transfers for workers who are covered by the unemployment insurance system are not means-tested. This differs from the benefits for people between the ages of eighteen and sixty-five who are not insured and who may not take part in the labor force; all of their income transfers are means-tested. However, even their benefits are close to the level of unemployment benefits in the short term and close to the level of an old-age pension plus supplements according to need in the longer term. As discussed in greater detail in chapter 2, the result is that the lowest level of benefits sets a minimum standard for normal pay.

THE DANISH MODEL FOR ORGANIZING THE LABOR MARKET

In the thoroughly organized Danish labor market, labor market issues historically have been settled in centralized negotiations between employer and employee representatives without government interference. This is sometimes referred to as the “Danish model.” The key ingredient in this model is the lack of government interference as the trade unions and the Danish Employers’ Federation (DA)—the two so-called social partners—make agreements on most regulatory issues. The social partners not only bargain over wages and set wages but also make agreements on normal working hours and set rules, sometimes together with the government, to protect workers with respect to overtime and the work environment, including work-life balance issues.² Increasingly, these agreements are made at the firm or workplace level and advances are subsequently rolled out gradually over the whole organized labor market. An example of a difference between the Danish institutional structure and that of many other countries is that there is no minimum wage in Denmark, but the social partners negotiate a minimum tariff for all jobs at member firms, and as we shall see, most nonmember firms adhere to this minimum tariff as well.

The higher inclination in the European Union to legislate on rules is a constant challenge to the Danish system, and Denmark’s trade unions and the Employers’ Federation have had to expend much effort over the years in defending the Danish system of self-governance. The EU has made the pragmatic decision to accept the special

Danish nonlegislated solutions as long as a clear majority of workers are covered by union agreements. This resolution has given rise, however, to some problems in smaller corners of the labor market where relatively few workers are organized.

The negotiation of all issues related to the labor market by the labor market institutions without political interference is the defining feature of the so-called Danish model. However, two important caveats should be pointed out. First, both explicitly and implicitly, the government does interfere occasionally in labor market negotiations. Second, the social partners do not arrive at collective bargaining agreements independently of political considerations, as exemplified by how they agreed on a minimum tariff.

THE MINIMUM WAGE

One of the clearest consequences of the Danish model is that Denmark does not have a minimum wage law, as many other countries do. Nevertheless, employers responded to union pressure at the general wage bargaining in 1977 and agreed on a minimum tariff covering all employees of members of the Danish Employers' Federation. The employers made this concession because they expected wages to grow so much over the next couple of years that the bad effects of the minimum tariff on employment would quickly be offset as other wages increased even more. This expectation made sense because wage inflation in those years was substantial.

Though not all Danish employers are members of the Employers' Federation, the minimum tariff was quickly recognized by most employers, since the trade unions were quick to make it known if an employer did not pay the minimum agreed standard pay in areas where there was no collective agreement and to threaten strikes or work blockages. Register data show that there are still some substandard wages and employment conditions in the restaurant, retail, and cleaning industries, probably because unions are relatively weak in these areas and because they employ a lot of young people, among whom are many students (as demonstrated in chapter 2). In our case studies in chapters 4 and 5, and in the case studies on retail establishments and hotels in particular, we did not find substandard wages, though employment conditions were not always up to the union standard.

EQUAL WAGES

The trade unions viewed the introduction of a minimum tariff as a victorious step in their ongoing struggle to raise the wages of low-wage workers, who were concentrated among women and low-skilled men. The new wage policy, called the “solidarity wage policy,” negotiated the same absolute pay increase for female workers as for groups of higher-wage workers, such as metalworkers. Of course, the result was that soon after the contract went into effect, the much more strongly organized metalworkers negotiated a higher wage locally and thus reestablished the previous wage differentials. Some critics said that the unions used the solidarity wage policy as a tool to get higher wages for their insiders. However, over a number of years the wage gap between women and men actually narrowed, and by 1990 the wage differential had been reduced to about 18 percent.³ Finally, in 1976, a bill was passed in the Parliament that forbade paying men and women differently for identical work.

