

**Activation of the Unemployed in Denmark since
the early 1990s.
Welfare or Workfare?**

Per H. Jensen

Centre for Comparative Welfare State Studies (CCWS)
Department of Economics, Politics and Public Administration
Aalborg University
January 1999

1. Introduction

Compared to other countries in the European Union, Denmark has experienced several major developments on the labour market since the early 1990s. Between 1994 and 1998, the employed population has increased by 7%. Simultaneously, the unemployment rate has decreased from 12.9% to 6.5%. These developments have been attributed to two major welfare state reforms affecting the labour market. The first reform, the 1994 labour market reform targeted all those collecting unemployment benefits, while the second reform, the law on activation from 1996, was aimed at those receiving social assistance benefits. A common aim of the two reforms has been to help the vulnerable groups and long-term unemployed to return to the labour market, to minimize the problems of unemployment and marginalisation, and to improve the functioning of the labour market. This was to be accomplished, by reducing the structural imbalances between the qualifications of the work force and the needs of industry, and by stimulating mobility between different segments of the labour market. These goals were to be achieved by utilizing pro-active measures instead of passive provisions, and by decentralising policy formation so that programme design could fit with local labour market structure and the needs of those affected by unemployment. As such, these two welfare reforms mark a shift from centralised and standardised passive programmes to local, individual and need-oriented pro-active measures.

In Denmark there has been some controversy as to how to interpret the reforms of 1994 and 1996. Some scholars have argued that the labour market reforms indicate a transition from a welfare state to a *workfare* state, while others have seen the reforms as programs *enabling* the individual to achieve self-actualisation and personal autonomy.

Scholars arguing for the “workfare perspective” emphasize that activation of the long-term unemployed is a civic obligation for the unemployed individual (e.g. Moeller 1996). As such, the new labour market reforms resemble the work houses under the rule of the poor laws of the 19th century, and the new activation strategy is interpreted as a moral obligation to work in order to receive the means for subsistence. Others arguing for the workfare strategy, however, emphasize that the new policy measures are designed to improve the flexibility of the labour market. Torfing (1996), for instance, draws heavily on Bob Jessop (1993) to argue that the new labour market reforms represent a Schumpeterian workfare state inasmuch as the new policy programs intervene on the supply-side in order to achieve labour market flexibility and socioeconomic innovation. Nonetheless, common features to the various workfare perspectives are that the labour market reforms are seen as social coercion, as the individual is compelled to adapt to “external” demands through re-socialization, i.e. being taught new moral standards, or re-education, i.e. being taught new skills.

Social scientists arguing for the “enabling perspective” emphasize that unemployed individuals become actively involved in their own activation (e.g. Ketcher 1996). As the activation of the individual must take its point of departure in the needs and the wants articulated by the unemployed person, the labour market reforms support self-reflexion: as the unemployed individual is involved in defining and solving his or her own problems, the individual helps reformulate a new daily life. As such, the new labour market reforms are an illustration of “life

political” decisions in as much as what Anthony Giddens calls “life politics” represents a move away from standardisation and productivism. This occurs by allowing “individuals and groups to make things happen, rather than have things happen to them” (Giddens 1994:15). Life politics is about new and second chances in all aspects of life. From the perspective of unemployment, however, the politics of second chances “consists of placing the unemployed in jobs” (Giddens 1994:186), because wage labour at the micro level has a defining role in relation to one’s self-identity, and because wage labour at the macro level is a key cultural value in modern societies.

The purpose of this article is to discuss the origin, the content and effects of the new labour market reforms. I will then pave the way for an evaluation of whether the new policy measures may be perceived as predominantly a workfare strategy or an enabling, life political strategy.

2. The historical framework

Since early 20th century Denmark has been marked by a two-tiered system dividing the unemployed population into two distinct groups. The first group consists of those unemployed persons who receive unemployment benefits. As it is not compulsory to be a member of an unemployment insurance fund in Denmark, this first group consists of persons who have voluntarily joined an unemployment insurance fund. These insurance funds are regulated and subsidised by the state but affiliated and administered by the trade unions. The functioning of the unemployment insurance funds is subject to national labour market legislation, with the Ministry of Labour as the central authority. The other group consist of people receiving public assistance (social benefits). These benefits are administered by the municipalities, are subject to social policy legislation, and the Ministry of Social Affairs is the central authority. About 70% of the unemployed population receive either unemployment benefits or public assistance, and the proportion of those receiving assistance to those receiving unemployment benefits is 1:1,5.

