

**Marginalisation, Citizenship  
and the Economy:  
The Capacities of the Universalist  
Welfare State in Denmark**

*Jørgen Goul Andersen*  
1996:1

*Marginalisation, Citizenship and the Economy:  
The Capacities of the Universalist Welfare State in Denmark*

*Jørgen Goul Andersen*

*All Right Reserved*

*Department of Economics, Politics  
and Public Administration  
Aalborg University  
Fibigerstraede 1  
9220 Aalborg - Denmark*

*print: Centertrykkeriet  
Aalborg 1995*

ISBN 87-89426-80-0

**Marginalisation, Citizenship and the Economy:  
The Capacities of the Universalist Welfare State in Denmark**

**Jørgen Goul Andersen.**

To appear in: Erik Oddvar Eriksen and Jørn Loftager (eds.)  
*The Rationality of the Welfare State*. Oslo: Universitetsforlaget.



|  |    |
|--|----|
| <b>1. Introduction</b>   | 3  |
| <b>2. The Danish Welfare System</b>                                  | 8  |
| <b>3. Marginalisation and Polarization</b>                           | 13 |
| 3.1. Labour Market Marginalisation                                   | 13 |
| 3.2. Social Marginalisation  | 16 |
| 3.3. Political participation   | 23 |
| 3.4. Political polarization  | 25 |
| 3.5. Marginalisation, polarization and citizenship: Some conclusions | 28 |
| <b>4. Economic Incentives</b>  | 30 |
| 4.1. Willingness to work   | 30 |
| 4.2. Determinants of job chances                                     | 32 |
| 4.3. Effects of economic incentives                                  | 34 |
| 4.4. A Note on Increasing Social Transfers                           | 38 |
| <b>5. Workfare or Citizens' Wage?</b>                                | 41 |
| <b>6. Conclusions and discussions</b>                                | 45 |
| <b>References:</b>   | 48 |



## 1. Introduction

Enduring mass unemployment is generally recognized as the most important challenge to the Western European welfare states, not the least to the universalist Scandinavian model. Beyond low economic growth and budgetary pressures, the threat of marginalisation - sometimes described as a "two third's society" - may undermine the very cohesion of society because of a loss of citizenship among the marginalised and losses of solidarity among the employed majority.

But to which degree has the universalist welfare state been able to meet these economic, social and democratic challenges? Does the experience of the last decades reveal the inherent weakness and vulnerability of the welfare state? Or does it rather demonstrate its strength and viability? This is the basic question of this article which examines the alleged consequences of weak economic incentives as well as the welfare state effects on marginalisation and political polarization.

In several respects, Denmark provides a strategic test case. The Danish welfare state comes very close to a universalist ideal type - according to some scholars even more so than Sweden (Rold Andersen 1993). And although the Scandinavian welfare states have usually been described as employment regimes strongly committed to active employment policies (Esping-Andersen 1990), probably no existing welfare system has come as close to a citizen income system as Denmark did in the 1980s and early 1990s. Thus most of the observations below are relevant also to discussions about a citizens' income strategy.

Returning to the welfare state in general, it is characteristic that beliefs in the problem-solving capacities of the welfare state have declined within the last two decades (Sandmo 1991; Hagen 1991; Kaufman 1985). Once, the welfare state was seen as a solution to most social problems generated by market forces. Today, there is less belief in the capacity of the welfare state to overcome such problems. The welfare state is rather seen as a victim of such forces, in particular because of the financial stress imposed by exogenous changes in the economic (and demographic) system. Frequently, the welfare state is even presented as the main economic problem, i.e. as an impediment to the smooth functioning of the market. The economic problems are not caused by exogenous factors; rather, they are endogenous to generous welfare state arrangements. In particular, attention has been directed to the inflexibility of labour markets. This includes, *inter alia*, high minimum wages and compressed wage structures; insufficient mobility; insufficient incentives of the unemployed to seek employment and the associated fears of a "dependency culture"; and the disincentives of the employed ("the insiders") to allow the unemployed ("the outsiders") to gain access to the labour market. The argument is that such structures generate structural unemployment and low occupational growth (Hvidbog 1989). And

the arguments may be substantiated by comparing the job-generating capacities of the American and the European economies.<sup>1</sup>

In this critical perspective, many problems derive from exactly what was earlier considered one of the main achievements of the welfare state: Social rights which to some degree emancipated the individual from the forces of the market (Marshall 1949) - or "decommodification" as Esping-Andersen (1985) labelled it. In an economic perspective, several aspects of "social rights" or "decommodification" translates into "disincentives" and "market imbalances". Structural unemployment which is frequently defined as the lowest level of unemployment compatible with stable inflation, derives from a mismatch between wages and labour productivity, from insufficient mobility, or from decreased willingness to work. What is needed, from this perspective, is more "correct" incentive structures compatible with the forces of the market. And as the universalist welfare state has the least "correct" incentive structures, it is - other things being equal - the most threatened welfare model.

Economists rarely consider the social and democratic aspects of the welfare state explicitly. Not only because their main concern is with the labour market and the economy. But also because the other aspects may seem to follow immediately: In the first place, if the economy deteriorates, the financing of generous welfare arrangements becomes impossible anyway. Secondly, labour market marginalisation is usually believed to generate identity problems or - even worse - a culture of dependency - which implies that large numbers of unemployed become socially marginalised, i.e less and less integrated in ordinary social life. And alongside with increasing financial stress and deeper segregation, those who are in stable employment gradually loose solidarity with the marginalised (Christoffersen 1995).

However, the idea of a citizens' income highlights the fact that lack of labour market participation does not necessarily entail social marginalisation. And whereas a primary goal of the welfare state - not the least in Scandinavia - has traditionally been to ensure full employment, the second best option has of course been to prevent labour market marginalisation from leading to a broader social and political marginalisation.