Since then, gender differences with respect to wages have not moved much. The main difference now is that some types of work are still mainly considered female work, such as cleaning rooms in hotels and hospitals, as demonstrated in the case studies in chapters 5 and 6. Furthermore, the low-paying public sector is still dominated by female employees, while the opposite is true in the higher-paying private sector. Unlike in the United States, however, low-skilled workers in the Danish public sector generally do not earn more than their counterparts in the private sector. In Denmark, work conditions in the public sector used to be better and the working hours more flexible, with the result that low-skilled new mothers tended to move from the private sector whenever they could get a job in the public sector. This has changed somewhat over the last ten years, so that now many private jobs have the same or better work conditions to offer. Nevertheless, many consider even low-paid jobs in the public sector attractive because job content and the work environment are more meaningful than is found with similar work in the private sector.

UNION STRENGTH

Judging from the very high membership rate on the workers’ side—86 percent of all Danish workers are members of unions—one might get

the impression that unions are strong in Denmark. Unions also have had a large influence on welfare policy, both as a labor market institution and as a close ally of the Social Democratic Party, which has been in the government more than any other party since the 1930s.

Unions are important for most workers since their shop steward is usually their representative with management. Thus, trade unions play an everyday role at many workplaces and are generally well accepted among employers and non-organized workers as well. Unions in Denmark operate differently from unions in both Germany—where the works councils can have representatives who do not represent the union because they are elected at the firm level and can be independent of the union—and France, where trade unions may not be represented at the firm or plant level at all.

In more recent years, wage bargaining has become much more decentralized in Denmark, and though this shift has weakened both the Employers' Federation and the trade unions as organizations, the unions now seem to be stronger at the firm level. Nevertheless, the recent ruling by the European Human Rights Court outlawing closed-shop agreements has given some workers, especially those in retail and food production, one less reason to be union members.

Unions have had difficulty recruiting young workers in recent years, and perhaps because they have apparently not been active in youth labor markets, there is an increasing concentration of low-wage jobs in those markets. This change is reflected in the case studies, which show that more and more jobs in the retail, hotel, and call center industries have been taken over by young people, especially students. Many of these workers do not expect to stay in the business and are therefore less likely to become union members. It should be noted that younger workers do not seem to have squeezed out older workers from these industries. If any group has suffered from the influx into these industries of young workers it is immigrants, who have difficulty retaining employment (see chapter 2). Furthermore, the steep union membership fee is yet another deterrent to membership among young low-wage workers. The youth labor market is discussed in more detail in chapter 2.

EMPLOYMENT PROTECTION RULES

Denmark has one of the lowest levels of employment protection in Europe. Blue-collar workers can usually be laid off on very short no-

tice. The law gives white-collar workers and salaried employees in some occupations a period of notice before layoffs, depending on tenure (one month per year of employment, up to a maximum of nine months). There is no similar law for blue-collar workers, but some unions have negotiated a short period of notice in case of a lay-off as part of their contract. This system of little or no notice of layoff for many workers has been widely accepted among unions and legislators because it creates a flexible labor market that allows for the most efficient use of labor. For the trade unions, the compensating arrangement is probably the relatively high and readily available UI benefits.

Thus, Danish workers are clearly not as well protected as workers in the rest of Europe, and in some ways they are as unprotected as American workers, but the Danish income replacement system is much more generous. The result is that worker turnover is of the same magnitude as in the United States. Furthermore, workers always receive sickness pay, health insurance, unemployment benefits, and pensions independent of their employer and thus do not lose any coverage by moving from job to job.

The policy of combining flexibility and social security has in recent years been dubbed “flexicurity” and hailed in many European countries as a model conducive to job creation, structural change, and growth; the fact that Denmark has a low unemployment rate by international standards is taken by some as evidence in support of the virtues of this model. There is no doubt that the flexicurity model has some attractive properties. However, some caution should be taken in interpreting its supposed virtues (see, for example, Andersen and Svarer 2006). The elements of flexicurity have remained basically unchanged over several decades and were therefore in place during the period from the mid-1970s to the early 1990s when there were double-digit unemployment rates in Denmark. There may be other equally important explanations for Denmark’s low unemployment rate related to the decentralization of wage bargaining and the close cooperation between employers and local trade union representatives, helped by a general sense of mutual trust in Danish workplaces. The fact that the Danish system has been more successful in recent years could also be related to changes in the administration of unemployment benefits: they have become less lenient, and the duration of benefits has been reduced from 9.4 years to 4 years. And finally, it should be mentioned that business cycles have been much better of late.