To be eligible for unemployment benefits, one must be a member of an unemployment fund and have been in employment for at least 52 weeks within the last three years¹. The duration of benefits is five years, where upon a new period of 26 weeks of unemployment enables one to regain access to a new five-year benefit period. An unemployed worker receives 90% of his or her previous wage, though up to a certain ceiling. In January 1998 this ceiling was 538 Danish crowns (DKK) per day or 2.690 DKK per week²; i.e. about 140.000 DKK per year.

Eligible for public assistance are those who have been subject to illness, unemployment or marital separation and are no longer able to provide subsistence for themselves or the

¹ The employment requirement was raised from 26 to 52 weeks in 1995 (Law no. 15/95)

² For those in part-time employment, it is possible to be part-time insured against unemployment. The unemployment benefits for part-time insured have a ceiling of 1.795 DKK per week. Furthermore, there are no work requirements for those who have finished an education of at least 18 months duration. This group of unemployed, however, receives only 82% of the ordinary benefits, i.e. 2.205 DDK per week.

family³. Recipients receive different amounts in public assistance according to various categories. Adult child-care givers receive 9.100 DKK per month, while non-providers above 24 years receive 6.825 DKK, non-providers below 25 and living alone, receive 4.394 DKK per month, while those living with their parents receive 2.144 DKK per month (law no. 455/1997). A single parent/care-giver receives about 110.000 DDK per year⁴.

These welfare provisions are rather generous, as an average worker in Denmark earns about 230.000 DDK per year; i.e. those receiving unemployment benefits are compensated at the rate of 61% of the average earnings, while those receiving public assistance are compensated at a rate of 48%. It should be recalled, however, that a large proportion of the unemployed are low skilled and minimum wage workers, and for these categories of workers the level of compensation is much higher. As for low paid workers, the financial gains from having employment are rather meagre. It has been estimated that about 20% of the unemployed would gain less than 500 DKK per month by working (Smith 1998:179ff).

Historically, the generous unemployment benefits have contributed to labour market flexibility since labour has not feared or resisted dismissals. Employers hiring and firing practices have been subordinated to the requirements of economic efficiency and the need for economic restructuring. The generous benefits may account for the fact that Denmark can hardly be said to have developed or implemented employment protection schemes, and that employment protection schemes have not been a priority within the Danish labour movement. Liberal hiring and firing practices has contributed to a high degree of movements between employment and unemployment. In 1994-95, for instance, of the total labour force of 2.9 million, about 775.000 persons were affected by unemployment. Most, however, only suffered short-term unemployment, since more than 50% of the 775.000 persons went unemployed for less than 15-16 weeks (Finansministeriet 1995:291). The high degree of movement in and out of employment, of course, has had an impact on the composition of the unemployed population. Of those unemployed, about 12% are in search of their first job, while the remaining 88% have suffered loss of their employment.

Recipients of unemployment benefits and social assistance must be available for the labour market and must register as job seekers at the Public Employment Service. For employers, however, it is voluntary as to whether they want to make use of the employment service or not. Nonetheless, the most important task of the Public Employment Service is to establish a contact between job-seekers and employers. Besides this core activity, the Public Employment Service has functioned as the administrative body for the formation and development of the active labour market policies since the late 1950s (Joergensen 1985/86). The aim of the active labour market

³ In order to be entitled to public assistance, of course, the individual must not be entitled to other types of welfare programs.

⁴ This amount may be supplemented if the person has extraordinarily high housing expenses. Furthermore, it is important to note that an unemployed person may receive cash assistance even though his/her spouse/co-habitant is in employment. In such cases, the local government will make deductions in the public assistance so that the total household income does not exceed 15.925 DKK; i.e. 9.100 DKK for the custodial parent + 6.825 DKK for the non-custodial adult.

policies in the 1950s and 1960s was to combat “bottlenecks” and structural imbalances generating inflation problems. This was primarily done by means of supply-side interventions such as mobility grants, training and education measures intended to stimulate geographic and occupational mobility. Supply-side intervention in order to improve economic performance has thus had a long tradition in Denmark. However, it was not until the 1970s, that job creation became an integrated part of the active labour market policies.