This leads to a few more general considerations about the concept of marginalisation and the relationship between the welfare state and marginalisation. In general terms, marginalisation may be defined as an intermediary state between full inclusion and full exclusion (Halvorsen 1995; Johannessen 1995). Whether or not we should move beyond this minimum definition and include the supplementary criteria "permanent" and "involuntary", is largely a matter of taste: If

---

1) In the USA, the number of jobs increased with 18 per cent from 1980 to 1991 where as the figure in Denmark was among the lowest even in Europe: 3 per cent, cf. Goul Andersen (1994).



we follow a maximum definition, conventional operationalizations of marginalisation are not valid; below, we follow the minimum definition, which of course means that the two criteria become indispensable in the description of the intensity of marginalisation.

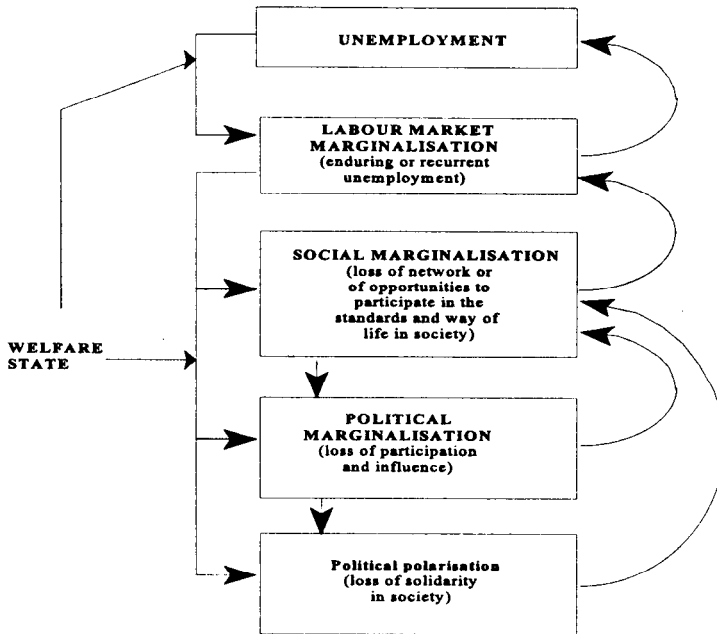
Next, we must distinguish between labour market marginalisation, social marginalisation and political marginalisation. Labour market marginalisation means long-term or recurrent unemployment. Social marginalisation is a question of a loss of social network, or at least a loss of integration in the standards and way of life in society. Political marginalisation may be seen as a component of social marginalisation (following Marshall's notion of social citizenship) or as an independent variable. Political marginalisation may be defined as loss of politically relevant participation. Finally, there is the question of political polarization between the fully integrated and the marginalised (and those who are entirely excluded).

These variables are usually assumed to be related (see figure 1): Enduring unemployment may lead to a marginalisation at the labour market which may further entail social and political marginalisation (Møller 1989, 1995a, 1995b; Pixley 1993; White 1990). And as a consequence of this increasing segregation of society, the (mutual) solidarity between the fully integrated and the marginalised may break down: The marginalised may lose confidence and develop a hostile attitude to the surrounding society, and the fully integrated may lose their willingness to pay for the marginalised.

Further, there may be a number of "vicious circles": Labour market marginalisation is tantamount to structural unemployment which makes it difficult to fight unemployment, even in periods of prosperity because bottlenecks and inflation problems emerge long before full employment. Social marginalisation reinforces labour market marginalisation as socially marginalised persons are less likely to return to full integration at the labour market. And political marginalisation means lack of influence opportunities which may lead to a worsening of the social conditions of the marginalised.

However, the very purpose of the welfare state is to break or at least to modify all these associations and vicious circles:

Figure 1. *Welfare state, Unemployment, Marginalisation and Political Polarization: Contingent Associations and "Vicious Circles".*



- (1) To fight unemployment (as far as possible).
- (2) To break or modify the relationship between unemployment and labour market marginalisation (e.g. through maintenance of the resources of the unemployed, through active labour market policies, and through education that ensure high minimum qualifications and thus make equality more compatible with flexible labour markets). To the degree that unemployment is structural, this will also help to lower aggregate unemployment rates as such in the long run; meanwhile, it may at least alleviate the consequences for individual citizens.
- (3) To break or modify the relationship between labour market marginalisation and broader social marginalisation (e.g. by provision of sufficient economic resources, housing etc.).

- (4) To break or modify the relationship between labour market or social marginalisation and political marginalisation (e.g. by provision of resources for participation and opportunities of participation).<sup>2</sup>
- (5) To break or modify the relationship between marginalisation and political polarization (e.g. by welfare systems that avoids stigmatization of those who receive public aid and which, more generally, avoids clear divisions between the marginalised and the integrated).

It is also at this point that welfare systems differ in their capacities and assignment of priorities. Some of these are related to the ideal typical distinction between universalist, corporatist and selective/residual welfare models; others (such as provision of resources and opportunities for participation) are not. However, there are also considerable disagreement as to whether the welfare programmes work as intended. Economists frequently look at the unintended side-effects which lead them to hypothesize that the effects are counter-productive as weak incentives increase labour market marginalisation and, consequently, other forms of marginalisation as well as political polarization (usually they only have a vague notion of these other relationships). Those who have some confidence left in the welfare state, on the other hand, believe that the causal relationships sketched in figure 1 are contingent, i.e. that they may be overcome or modified by appropriate welfare state action.