The interesting point, however, is that the Danish combination of United States–style flexibility and an extended welfare model can produce a relatively efficient labor market valued on the GDP per capita and the rate of unemployment. This finding is investigated further in chapter 2.

LOW-WAGE WORKERS AND LABOR MARKET INSTITUTIONS

The Danish welfare system is based on the principle that no citizen should suffer any economic hardship; thus, welfare benefits are intended to cover everybody. The system is probably itself an important institutional structure in that, compared to less generous welfare systems, it discourages many people from taking low-wage jobs because the option of getting UI or welfare benefits increases their reservation wage. This argument is strengthened for people with low earnings capacity (owing to low education, immigrant background, and so on). Hence, according to this view, only those who expect to move out of low-wage work relatively quickly are likely to accept a low-wage job.

The system of unemployment benefits is the other institution that may influence the number and behavior of low-wage earners. The UI system is different from the welfare system in that it is based on voluntary membership. Nevertheless, the majority of Danish workers are members and pay the premium, owing in large part to the state subsidy that enables members to pay only a fraction of the costs. When workers have been members and employed for a year, they gain eligibility for unemployment benefits. This waiting period is probably why some of the low-wage hotel and retail workers we met (see the case studies in chapters 4 and 5) are not members of the UI system. They simply do not expect to be in the same job one year later.

The unemployment system provides benefits for all periods of unemployment regardless of the household's income and wealth (unlike welfare benefits). For establishments, the system works like a subsidy for those who are temporarily laid off. For members, it could work like a subsidy that lowers the hours they work, as suggested in chapter 2. If productivity fluctuates over the year, employers have an incentive to hire low-productivity workers only for the periods when they are most productive and to lay them off during other periods. The result is fewer working hours for employees at the lower end of

the wage scale. This system may actually mask low productivity: had there been no provisions for short-term unemployment, these workers might have received lower wages owing to their lower productivity, and they might have been characterized as low-wage workers.

The welfare system provides many other forms of temporary or permanent income transfers from the state, most of which are means-tested; these income transfers go only to people who are in demonstrable need. The main exception to the rule of means-testing is a program for early health-related retirement that provides income comparable to an old-age pension, so it is a very low amount for a young person. There is little doubt that this program may provide especially low-productivity workers with another exit, partly because they have the least to lose in qualifying for this program. Chapter 2 investigates whether this is really the case.

Another institution that could explain the high mobility of low-wage earners is the system of company-provided and government-supported training programs, both those related to existing jobs and those for the unemployed.

REGULATIONS AT THE WORKPLACE

It is probably typical of the Danish labor market model that there is often a local consensus, or even a more general consensus, about how to implement and improve on workplace regulations, even if this consensus is not explicitly formulated. Sometimes that consensus leads to a revision of the regulations. There are several examples of such revisions in the case studies, such as the ergonomic work conditions practiced in the call centers (chapter 7). Though it is not required that the desks in offices be electrically adjustable, most employees in the call center studies do have desks that can be adjusted this way. The reason is undoubtedly to show appreciation for workers so that they will stay longer. The bad workers can be laid off anyway. Working time and hours are also regulated by local agreements. In this area of regulation, there is a wide span of self-governance, and employees and employers make their own rules if necessary. In principle, this system is not much different from Germany's (see Ilsoe 2006), but the outcome often seems to be completely different because the Danish local arrangements have been made in an atmosphere of trust that helps all parties see that a particular ruling is a benefit for everyone.

TRUST

Trust is without a doubt an important condition for Danish local agreements. The local shop steward is instrumental: when he has a cooperative relationship with both management and the trade union, consensus is likely to be the outcome. In other cases, workers and management are less fortunate. The case studies provide several examples of how trust can be used. Another area in which trust is important is in decentralized wage bargaining, a process that has become more and more important recently. Trust in this context means that workers know that the employer's statements are honest.

Why should trust be any more important in Danish workplaces than in other, similar countries, such as the other Nordic countries? We can only speculate. First, Denmark has a long tradition of seeking peaceful solutions. The rules for handling labor conflict were established as early as 1899, and most of the country's labor market institutions were established at the beginning of the twentieth century. Denmark has also had no revolutions or civil wars, unlike Finland, for example. And unlike Sweden in the 1920s and 1930s, Denmark has had no labor uprisings. Furthermore, Denmark was only lightly influenced by the two world wars.