In the early 1970s, Danish unemployment began to rise and from the middle of the 1970s attempts were made to combat the new problems of unemployment and marginalisation. The new schemes, however, were targeted exclusively towards the beneficiaries of unemployment benefits, and politics intended to reduce the supply of labour, improve the living conditions of the unemployed, and expand employment opportunities by means of wage subsidisation to private and public firms. In 1978, an early retirement scheme allowed those members of an unemployment insurance fund aged 60-66 to withdraw from the labour market prior to the ordinary retirement age of 67 years. This scheme still operates. To be eligible for early retirement one must have been a member of an unemployment fund for at least 20 years; the benefits paid are 2.690 DKK per week (equivalent to unemployment benefits) the first 2½ years, and 2.205 DKK per week for the rest of the period. In the mid 1970s the duration of unemployment benefits was prolonged from 180 days to 2½ years in order to prevent members of the unemployment insurance funds from becoming welfare recipients (public assistance). And in 1978 a “job-offer” scheme was introduced according to which long-termed unemployed were offered a subsidized job after 2 years of unemployment. The salary in the “job offer” arrangements was equivalent to wages laid down in the collective agreements, and the “job offer” had a duration of 7-9 months. Participation in a “job offer” was thus an offer of at least 26 weeks of employment, which in turn enabled the unemployed person to re-establish eligibility to unemployment benefits. As such, the “job offer” scheme provided the opportunity to endlessly “commute” between unemployment benefits and subsidised employment.

The “job-offer” scheme was subject to minor changes in the 1980s. In 1985 the scheme was supplemented with the possibility to receive self-employment and educational allowances, and by the end of the 1980s the number of “job-offers” which could be offered to the same individual was reduced to two. Nonetheless, the main idea behind the activation in the 1970s and 1980s was primarily to prevent members of the unemployment insurance funds from losing their rights to unemployment benefits. The experience of the 1970s and 1980s may thus be labelled “passive” activation, inasmuch as it was the “passive” policies, i.e. the rules laid down in the unemployment insurance scheme and the number of people at risk of losing their entitlements to unemployment benefits, which tended to determine the scope and institutional configurations of the “active” labour market policy.

It is not until the labour market reform in 1994 that we may genuinely speak of “active” activation of the vulnerable groups among the members of the unemployment insurance funds. In 1994, the maximum duration of unemployment benefits was fixed at seven years and in 1995

reduced to five years⁵. The total period of five years is subdivided into two minor periods. The first period, i.e. the benefit period, has a duration of two years, while the second period, i.e. the active period, has a duration of three years. In the first period, the unemployed person is entitled to activation for a period of one year. In the second period, the unemployed person has both the right and the obligation to be activated during the entire period. Activation usually entails a combination of short-term instruction, education and job training aiming at improving the capabilities and life chances of the long-term unemployed person. These activation activities do not qualify to help the individual regain the rights to unemployment benefits.

The 1994 labour market reform had a forerunner in the field of social legislation. Already in 1990 a new youth policy was introduced for recipients of public assistance. Under this new scheme, youth (18-19 years) receiving social assistance had an obligation to participate in either education or job training after three months of unemployment. The age limit was subsequently extended to 24 years in 1993, and beginning in 1997 all recipients of public assistance below 30 years are obliged to accept activation after having received public assistance for a period of 13 weeks. The activation period is 18 months for persons without any formal education, and six months for those with a formal education⁶. People over 30 years also have a right to activation after 12 months unemployment. Nevertheless, the activation of those receiving social assistance is clearly targeted towards younger people in order to avoid previous mistakes. Experience from the 1970s and 1980s clearly shows, that young people receiving social assistance have a high risk of ending up in a marginalised position at later stages in their life. From this perspective, the activation of beneficiaries of public assistance may be interpreted as a success inasmuch as Denmark has witnessed a dramatic drop in youth unemployment since 1993 (e.g. Brogaard & Weise 1997:19ff).