Below, we assess some of the effects of the Danish welfare system, mainly on the basis of two nation-wide surveys: (1) The Danish 1994 Election Survey which included large question batteries on welfare state and labour market attitudes, and (2) A survey of long-term unemployed conducted by the Danish National Institute of Social Research. Both surveys were carried out in October/November 1994.<sup>3</sup> Below, the two surveys are referred to as "Election Survey" and "Unemployment survey", respectively. First, however, we shall introduce the main features of the Danish system.

---

2) In Denmark, resources for participation are (intended to be) provided by the basic educational system where upbringing to a democratic citizenship is listed as one of the main purposes. Opportunities of participation (even for less resourceful citizens) may be provided by formal or informal user influence in public service institutions and other forms of community participation.

3) Both surveys were nation-wide, representative samples. The election survey included about 2000 respondents (data collected by The Danish Gallup Institute); The unemployment survey included about 1250 unemployed with at least six months of unemployment in 1994 before the interviewing took place (data collected by The Danish National Institute of Social Research).

## 2. The Danish Welfare System.

Welfare expenditures are not significantly higher in Denmark than in other Northern European countries such as Germany or the Netherlands, nor is the burden of taxation. The differences that appear in OECD statistics etc. are mainly artifacts of taxation systems and national statistical procedures (Det økonomiske Råd 1989; Goul Andersen & Munk Christiansen 1991; Finansredegørelse 1994). It is the rules, institutions and priorities that distinguish these welfare systems, not the level of publicly provided welfare or taxation in general.

As mentioned, the Danish welfare system is a universalist system with some resemblance to a citizens' income system. It is universalist in the sense that access to transfers and services are typically tied only to Danish citizenship, not to previous contributions. And it is resemblant to a citizens' income system in the sense that there is a public transfer income for almost all adults who are not gainfully employed.<sup>4</sup> Apart from some 1½ per cent who are housewives, virtually all adults are covered by some sort of public support (source: Election Survey 1994; see also Goul Andersen, forthcoming).

Like in other welfare systems, the welfare arrangements for the unemployed include an (income replacement) system of unemployment benefits and a (means-tested) social assistance system for those who are not entitled to unemployment benefits. Formally, the system of unemployment benefits is organized as a (voluntary) insurance system - with strong links between trade unions and unemployment insurance funds - but the bulk of financing is carried by the state.<sup>5</sup> As it has so far been rather easy to get entitled to unemployment benefits and to maintain this right, even this system has clear universalist traits. By 1995, the system was tightened considerably, but as it is the effects of the rules before 1995 that are revealed in our data, we describe below the rules and practices as by 1994/95 (see figure 2):

---

4) This does not only include the unemployed and the disabled but also:

(1) Old-age pensioners who receive a universal flat-rate pension financed through general taxes. It is neither related to previous earnings, nor to previous employment apart from a fund-based supplement (ATP). With this ATP supplement, with a means-tested supplement, and various subsidies (especially rent subsidies), single pensioners without other incomes are able to maintain approximately the same living standards as the lowest income groups at the labour market (but compared to other European countries, pension expenditure is relatively low).

(2) Students above 19 years who receive state support independently of parents' economic conditions. This support does not quite cover the students' living expenses but it is nevertheless the most generous among the Western European countries.

5) In a purely formal sense, this was changed by the 1993 tax reform which introduced a special tax to finance most of the state's contribution to unemployment benefits and other labour market policies. Although this tax is formally labelled "labour market contribution", it is referred to in daily speech simply as a "gross tax".

Figure 2. The Danish Unemployment Benefit System, by 1994/95.

|  |
|--|
| <p><b>Unemployment benefits:</b></p> <ol style="list-style-type: none"> <li>1. <b>Easy Access:</b> 1 year of membership in Unemployment Assurance Fund, 26 weeks of employment within the last 3 years.</li> <li>2. <b>Long Period of Support:</b> 7 years; up to 9 years if leave opportunities are fully exploited; then 26 weeks of ordinary employment is demanded to begin a new period (however, the unemployed have to participate in an employment programme or education after 4 years where they only receive unemployment benefits).</li> <li>3. <b>High Level of Compensation:</b> 90 per cent of former wage, with a relatively low ceiling (11.000 DKK per month before tax). In practice, it comes close to a flat-rate benefit.</li> <li>4. <b>Little Control</b> with active job-seeking (depending on the business cycle).</li> </ol>  |
| <p><b>Early retirement and leave arrangements:</b></p> <ol style="list-style-type: none"> <li>5. <b>Parental leave, educational leave and sabbatical leave:</b> The leave arrangements, introduced by 1992 and 1993, makes it possible to leave the labour market for a shorter period and achieve from 60 (originally 80) to 100 per cent of maximum unemployment benefits. Parental leave and educational leave is a right when sabbatical leave presuppose an arrangement where the employee is replaced by an unemployed.</li> <li>6. <b>Early retirement Allowance:</b> People aged 60-66 years may leave the labour market before the formal pension age of 67 years. During the first 2½ years, they are entitled maximum unemployment benefits; for the remaining period 80 per cent of that amount.</li> <li>7. <b>Transitional Allowance:</b> Long-term unemployed aged 50-59 years may receive a transitional allowance (80 per cent of maximum unemployment benefits) until they can receive early retirement allowance from the age of 60.</li> </ol> |

In the first place, it was easy to **gain access** to the system: It required only one year of membership and half a year of (normal) employment to achieve full entitlements. These rights are equal to all unemployed, regardless of former employment, age, family situation, etc. Secondly, it was also easy to **remain** in the system for a long time: The unemployed were entitled to receive unemployment benefits for 7 years (occasionally 9 years if parental and educational leave opportunities were fully exploited). After 4 (6) years, the unemployed had to participate in some work programme or attend an education. But after half a year of normal employment, they could begin a new unemployment period of 7 years.