Second, Denmark encourages small firm structures, so that it has no big dominating firms as Sweden and Finland do. Small firms are probably much more dependent on good labor relations than big firms, and both management and workers are well aware of this.

Third, until recently the population has been very homogenous. People are more willing to share resources with less fortunate citizens when their commonalities remind them that it could be their own family in distress. This willingness to share leads to a greater acceptance of high taxes to pay for the extended welfare system than there would be in a less homogenous population.

More recently, as the number of immigrants has grown to 10 percent of the population, the cohesion of the Danes has clearly been challenged. The rising number of immigrants has spawned a right-wing political party that defends the welfare system for low-income groups even as it vigorously works to limit the number of immigrants and cut their benefits. The views of this party are supported to some extent by many other political parties, and as a result, Danish laws have been changed on a number of issues. This development is not

unique to Denmark and can be found in many European countries. The core idea of this political movement is to maintain the present level of benefits but keep out immigrants so that welfare benefits are not diluted by distribution to too many people. This idea has long kept company with a trade union view that immigrants should not be allowed to take work away from Danes. Both arguments are hollow: the fact of the matter is that Denmark needs to reform its welfare system and also needs to recognize that, with its aging population, it needs the labor of immigrants because labor shortages will be the norm rather than the exception in the future.

This short discussion of labor market institutions has demonstrated that, even though institutions are an important factor in workplace conditions, what really matters is the input of workplace agents and the manner in which they manipulate conditions to benefit employers or employees. That said, it is probably also the case in Danish workplaces that the agents have trust in each other. The uniqueness of the Danish labor market also illustrates why it is so difficult to transplant so-called good institutions from one workplace to another or from one country to another.

LIVING STANDARDS

The interrelationship between low wages and the Danish welfare system makes it difficult to infer that to be a low-wage worker in Denmark is to be poor. In fact, low-wage workers are generally eligible for various in-kind and means-tested benefits, such as child subsidies, extra child subsidies if the parent is alone with the child, lower day care tuition payments, and certain housing benefits. These benefits (described in more detail in chapter 2) are also uniquely Danish in that they are given independently of the job and thus do not show up in the industry studies.

In addition to these benefits, Danish low-wage workers receive the free services of a welfare society: public schools that are free of charge, as are institutions of higher education; student grants to all students older than eighteen; subsidized child care; free health care (except dentists); and a pension system that gives a share to everybody. All these services and benefits are described and quantified in chapter 2.

The cost of Denmark's welfare society, of course, is a tax burden that is among the highest in the world. Even low-wage earners in

Denmark pay high taxes compared to their counterparts in most other countries.

THE JOBLESS IN DENMARK AND THE “PENILESS” IN THE UNITED STATES

Owing to the high minimum standard of wages in Denmark, wages there are somewhat compressed in the bottom of the wage scale. However, the high minimum standard also means that many workers who should have been in the lowest part of the wage distribution are not: as explained earlier in the chapter, they have been priced out of the market because their productivity is not high enough to become employed. These are the workers who get by for shorter periods on unemployment benefits or who rely on social assistance if they are not eligible for unemployment benefits. Most of these unemployed Danes actually get a job after a while on benefits, because even if to an employer their productivity is not worth the wage all year, it may be in peak periods. In this way, the benefit works as a subsidy to both workers and employers.

If unemployed workers do not succeed in getting a job within a year, the unemployment system requires that they start on “activation” measures, perhaps in the form of education or training and perhaps in combination with a subsidized job. The benefit stops after a maximum of four years. (For youth below age twenty-five, the maximum duration of full benefits is six months.) If an unemployed worker cannot find a job after the expiration of unemployment benefits, the next step is social assistance, provided that the applicant and his or her spouse have no other income or wealth. From there the worker can apply for early retirement. In the next chapter, we look at how many Danes actually end up taking early retirement.

Another reason for not being able to meet productivity demands is poor health. A worker who is unemployed for this reason can apply for a health-related pension, which is provided by the state. About 22 percent of the total potential labor force (those age eighteen to sixty) are either on a disability pension or receiving other transfer income, and their situation is very different from that of the working poor in the United States. In chapter 2, we show that low-wage earners do receive early retirement benefits more frequently than other workers, though we are not able to state the direction of causation.