3. The activation system

The crucial features of the new labour market reforms are that rule-governed activation has been replaced by decentralisation in policy formation and by need orientation in policy implementation so as to ensure the smooth functioning of the labour market. As has been shown, however, Denmark is marked by a two-tiered benefit system, and this two-tiered system is also a constitutive structure in the activation system. Therefore, in the following description of the activation system, we must distinguish between labour market policies and social policies.

3.1. Labour market policies

⁵ People over 60 of age are only entitled to unemployment benefits for a period of 2½ years; i.e. unemployed persons above 60 are more or less forced to early retirement after 2½ years of unemployment. On the other hand, there are no limits as to the duration of unemployment benefits for people between 50-60 years of age

⁶ If the activation does not lead to permanent employment, the person has a right to a new period of activation after 3 months of unemployment.

Since the early 1970s the governing principles of the labour market policies have been regionalisation and decentralisation (Jensen 1997). The aim has been to achieve a higher degree of responsiveness vis-à-vis local and individual problems, as it has been assumed that a decentralisation of competence and responsibility will generate a more complementary relationship between policies and structural problems of unemployment. It was not until 1994, however, that a regionalisation of responsibility and competence in relation to the activation of the unemployed was fully implemented. This was done with the creation of 14 regional labour market councils, one for each of Denmark's 14 counties⁷. The regional labour market councils are structured according to corporatist principles. The labour market organisations, i.e. the organised interests of employees and employers, occupy 2/3 of the seats, and the regional/local authorities, i.e. the county and municipalities, the remaining seats. One reason for establishing these corporatist arrangements has been, that it was expected that employees and employers had first hand insights into the functioning of the labour market, such that they could react adequately to the practical problems of unemployment. Moreover, the choice of corporatist arrangements was also due to the fact that organised interest groups, the enterprises and the local authorities are crucial for the implementation of activation measures. For instance, it is impossible to give an unemployed individual an offer of job training if private firms or local governments refuse to participate in the activation effort.

The labour market reform of 1994 created a new administrative machinery. The Ministry of Labour continued to have overall responsibility for labour market policy. At the national level, however, a National Labour Market Council was established. Like the regional councils, the National Labour Market Council has a corporatist structure. It functions as an advisory body to the Minister of Labour, and formulates general goals and output requirements of the regional Labour Market Councils. In conforming to these centrally formulated goals, each regional Labour Market Council establishes priorities and plans their activities in accordance with local needs and demands. As such, the regional Labour Market Council sets two types of priorities. First, they define those groups in the local area considered to be particularly vulnerable to the risk of long-term unemployment; such groups are to be activated at an early stage in the unemployment career. Second, they orchestrate the policy instruments available for the unemployed in the local area; i.e. the regional Labour Market Council defines the most appropriate local/regional means of helping the unemployed back into employment.

The regional Labour Market Councils command a long range of policy instruments of which the most important is the individual "activity plan" elaborated for each unemployed person individually. An activity plan outlines the goal of activation and the means by which the goal is expected to be reached. The plan is drafted and signed as a contract between the unemployed individual and the Public Employment Service. The formulation of an activity plan must depart from the needs and wants of the individual. Clarification of individual skills and goals is a precondition for the formulation of an activity plan. Yet the plan must be realistic and therefore

⁷ The 14 counties differ in size, ranging from 45,000 and 619,000 inhabitants (1995), with an average county population of 326,000 inhabitants..

adaptable to the needs of the local labour market. Formulation of an activity plan is based on a dialogue between the social worker and the unemployed person, and in this dialogue the social worker functions as an expert regarding the means by which the unemployed individual can achieve his or her goals. As such, the unemployed person participates actively in solving his/her individual problems vis-à-vis the labour market; i.e. an activity plan supports self-activation and is tailored to individual needs and wants.