Thirdly, the **compensation level** of 90 per cent is very favourable to low-income groups. In practice, the low ceiling has declined gradually since 1995 (Pedersen, Pedersen & Smith 1995) and that it is nearly a flat-rate benefit. The average compensation level for all the unemployed is only slightly above that in Germany and the Netherlands (e.g. DØR 1989; Goul Andersen &

Munk Christiansen 1991; Ploug & Kvist 1994b), but low-income groups hold a much more favourable position and frequently have small or no economic incentive to work.<sup>6</sup>

Finally, the **control systems** have typically been very liberal. The unemployed cannot refuse if they are offered an appropriate job, and formally, they have to be actively job-seeking and able to take a job immediately. In practice, however, there has been little control with active job-seeking. The duty to take a job is maintained but during recession periods (such as 1987-1993), the unemployed were not too frequently offered a job if they didn't want it.

This relatively generous system of unemployment benefits corresponds with an unusually low degree of employment security in Denmark. This welfare mix probably has the effect of enhancing flexibility and competitiveness in an economy dominated by small- and medium-size firms. But the system also means that people have been able to remain in the system for several years and to maintain a tolerable standard of living if they were able to get a job from time to time. Only few people seem relatively to have been outside the system against their will (unless unemployment problems were coupled with other social problems); as means-tested benefits are sometimes economically advantageous for some groups (such as single parents with high rent expenditures in their flat), people have to some degree been able to choose whether they wanted to be in the unemployment benefit system or in the social assistance system.

Finally, there has more recently been introduced a number of relatively generous leave arrangements (parental leave, educational leave and sabbatical leave, introduced in 1992/93)<sup>7</sup> as well as rich opportunities to withdraw from the labour market at an early age (early retirement allowance for 60-66 years old was introduced by 1979<sup>8</sup>; transitional allowance (80 per cent of maximum benefits) for long-term unemployed aged 50-59 years was introduced by 1992/93).

Returning to the unemployed, the Danish system cannot be described as a "passive line". As revealed by figure 3, Denmark has the highest expenses for *both* passive and active

---

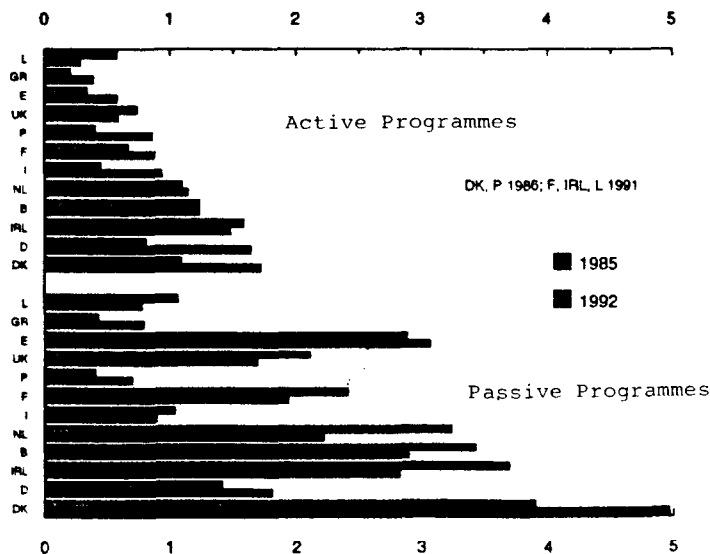
6) According to a recent study (Pedersen & Smith 1995), some 20-25 per cent of the presently employed have a net gain of less than DKK 500,- per month by being employed, if we take regard of taxes and costs of transportation and child rearing. Among the unemployed, 33 per cent did not expect any economic gains if they managed to get a job.

7) These programmes have been open also to the unemployed. Until the end of 1995, roughly speaking about one-half taking parental or educational leave were unemployed. Economically, the most advantageous programme is educational leave where people receive maximum unemployment benefits, regardless of previous earnings or previous level of unemployment benefits.

8) The early retirement allowance probably explains why Denmark has maintained a very high formal pension age of 67 years. Thus the labour market participation among the 50-59 years old and the 60-66 years old is at least as high in Denmark as in Germany or the Netherlands (Goul Andersen 1991; European Commission 1994).

programmes in the European Union (see also Udredningsudvalget 1992:53).<sup>9</sup> The effects of numerous voluntary or obligatory activation programmes is uncertain. Even micro-level effects (i.e., on individual job chances) are not even consistently estimated as positive but consistently estimated as small (Rosholm 1994.; Mærkedahl et al. 1992; Binder 1994; Ingerslev 1994). Macro-level effects (i.e., on aggregate unemployment) have not been evaluated. But the programmes have had one measurable effect: Next to Luxemburg, Denmark has generally had the lowest proportion of long-term unemployed among the unemployed in the European Union (Goul Andersen & Munk Christiansen 1991; European Commission 1994:148). To some degree, this simply reflects that people on activation programmes are not registered as unemployed. But it also means that the long-term unemployed have interruptions in unemployment from time to time.

*Figure 3. Public Expenditure for Active and Passive Labour Market Programmes among EU Countries, 1985 and 1992. Per cent of GDP.*



Source: European Commission (1994: 152).

<sup>9)</sup> As far as expenses for passive programmes is concerned, the figures for Denmark and Germany are not comparable as the German figures are net figures (unemployment benefits are not taxed) whereas the Danish are gross figures (unemployment benefits were, until 1994, taxed as ordinary wage income).