However, some people fall through the cracks and fail to receive

any unemployment benefits, such as part-time workers, students, youth, and immigrants. These people are very likely to become low-wage workers, as we will see in chapters 4 (retail) and 5 (hotels). But they may not continue earning low wages for long, as demonstrated in chapter 2.

The main difference between unemployment benefits in the United States and in Denmark seems to be that Danes can receive benefits for four years whereas the period is only twenty-six weeks in the United States. Furthermore, the benefits are high in Denmark. On the other hand, though subsidized jobs are available for Danes who are handicapped or otherwise long-term unemployed, Denmark does not really have in-work-benefit programs such as those in the United States and the United Kingdom.⁴ However, there are many other means-tested benefits in Denmark that are related to having a low income and that make the lives of low-earning Danes very different from the lives of low-wage Americans. These benefits are briefly discussed in chapter 2.

Furthermore, it is hard for immigrants, who on average have lower skills than the Danes, to earn a living in Denmark because of the high threshold of earnings created by the welfare programs. As we would expect, the result is that the labor force participation and employment rates of immigrants are much lower in Denmark than in the United States and the United Kingdom.

Overall, we might say that the low-skilled tend to be jobless in Denmark but not penniless, whereas in the United States the low-skilled tend to have a job but to be penniless. This characterization is not entirely accurate, however, because relatively more people are working in Denmark than in the United States and the unemployment rate is lower in Denmark. Thus, this opposition between the penniless and the jobless does not work in absolute terms.

One of the more important features in this comparison between the United States and Denmark is the fact that jobs that tend to be low-wage in the former are not always low-wage in the latter. This is true, for instance, in the food-processing industry. The reasoning in Denmark is undoubtedly that offering low wages would attract only low-productivity workers and the result would be that the industry could not be run in a profitable way. The alternative is to use more capital and more expensive and more productive workers. The facts seem to support this view. Within the hotel cleaning and retail industries, conditions seem to be more similar between the two countries,

both of which offer low wages to workers in these industries. The interesting difference, however, is that Danes do not keep these jobs for long. One reason is that many of these jobs are taken by students who are working part-time. But turnover among even the nonstudents who take these jobs tends to be high. Most go to higher-wage jobs, but some leave for a life on transfer income, which is not possible in the United States. In chapter 2, we go into more detail about this transition.

With their high labor force participation rate, despite all the ways in which they make it possible to receive welfare or unemployment benefits, and with few low-wage workers, few high-wage workers, and vast homogeneity in the population, have the Danes really created the best of all possible worlds? Before attempting to answer this question, there are some critical issues to address. First, the income tax and the total tax level in Denmark are among the highest in the world. This undoubtedly has consequences for the labor supply, at least as measured in hours compared to other countries, as is demonstrated in chapter 2. With the high level of welfare and unemployment benefits, people are not very eager to get a job. Both of these issues—high tax levels and disincentives to work—have become more and more problematic for the growing group of immigrants who become discouraged workers (though on benefits) because their relatively low productivity makes it difficult for them to find jobs. The result is that only about 40 percent of all non-Western immigrants in Denmark work. Perhaps one of the worst consequences may be that their children do not grow up under the same conditions with working fathers and mothers as most other Danish children do. Indeed, even second-generation immigrants have a lower labor force participation rate than Danes.

Denmark's high income taxes and relatively high level of benefits are probably both issues in need of reform. Any discussion of those issues would be premature, however, without the detailed descriptions presented in the next chapter, which brings into relief other aspects of the Danish welfare society and provides more details on the economic conditions of low-wage workers in Denmark.

NOTES

1. The replacement ratio is calculated as the UI benefit per hour divided by the previous wage per hour.

2. One example is time off for a child's first day of sickness. This benefit is part of the general bargaining and is not subject to legislation. As a result, 7 to 8 percent of all Danish parents do not receive it. See chapter 5 for interviews with some hotel workers in this situation.
3. This is lower than in the United States, where the wage differential between men and women is 23 percent (Blau and Kahn 2000), but higher than in Sweden, where it is 16.5 percent.
4. Denmark provides a small tax deduction for earnings compared to transfer income, as well as programs that give handicapped people a subsidy to work fewer hours.

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