The policy instruments commanded by the regional Labour Market Councils include:

- * job placement services, information and guidance;

- * subsidised employment (job training) at public or private employers;

Job training consists of a temporary job with a wage subsidy of DKK 47.46 per hour for private employers and DKK 86 per hour for public employers; the job training must lead to a net expansion of the work force. For the activated person, wages and working conditions must be in accordance with the collective agreements. However, wages may not exceed DKK 86.31 per hour; i.e. DKK 3,193.47 per week

- * individual job training with public or private employers for unemployed persons unable to carry out an ordinary job

The terms are very similar to “ordinary” subsidised employment. However, wages may be lower and the subsidy to the employer may be higher

- * “special jobs” in the public sector within areas such as environmental protection, culture, energy, public transportation, health, child care, elder care, etc.

These jobs are designed to improve services in the public sector. Wage conditions are the same as subsidised employment. Ninety per cent of the wage costs are financed by the state. The jobs are long-term jobs (3 years), and in 1997 it was decided to establish a national quota of 12,400 “special jobs”.

- * participation in the ordinary vocational/training system or participation in specially organised vocational activities;

Employed as well as unemployed are entitled to participate in the publicly organised job (re)training system. Vocational training is targeted to the needs of the labour market, and participants are entitled to unemployment benefits. There are about 190 vocational training centres in Denmark, i.e. about 13-14 in each county, offering about 2,300 different vocational educations. The number of participants and the content of the vocational training are determined locally. Two-thirds of the positions in the vocational training system are reserved for people currently in employment. The vocational system has been built up since the early 1960s as an integrated part of the active labour market policy.

- * a combination of the instruments mentioned above;

Other instruments targeted towards employed as well as unemployed:

* educational leave;

All members of an unemployment insurance fund over age 25 may take educational leave of their own choice. An individual who takes educational leave, which last from 1-52 weeks, is entitled to unemployment benefits

* parental leave;

Parents may take a parental leave of between 13-52 weeks any time until their child is eight years. Parents receive an allowance equivalent to 60% of unemployment benefits

Instruments exclusively for employed persons:

* sabbatical leave;

Employed members of an unemployment insurance fund over age 25 are entitled to sabbatical leave of between 13-25 weeks. A condition for obtaining sabbatical leave is that the person going on leave is replaced by an unemployed person during his/her period of absence. Sabbatical leave is compensated by 60% of unemployment benefits. This scheme will terminate in 1999.

The Public Employment Service is the administrative body of the political instruments mentioned above. The Public Employment Service is the local body of the Ministry of Labour, and also functions as the administrative unit of the regional Labour Market Councils. There are 14 regional Public Employment Services, which serve as the administrative centre for the local Public Employment Service units.

As the new labour market reform introduced need-oriented activation, we have seen a move away from rule-governed labour market policies. This has put a pressure on the internal structure of the Public Employment Service to adapt to the new circumstances; i.e. changing the organisation from a Weberian to a more professional organisation (e.g. Mintzberg 1979). Such changes require an internal re-education among the street level bureaucrats, as standardisation of outputs in a professional organisation is conditioned by standardisation of skills. However, such internal measures of re-education have still not been fully accomplished (Haahr & Winter 1996) which may pave the way for “creaming” and arbitrariness in the treatment of the unemployed.

3.2. Social policies

The municipalities administer the social assistance system, and the municipalities have an obligation to activate all beneficiaries of cash assistance payments⁸. This obligation also applies to recipients of social assistance who have social problems other than unemployment. In such cases, however, the activation must mirror the capabilities of the social client, the activation must be complemented by other forms of treatment, and the aim of activation is primarily to improve

⁸ In 1995 Denmark had 275 municipalities with populations ranging from 2,400 to 473,000. On average, each municipality had a population of 19,000 inhabitants.

the general life conditions of the client. In general, 50% of the expenses of the municipal activation come from the state, the remaining 50% being financed by the municipalities using local taxes.

As in the case of labour market policies, those receiving social assistance have a right to have elaborated an activity plan. The activity plan must reflect the capabilities, needs and wishes of the social client. The goals of the activation must be outlined and the client offered the possibility to choose among various means and options. If employment or education is not a realistic goal, the aim of the activity plan must be to stabilise and improve the general life situation of the individual (law no. 455/1997 § 9).