To summarize, the unemployment benefit system moved quite far towards decommodification until the early 1990s, and it has also been accused of introducing a citizens' income "through the back door". As mentioned, the system has gradually been modified in 1995 especially in favour of an "active" or "workfare" line.<sup>10</sup> The important point here, however, is that we are able to measure some of the effects of a "super-universalist" (and in some respects nearly citizens' income-like) welfare system as it has been practised until the mid 1990s. If anywhere, we should expect to find a suppressor effect of the welfare system on the relationship between unemployment and marginalisation and polarization in Denmark. And if anywhere, we should expect to find an inverse effect of weak economic incentives, on labour market marginalisation as well as on social and political marginalisation and polarization in Denmark. But which effects are strongest? Has Denmark experienced an increased segregation and polarization of society, contrary to what was intended, or have the welfare arrangements been able to limit labour market marginalisation (or at least its social and democratic effects), - and if so, at which costs in terms of labour market inflexibility and increased burden of support for the "passive" part of the population?

---

10) The main changes are as follows: By 1996, it takes 52 weeks of employment to become entitled to employment benefits; participation in an employment or education programme begins after only 2 years; the maximum length of support is reduced to 5 years; young people aged less than 25 years are obliged to take an education after only 6 months (with halved unemployment benefits); there is more control with unemployment insurance funds; and the transitional allowance is abolished.



### 3. Marginalisation and Polarization

#### 3.1. Labour Market Marginalisation

An abundance of studies have demonstrated that the Danish unemployment system has not been able to prevent a concentration of unemployment among the few.<sup>11</sup> From 1984 to 1991, 54 per cent of the labour force was not affected by unemployment at all whereas almost 60 per cent of total unemployment was concentrated among the 10 per cent with the highest unemployment rate. 90 per cent of total unemployment was concentrated among less than one-quarter of the labour force (Husted and Baadsgaard 1995, quoted in Hummelgaard 1995:59), in particular among the unskilled (Socialkommissionen 1992; Velfærdskommissionen 1995).

Thus it is beyond doubt that there has been a considerable marginalisation at the Danish labour market if marginalisation simply means that people have a high degree of unemployment for a relatively long period. However, this does not necessarily mean that marginalisation is permanent, nor that it is entirely involuntary for all the unemployed.

Nearly all recent Danish studies have been quite seriously biased in favour of pessimistic interpretations. First and foremost, the period typically covered by the analyses is very favourable to a pessimistic interpretation as Denmark experienced an unprecedented long economic recession from 1987 to 1993. And it turns out that long-term unemployment is highly dependent on the business cycle (Finansministeriet 1995): It increases more rapidly than general unemployment during recessions but unlike what we should expect from most notions of marginalisation, it also decreases at a much faster term than general unemployment during periods of prosperity.

*Table 1. Total Unemployment and Long-term Unemployment (recalculated as full-time unemployed), 1982-1995. Thousands.*

|                                     | 1982  | 1983  | 1986  | 1990  | 1993  | 1994  | 1993/94 <sup>1</sup> | 1994/95 <sup>1</sup> |
|-------------------------------------|-------|-------|-------|-------|-------|-------|----------------------|----------------------|
| Total Unemployment                  | 262.8 | 283.0 | 220.4 | 271.7 | 348.8 | 343.4 | 352.3                | 301.4                |
| Long-term Unemployment <sup>2</sup> | 81.0  | 88.1  | 60.2  | 87.8  | 134.6 | 149.9 | 159.8                | 124.3                |

1) Oct. 1993 - sep. 1994, resp. oct. 1994 - sep. 1995.

2) Unemployed for 80 per cent of the year period or more. Figures 1982-1990 recalculated into full-time unemployed by the author

Source: Statistiske Efterretninger: Arbejdsmarked. Various iss.

11) Apart from income transfers, the systems for the unemployed also include various types of subsidies, job training programmes, education programmes as well as various types of transfers to unemployed who attend an education. Together this "active" labour market policy is quite extensive, as compared to most other European countries, although far less well-developed than in Sweden.

The figures in table 1 reveal that during the economic recovery from 1983 to 1986, long-term unemployment decreased by 32 per cent whereas total unemployment declined by only 22 per cent. And in the first year of the subsequent economic recovery in the mid-1990s (long-term unemployment culminated around the summer 1994), long-term unemployment declined by 22 per cent whereas total unemployment declined by only 14 per cent. In some of the regions where the economic upswing was strongest, long-term unemployment declined by nearly 40 per cent in one year.<sup>12</sup>

If labour market marginalisation was tantamount to a more permanent marginalisation, we would expect the opposite pattern, i.e. that unemployment became increasingly concentrated among the long-term unemployed during an economic recovery as the short-term unemployed found a new job whereas the marginalised remained unemployed.

This confirms the information we obtain from recent survey data. The fact that some people have been (nearly) without job for a long time does not necessarily mean that they will remain nearly excluded from finding a new job. And register data do not tell whether some have abstained from seriously seeking a job because they had other plans. By the same token, the fact that we observe a concentration of unskilled among the marginalised does not logically imply that they lack the necessary qualifications to get at job.

---

<sup>12)</sup> These figures may be somewhat affected by job activation as well as by the leave programmes and the transitional allowance programme which have been extremely popular among the unemployed, not the least among the long-term unemployed. But the target groups of these programmes have not experienced a larger decline in long-term unemployment than the others, rather the opposite.

