From the 1980s onwards, the Danish welfare state was subject to some radical changes. Labour-market policy and large parts of social policy, but not education policy and industrial policy, were gradually fused into what is currently known as ‘employment policy’, and the new employment policy was supposed to be ‘active’ rather than ‘passive’. First to be activated were the young unemployed on social assistance followed by the insured unemployed and the ‘work-ready’ adult social assistance claimants. Finally, all unemployed people were obliged to receive an activation offer of either education or job training. In addition, efforts were made to return people on sick leave to the labour-market as fast as possible. The disabled people’s ability to work was assessed in order to facilitate labour market participation and those on early retirement pensions were encouraged to work a few hours or offered sheltered employment instead of social pensions. By the end of the 1990s, the notion of ‘activation’ had clearly hegemonized the new Danish employment policies.

The Danish activation reforms were influenced by the workfare reforms that swept the Anglo-Saxon countries in 1980s, but they deviated from the American-style workfare in at least three respects (Torfing 1999a,b). First, workfare in terms of the right and obligation to become activated was seen as a supplement to the relatively generous welfare benefits rather than as a substitute. Second, skill enhancement through training and education was preferred to lower benefits and minimum wages as the principal means to increase the active labour-market participation of the unemployed. Finally, the Danish activation strategy aimed at empowering the unemployed through the drafting and co-signing of individual action plans rather than trying to force the unemployed back into the labour market through increased control.
and heavy sanctions. In short, whereas the USA took a work-first approach to workfare, the Danish activation policy adopted a human-capital approach that sought to upgrade the skills of the unemployed and increase their individual responsibility for their labour market participation while making sure that the availability of the unemployed was enforced by their obligation to receive an active offer after a certain unemployment period (Peck 1998).

The Danish activation policy significantly contributed to the job miracle in the 1990s where the open unemployment was reduced from 12% to about 5% while the inflation rate remained below 2 per cent. Economic growth and rising employment were triggered by an increase in public investments and private consumption, but the persistent absence of bottlenecks in the labour market was ensured by the combination of activation and generous benefits that ensured a high degree of labour market flexibility. The successful implementation of an active employment policy turned Denmark into a role model within the EU, and Danish-style activation policies had a large impact on the contents of the European Employment Strategy that was formulated in the mid 1990s.

However, the true miracle lies neither in the non-inflationary job growth nor in the sudden rise to fame of the new Danish employment policy. The real miracle consists in the fact that the Danish activation reforms were carried through without any major political conflicts or controversies. The constitutive policy paradigm of the Danish welfare state was changed within a decade without leading to large scale protests and political upheavals. This is particularly remarkable since many welfare state theorists had come to the conclusion that the welfare state was almost impossible to reform. Hence, the failure of the neoliberal governments in Britain and the USA to roll back the welfare state had fostered widespread ideas about the ‘irreversibility’ and ‘stickiness’ of the welfare state (Mishra 1990; Pierson 1994). In Denmark, the conservative-led coalition governments in the 1980s aimed to bring about a ‘bourgeois revolution’, but they ended up consolidating the public budget and expanding the range of universal welfare services and welfare benefits (Andersen 1997).

The key to explain the silent revolution of the Danish welfare state is the formation of a wide-ranging governance network in the beginning of the 1990s. In the second half of 1980s, the conservative minority governments made several attempts to introduce different kinds of workfare, or activation, measures. However, the inclusion of highly controversial plans for lower wages and benefits in the reform packages of