The political instruments at the disposal of the municipalities are very similar to the instruments used in the labour market reform. The instruments are:

* placement services⁹, information and guidance;

Short information and guidance courses help the client improve his/her chances of employment and education. There is a possibility for the client to try out the type of job sought by the client

* subsidised employment (job training) at public or private employers;

* individual job training at public or private employers for unemployed persons unable to carry out an ordinary job;

* specially programmed educational activities;

* specially programmed practical courses in order to mature the dispositions of the individual for work or education;

* voluntary activities considered to be of societal importance;

* adult education classes in accordance with the wishes of the individual;

* parental leave

In general, social welfare clients receive an allowance during the period of activation. However, if the client is activated under “individual job training” arrangements, the municipality can supplement the cash assistance with DKK 10 for each hour worked. “Subsidised employment (job training) at public or private employers” and “parental leave” are governed by the same rules which apply to activated persons under the labour market reform.

4. The orchestration and effects of the new political instruments

It is a difficult task to calculate the precise number of people undergoing activation. However, on the basis of Ministry of Labour (Arbejdsministeriets 7. kontor) statistics we can obtain a general impression of the size and composition of the activation effort.

⁹ In 1990 the placement services in Denmark was liberalised. As a result municipalities were allowed to establish their own placement services.

Table 1: The population undergoing activation, August 1998¹⁰

Job training	12,482
Individual job training	265
Special jobs in the public sector	6,561
Participants in education/(re)training	22,745
Educational leave	16,292
Parental leave	17,990
Sabbatical leave	418

Only 2,7% of the labour force are enrolled in the new labour market and social policy measures. It is noteworthy, however, that the “passive” leave schemes are utilised by 45.2% of the population and, as such, are the predominant labour market instruments. The philosophy behind the leave schemes is, however, that the employers are expected to hire a substitute for the person on leave. As such, the leave schemes are supposed to have an effect on the overall demand for labour. Among the genuinely activated, 54.1% are enrolled in educational programs, while 45.9% are enrolled in various kinds of job training. Of the total population genuinely activated, about 26% were unemployed in their “first period”, while 74% were unemployed in their “second period”.

¹⁰ The number of activated persons per municipality is not fully illuminated. However, the beneficiaries of social assistance activated by means of “subsidised employment (job training) at public or private employers” and those social welfare clients taking “parental leave” are included in the figures.

4.1 The effects

Since the early 1970s Denmark has spent great sums on measures to combat unemployment, marginalisation and social exclusion. In 1996, for instance, Denmark used 6.62% of its GNP on labour market policies. Such a scale of labour market policies has been functioning as an institutional mechanism, counteracting the processes of marginalisation and social exclusion. Levels of social inequality and poverty in Denmark are much lower relative to the levels of unemployment than in most other West European countries. For instance, in 1988, the proportion of households living below the poverty line was considerably lower in Denmark than in the rest of the European Union member countries (e.g. Andersen 1997).

It is remarkable, however, that the labour market reforms from 1994 and 1996 have been accompanied by a decrease in public expenditures for labour market policies:

Table 1: Public expenditures for labour market programs as a percentage of GNP

	1993	1994	1995	1996
Total costs	7.47	7.16	6.75	6.62
Costs for active measures	1.97	2.01	2.14	2.26
Costs for passive measures	5.49	5.15	4.61	4.36

Source: OECD (1997)

Considering the decrease in expenditures devoted to labour market measures, Denmark has experienced a dramatic decrease in unemployment since 1993. That is, other things being equal, despite a decrease in expenditures, more resources have actually been available for the single individual. Furthermore, it is noteworthy that the labour market reforms have not led to more dramatic changes in the expenditure structure. Denmark is still heavily dependent on passive labour market measures. Nevertheless, we may suppose that the active measures since 1994 have been better prepared, better organised and more goal-directed since Denmark's overall decrease in unemployment 1994 has been accompanied by 61% decrease in long-term unemployment, and a decrease in youth unemployment on about 67%. We may presume that the labour market reforms have been rather effective from the perspective of social cohesion.

In order to evaluate the effects of the labour market measures in terms of the degree of social coercion, however, the following questions shall be considered: Do the activated persons feel that they had any kind of influence on their own activation? How have they experienced the process; i.e. as a meaningless activity or as an opportunity for enrichment? How have the activated persons experienced the effects of the activation; i.e. did activation provide new prospects and life chances? In answering these questions I shall draw on two recently published evaluations of the activation measures authored by Langager (1997) and Weise & Brogaard

(1997).