Table 2. *Proportion Believing that It Would Be Possible to Get A Job Very Soon if They Were Willing to Take Any Kind of Job. By Age, Education and Termination of Last Ordinary Occupation. Percentages.*

|                     | Termination last ordinary occupation |            |            |            |
|---------------------|--------------------------------------|------------|------------|------------|
|                     | 1990 or before                       | 1991-92    | 1993-94    | total      |
| 18-39, no educat.   | 55 (n=63)                            | 53 (n=89)  | 65 (n=129) | 56 (n=330) |
| 18-39, some educat. | 47 (n=43)                            | 46 (n=79)  | 58 (n=127) | 54 (n=279) |
| 40-59, no educat.   | 18 (n=74)                            | 18 (n=79)  | 29 (n=93)  | 22 (n=254) |
| 40-59 some educat.  | 21 (n=89)                            | 21 (n=110) | 29 (n=185) | 25 (n=387) |
| 18-39 total         | 52 (n=106)                           | 50 (n=169) | 62 (n=255) | 55 (n=610) |
| 40-59, some educat. | 20 (n=163)                           | 20 (n=188) | 29 (n=279) | 24 (n=641) |

Source: 1994 Unemployment Survey.

The 1994 unemployment survey cast considerable doubt on both assumptions. Thus it turns out that 39 per cent of the respondents (i.e. people who had been unemployed for at least half a year by November 1994) answered affirmatively when they were asked if they thought they "would be able to find a job very soon if (they) were willing to accept any kind of job". The answers were strongly related to age: 55 per cent of the unemployed aged less than 40 years believed they could find a job, whereas the figure was only 24 per cent among the unemployed aged 40 years or more. Long-term unemployment, on the other hand, only had a minor effect: Some 10 per cent age points distinguished those who had become unemployed in 1993/1994 and those who had been unemployed since 1990.

Education had no effect at all on the answers. When we control for duration of unemployment, it even turns out that unemployed without any formal education tended to be a little bit more optimistic than the others, at least among the 18-39 years old. Thus, at least for the *individual* long-term unemployed, lack of education does not seem to be an obstacle against having a job *at all*.

We return to the question of incentives and motivation later on. The point here is simply to point out that very large numbers of the (younger) long-term unemployed do not by any means feel excluded from the labour market. Rather, they appear to wait to see "if something turns up" - something a bit more promising than just "any kind of job". Of course, people may have a bit too optimistic perceptions of their own job opportunities but the data do indicate that the marginalised are less powerless and less excluded from the labour market than usually believed. The Ministry

of Finance (Finansredegørelse 1995) even goes as far as to conclude that structural unemployment is not so much a matter of *persons being marginalised* but rather a matter of structures that enable a permanently large number of (different) people to be unemployed (which, of course, is a totally different diagnosis). This interpretation is probably an exaggeration<sup>13</sup> but permanent, involuntary labour market marginalisation *does* appear to be a much smaller problem than one would expect from various estimates of the level of structural unemployment which is usually believed to be some 8-10 per cent (and previously, the number of marginalised has been estimated to roughly the same proportion, see Velfærdskommissionen 1995). The number who are *more or less permanently excluded against their will* constitute only a minor fraction of this proportion.

### 3.2. Social Marginalisation

When we speak of social marginalisation, we imply that marginalisation is not confined to the labour market but also has a serious impact on the social life of the unemployed. It is exactly in this sense, it has become popular to speak of a "two thirds society" or of a "new underclass" (Dahrendorf 1988,1994; on the genealogy of the "underclass" concept, see Fraser & Gordon 1994). At a superficial level, at least (disregarding e.g. the information above), such notions would seem to fit nicely with the statistical information about labour market marginalisation. However, social marginalisation is conceptually and empirically distinct from labour market marginalisation. Social marginalisation is basically a question of being socially isolated and/or not being able to fully participate in the standards and way of life of society.

Thus, labour market marginalisation does not necessarily entail social marginalisation. Indeed, one of the main purposes of the welfare state is to alleviate the social consequences of unemployment and to prevent that labour market problems generate social distress and stigmatization. Further, the rationale of the welfare state is not only to ensure citizenship but also the hope that by avoiding social marginalisation and poverty, it becomes easier to reintegrate the unemployed at the labour market. Like a citizens' wage system, the rationale of the universalist Scandinavian welfare systems is an "empowerment" strategy. Or, as Rothstein (1994) puts it: The right-based systems provide resources to the individual in order to strengthen the *autonomy* of the individual (rather than acting as a "nanny"). What is important is to avoid a social *deroute*, stigmatization, and loss of autonomy.

---

13) The positive figures of labour market mobility presented by the Ministry of Finance are somewhat inflated by various activation programmes as the unemployed are not registered as unemployed when they are activated (Arbejdsmarkedspolitisk Agenda 18/1995).

Some very important preconditions clearly seem to be fulfilled in the Danish welfare state. Thus, stigmatization is much more easily associated with the (means-tested) social assistance system than with the unemployment benefit system which is a right-based income replacement system. As mentioned, it has been relatively easy to remain in the last mentioned system in Denmark. For instance, among the respondents in our survey who had been without any ordinary employment for 9 years or more, only about one-quarter was living on social assistance.<sup>14</sup>

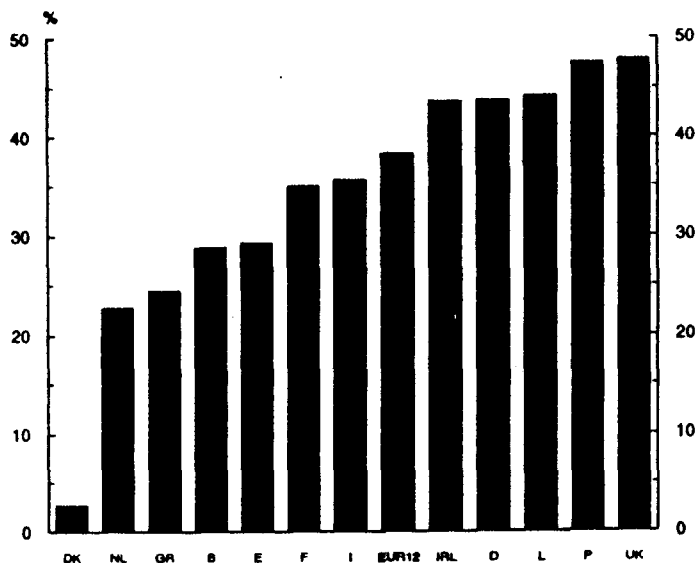
Provision of economic resources is an important precondition of being able to participate in the standards and way of life in society. This requirement is, by and large, fulfilled in Denmark. Following the European Commission (1994:140), poverty may be defined as households having less than one-half of the private consumption possibilities of an average family (corrected for household and family composition). According to this definition, Denmark has far the lowest proportion of households in the European Union living below the poverty line - some 4 per cent in 1988 compared to an EU average of some 16 per cent (European Commission 1994:141). But it furthermore turns out that only some 3 per cent of the households where the head of household is unemployed falls in the poverty category (see figure 4). This may be compared to an EU average close to 40 per cent, the second lowest being the Netherlands with some 23 per cent.<sup>15</sup>

