Making All Persons Work: Modern Danish Labour Market Policies

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1 Introduction

A better understanding of the types and effects of labour market policies is high on political and academic research agendas. Globalisation requires flexible labour markets, and ageing populations stress the need for more labour supply. Both factors highlight the role of labour market policies in reducing unemployment and increasing employment. How can we design and implement labour market policies so they work as best they can? This paper presents the Danish situation and some of the experiences made in the 1990s and 2000s.

Existing research has vastly contributed to our knowledge. Micro-based evaluation studies have shown that effects vary depending on the type of activation programme and the persons participating. Macro-based comparative studies have shown that the environment, in which activation takes place, not least the economic situation, is important for the effects of activation. What is lacking, however, are systematic reviews of how specific policies work in differing economic contexts for various target groups.

Since the start in 1978 labour market policies in Denmark have undergone several transformations, and experiences of the effects on different labour market policies have been made. Due to the high quality and availability of relevant data, Danish evaluation studies provide ample knowledge of activation. The Danish case is also interesting for political reasons. The OECD and the EU often make activation in Denmark a model of best practice that other countries may learn from (OECD 2006, Madsen 2003).

This paper contributes to a better understanding of the changing nature of Danish labour market policies and experiences made. The paper sets out the Danish situation of the political ideas of activation (Sect. 2), changing target groups (Sect. 3), labour law (Sect. 4), unemployment insurance (Sect. 5), activation (Sect. 6), and their outcomes (Sect. 7).

2 General orientation of the political ideas of Danish activation: activation as a concept

Activation can be seen as both very old and fairly new. If activation encapsulates the idea of “something for something,” it is as old as the first poverty laws which in Denmark date back to the nineteenth century. At that time the idea of mandatory activities in exchange for benefits dominated. Poverty relief went hand in hand with relief work institutionalised by workhouses in many local parishes and bigger towns. Much of the development of the welfare state has been about dismantling activation in this version of reciprocity. The expansion of social rights sought to remove the punitive sanctions and stigma often associated with social assistance as forced labour.