Those who are activated have had a significant influence on their own activation. Among those receiving unemployment benefits who were activated during the first period, two-thirds believe that they have had a decisive influence on their activity plan, compared to 56% in the second period. In general, however, 85% of those receiving unemployment benefits were satisfied with their activity plans. Among those who were on public assistance and who received activity plans, only 16% of them felt that the social worker or other persons in the municipality had determined the content of the activity plan. These positive assessments indicate a certain degree of autonomy in the activated individuals' choice of activity, just as the positive assessment can perhaps to some degree be attributed to the Danish social workers having a high standard, being professionally well-qualified, being loyal towards professional ideals and able to enter into a dialogue with the affected clients (e.g., Ministry of Social Affairs, 1997).

As concerns their perception of the activation process nearly 90% of the activated persons viewed their activation experience as having been either "highly" or "to some degree" interesting. In other words, one must conclude that the vast majority of those individuals receiving unemployment benefits or public assistance have perceived job activation as a positive experience.

Those being activated also have a positive valuation of their perceived ability to master their own situation and their possibilities to become integrated onto the labour market, although minor differences appear in the perceptions of those receiving unemployment benefits versus those on public assistance. Among those receiving unemployment, 80% viewed themselves as having acquired new qualifications, 50% perceived themselves having been retrained in their qualifications, just as a great portion of those activated perceived themselves as having gained self-confidence. With reference to future employment possibilities, there were clear differences in assessment among those activated in the first period versus those in the second period. Among those activated in the first period, two-thirds perceived an improvement in their employment opportunities, while significantly fewer had the same experience after activation in the second period. With reference to those receiving public assistance, 51% saw themselves having obtained new qualifications, 48% thought they had improved their job possibilities, and 54% perceived themselves as having gained greater self-confidence.

In general, it can thus be concluded that participants have had a significant positive benefit from participating in the activation program, that the unemployed have improved their occupational and educational possibilities, and that the unemployed have perceived benefits leading toward an improvement in their situation on the labour market.

5. Conclusion

A central intention of decentralising the labour market measures has been to improve the problem solving abilities of the welfare state. A decentralised system thus allows labour market measures to adapt to the local and individual problem structure in a more comprehensive fashion. As such, the labour market reform from 1994 together with the reform of activation on the municipal level of 1996 have been entailed by a significant drop in the rate of unemployment.

In a decentralised system, different groups receive a treatment adapted to their specific characteristics. As such, the new labour market reforms contain a range of different measures each tailored to different groups on the labour market. These groups include:

- * unemployed youth, for whom efforts focus on bringing them into jobs or into education as rapidly as possible;

- * the core groups on the labour market, i.e. the permanently employed and/or the short-term unemployed. These groups are made targeted by supply-side oriented and active labour market policy, which has its roots back in the 1950s. Thus, the supply-side oriented policy measures are certainly not a new phenomenon. Hence, when workfare, as supply-side oriented strategies, is promoted as a new societal development, one must ask, “new in relation to what?” In addition, from a workfare perspective it is worth noting that the leave schemes are directed especially toward the core groups on the labour market, the expectation being that new jobs will open up whenever employees take educational, parental or sabbatical leave.

- * the groups which have somewhat looser ties to the labour market without being marginalised; i.e., they have periods of unemployment without being “long-term unemployed.” The efforts towards these groups are directed at bringing them into education/job training or employment, and the conditions of work and salary follow the rules of the collective bargaining agreements.

- * the marginalised, i.e., the long-term unemployed and groups with major social problems. Efforts are also made to bring these groups into training or jobs. But improving the individual’s social conditions and self-esteem is in itself considered as a success.

- * the elderly on the labour market, i.e., those over 50 years of age. This group is subject to “passive” labour market measures. The elderly, if they become unemployed after age 50, may receive unemployment benefits without interruptions until they become 60 years of age, when they will proceed to early retirement.

In general, the new labour market reforms aim at combining social ethical and social utilitarian principles by simultaneously offering the unemployed new life chances and by trying to solve the structural problems on the labour market. Insofar as such efforts improve the efficiency in the functioning of the labour market, they also improve overall economic performance.