---

14) Until recently, the economic incentives of the municipalities also played an important role: As unemployment benefits are financed by the state, they had an interest in providing job programmes to social assistance clients that would enable them to receive unemployment benefits afterwards.

15) Following the same definition, Ingerslev and Ploug (1995) have calculated that by 1990, some 100.000 households were "economically marginalised". However, among the 344.000 Danes who were, according to the authors, marginalised or excluded from the labour market, only 19.000 were economically marginalised.

Figure 4. *Proportion Living Below the Poverty Line Among Households Where the Head of Household Is Unemployed, 1988.*



Source: European Commission (1994:141). (Calculated for EUROSTAT by Hagenaars et al.(1994))

Still, so far we have only looked upon some preconditions of the maintenance of citizenship. Social marginalisation and exclusion in modern welfare states is not necessarily a question of living about or below a subsistence level. And as far as stigmatization is concerned, indifference might be a modern equivalent. Employment remains to be a major source of identity, an important component of social networks, and, to most people, a major aspect of participation in the standards and way of life in society. Therefore, it has frequently been counted as a component of full citizenship (Marshall 1949). It would also seem likely that there would typically be a spill-over effect from labour market to social marginalisation, in spite of relatively generous, non-stigmatizing welfare arrangements. On the other hand, if norms have changed, if the unemployed today are largely able to maintain their former way of life outside work, to maintain their former social networks, and to achieve an identity without being gainfully employed - as proponents of a citizens' income would have us believe - it becomes difficult to speak of social marginalisation. Below, we look at a few Danish indicators.

The first indicator - which also illustrates the relationship between economic resources and social interegration - is home ownership. Being a tenant is certainly not an indicator of social marginalisation but being a house owner may reasonably be seen as an indicator of social integration.

As single people are typically tenants, and as singles are significantly over-represented among the unemployed, we have to control for marital status. Thus table 3 shows the proportion of home owners among the unemployed who are married. Although home ownership is clearly less widespread among the unemployed than among the employed, table 2 reveals that the difference is relatively modest. 61 per cent of the unemployed who are married or cohabitating, are homeowners, and even among those who had been without ordinary employment for 9 years or more, the proportion was 55 per cent. Thus it emerges that the majority among the unemployed are able to maintain roughly the way of life they used to, at least if they are married or cohabitating.<sup>16</sup>

In Denmark where both spouses typically belong to the labour market, the effects of unemployment are thus modified by the fact that both spouses are seldomly unemployed simultaneously. Only 14 per cent of the married/cohabitating respondents in our survey reported that their spouse was also unemployed. Taking regard of the class composition of the unemployed and the well-known relationship between class and unemployment, this means that we would come close to a zero association between unemployment of husband and wife if we could make the relevant controls.

Thus, there is typically only one unemployed spouse in each family, and most frequently - especially among the long-term unemployed - this is the wife. Among unemployed who are married, two-thirds are women. And among the married who have been without ordinary employment for 9 years or more, nearly 95 per cent are women. The figure is about 80 per cent among those who have been without ordinary employment from 6-8 years, and some 75 per cent for those with 4-5 years outside the ordinary labour market. And it does emerge that unemployment of husband has a much larger effect on home ownership than unemployment of wife. Still, the proportion of homeowners even in families where the husband is long-term unemployed typically remain around 50 per cent. And it should be added that we have not been able to control

---

16) Two modifications should be added: Among men, there is a strong relationship between marital status and unemployment - about one half of the men in our survey were single - and there are few homeowners among single people, in particular among the unemployed. Thus the general average of homeowners is lower. But although the high proportion of singles is marginally dependent on higher divorce rates among the unemployed (Nygaard Christoffersen 1995), the influence of marital status is mainly a spurious one. The second modification is that employment status of husband has larger effect on home ownership than employment status of wife (see below).

for the influence of spurious factors such as region, class etc. which would certainly reduce the causal effect.

*Table 3. Proportion of Homeowners Among Married/Cohabiting Couples. By Termination of Last Ordinary Employment. Percentages.*

| Last ordinary employment: | Man  | Woman | Total | (N) |     |      |
|---------------------------|------|-------|-------|-----|-----|------|
| 1985 or earlier           |      | (58)  | (55)  | 1   | 18  | 19   |
| 1986-1988                 | (45) | 57    | 55    | 10  | 39  | 49   |
| 1989-1990                 | (66) | 62    | 63    | 19  | 60  | 79   |
| 1991                      | (53) | 77    | 70    | 26  | 52  | 78   |
| 1992                      | 49   | 73    | 64    | 60  | 100 | 160  |
| 1993                      | 55   | 66    | 62    | 91  | 150 | 241  |
| 1994                      | 72   | 69    | 70    | 42  | 75  | 117  |
| Total (incl. NA)          | 53   | 65    | 61    | 266 | 516 | 782  |
| Election survey 1994:     |      |       |       |     |     |      |
| All unemployed            | 59   | 76    | 70    | 64  | 120 | 184  |
| Employed                  | 83   | 83    | 83    | 846 | 788 | 1634 |

Source: Unemployment Survey 1994.