Even though Denmark is characterised by a two-tiered benefit system there are no clear distinctions between “deserving” and “undeserving” unemployed. Furthermore, it is noteworthy, that no unemployed person is activated in the abstract, i.e. in principle there is no meaningless activation. Activation has to be goal oriented. Furthermore, the conditions for activation follow the conditions on the labour market generally. An exception is the very small segment of persons (265) activated in individual job training arrangements. However, this minor exception mirrors the difficulties of activating the most weak and vulnerable groups among the unemployed.

In sum, it seems well founded to interpret the new labour market reforms as a strategy which enables individuals to gain control over their own lives rather than a strategy of workfare. Those subjected to activation generally perceive it as a positive experience which improves their self-confidence and increases their potential on the labour market.

As the central focal point in the strategy of enabling individuals to gain control over their own lives, the individual activity plan marks a shift from standardisation to need-orientation and positive choice in Danish labour market policies. Standardisation entails descriptive and normative criteria as to how we should live our lives. Standardised welfare programs, however, may not be in accordance with the dispositions of the individual, and may even exacerbate rather than counteract the processes of marginalisation. This is because standardised programmes have a tendency to maintain individuals in a social position from which it is difficult to escape. In contrast, the individual activity plan of the new labour market reforms contains prescriptive criteria for what “could be” and freedom for the individual to participate in a new life project on his own terms. Social integration is achieved by means of individual reflexivity and autonomy of action.

An activity plan is based on citizenship, and its realisation is preconditioned on the welfare state acting as a central institution in society, providing economic and informational resources. An action plan, thus, functions as a sophisticated intermediary mechanism between collectivity and individuality.

References:

- Andersen, Joergen Goul (1997): "The Scandinavian Welfare Model in Crisis?", *Scandinavian Political Studies*, Vol. 20, No. 1
- Brogaard, Susanne & Weise, Hanne (1997): *Evaluering af Lov om kommunal aktivering*. Koebenhavn: Socialforskningsinstituttet
- Finansministeriet (1995): *Finans redegørelse*. Koebenhavn: Finansministeriet
- Giddens, Anthony (1994): *Beyond Left and Right*. Cambridge: Polity Press
- Haahr, Jens Henrik & Winter, Soeren: *Den regionale arbejdsmarkedspolitik*. Aarhus: Systime
- Jensen, Per H. (1997): "Decentraliseringens moralske og forvaltningsmaessige udfordringer belyst ved den ny arbejdsmarkedsreform" i P.Gundelach et.al. (Eds.): *Det lokale*. Aalborg: Aalborg Universitetsforlag
- Jessop, B. (1993): "Towards a Schumpeterian Workfare State?", *Studies in Political Economy*, No. 40
- Joergensen, Henning (1985/86): *Arbejdsmarkedsnaevn i arbejdsmarkedspolitikken*. Aalborg: ATA-forlaget
- Ketcher, K. (1996): "Mellem skoen og ret og pligt", *Social politik*, no. 6
- Langager, Klaus (1997): *Indsatsen over for de forsikrede ledige*. Koebenhavn: Socialforskningsinstituttet
- Mintzberg, Henry (1979): *The Structuring of Organizations*. London: Prentice-Hall
- Moeller, I. Hornemann (1996): "Fra bistanndslov og aktivering til fattiglov og stigmatisering", *Social politik*, no.6
- OECD (1997): *Employment Outlook*. Paris: OECD
- Smith, Nina (1998): *Arbejde, incitament og ledighed*. Aarhus: Aarhus Universitetsforlag
- Socialministeriet (1997): *Myter eller viden*. Koebenhavn: Socialministeriet
- Torring, J. (1996): "From the Keynesian Welfare State to the Schumpeterian Workfare State: A comparative study of new trends in social policy", in M.Alestalo & P.Kosonen (Eds.): *Welfare systems and European Integration*. Tampere: Tampere University Press
- Weise, Hanne & Brogaard, Susanne (1997): *Aktivering af kontanthjaelpsmodtagere*. Koebenhavn: Socialforskningsinstituttet