As some 60 per cent of *all* the unemployed (married and single) in the survey (and about two-thirds of those who had been without ordinary employment since 1990) are women, the gender composition of the unemployed in itself contribute to a moderation of the economic consequences of unemployment as the difference between wage and unemployment benefits is much smaller for women than for men. On the other hand, nearly all men in our survey who had been without ordinary employment for 9 years or more were single.<sup>17</sup> Regardless of what is cause and effect in the relationship between marital status and unemployment among men, it is likely that it is mainly among single men that we should look for the socially marginalised. However, single men constitute only 20 per cent of the respondents in our study and even less among the

---

17) It is furthermore possible that this group has been somewhat under-sampled as it is imaginable that those with the most serious unemployment problems have a lower response rate than other groups. The weighting of our data according to age and source of benefits probably cannot fully compensate for such problems.



long-term unemployed. Thus it would be mistaken to generalise from this group to the entire group of unemployed.

Another indicator of marginalisation is a battery of questions concerning the respondents' well-being during unemployment, compared with previously when they were employed. The results, which are presented in table 4, are most surprising from a marginalisation perspective. 34 per cent of the respondents reported a decline in general well-being but 28 per cent reported an improvement. 28 per cent have had more contact with friends and acquaintances, only 12 per cent reported less contact. 42 per cent reported that they have had more physical exercise than previously whereas only 8 per cent reported a decline. The only stress indicator was consumption of tobacco which had quite frequently increased; besides, the proportion of smokers appears to be very high.

*Table 4. Well-being of the Unemployed, Compared With the Period Before Unemployment. Percentages and PDI (PercentageDifferenceIndex). Percentages and Percentage Points.*

|                                    | General well-being | Contacts with friends and acquaintances | Consumption of beer, wine and liqueur (-) | Tobacco consumption(-) | Physical Exercise |
|------------------------------------|--------------------|---|---|------------------------|-------------------|
| Much better                        | 11                 | 8                                       | 3   | 2                      | 13                |
| Somewhat better                    | 17                 | 20                                      | 5   | 4                      | 29                |
| No difference, DK                  | 38                 | 60                                      | 63  | 35                     | 41                |
| Not relevant                       | .                  | .                                       | 19  | 40                     | 9                 |
| Somewhat worse                     | 23                 | 9                                       | 7   | 12                     | 6                 |
| Much worse                         | 11                 | 3                                       | 3   | 7                      | 2                 |
| PDI: Better minus worse well-being | -6                 | +16                                     | -2  | -13                    | +34               |

Source: Unemployment Survey 1994

There is no doubt that for some of the unemployed, unemployment is a very bad experience. And in terms of bad health, suicide etc., improved well-being among some of the unemployed cannot compensate for the distress among others. This means that the data above does not necessarily contradict the numerous studies (e.g. Mørkebjerg 1985; Thaulow 1988; Nygaard Christoffersen 1995) which demonstrate that unemployment is associated with nearly all types of social

problems as well as with health damages: Some unemployed manage very badly but this cannot be generalized to the majority.<sup>18</sup>

To sum up, the data so far indicate that social marginalisation is a minority phenomenon even among the among those who are marginalised at the labour market. The majority are to a large degree able to maintain their former way of life, to maintain or even improve social contacts, to adapt to the situation - or even to enjoy it.

*Table 5. Attitudes Towards Being Unemployed Among the Unemployed, 1994. Percentages.*

| Question: Do you think you could accept a period without work if you could receive unemployment benefits or social assistance as long as you wished? |  | pct. |
|--|--|------|
| 1. Yes, I would welcome it   |  | 44   |
| 2. Yes, I could make the best of it but I wouldn't like it   |  | 29   |
| 3. No  |  | 27   |
| 8. DK/NA   |  | 0    |
| Total  |  | 100  |

| (If yes): For how long could you accept a life without work, if you could receive unemployment benefits or social assistance as long as you wished? (By answer to previous question) |                                    |   |                  |
|--|------------------------------------|---|------------------|
|  | Yes, I would welcome it<br>(N=553) | Yes, I could make the best of it<br>(N=357) | Total<br>(N=912) |
| 0. Less than 2 months  | 1                                  | 6   | 3                |
| 1. 2-5 months  | 2                                  | 11  | 5                |
| 2. 6-11 months   | 4                                  | 16  | 9                |
| 3. 1 year  | 11                                 | 26  | 17               |
| 4. 2-4 years   | 22                                 | 22  | 22               |
| 5. 5-10 years  | 16                                 | 7   | 12               |
| 6. 11-19 years   | 4                                  | 1   | 3                |
| 7. 20 years or more  | 34                                 | 3   | 22               |
| 8. DK/NA   | 6                                  | 8   | 7                |

Source: Unemployment Survey 1994

<sup>18)</sup> An analogous example is the over representation of young from divorced families among delinquents. Obviously it would be an over-generalization to infer that all children of divorced families are potential criminals.

However, one might be left with some reservations concerning the validity of the question battery of well-being: For obvious psychological reasons, some respondents may be inclined to give too positive answers. But the assumption that people are able to adapt to the situation is further confirmed when the respondents were asked if they would like to remain unemployed if it was possible to maintain unemployment benefits for an infinite period. As revealed by table 5, 44 per cent would welcome it, and 29 per cent "could make the best out of it". Only 27 per cent declared that they could not accept this situation.

Among those who answered that they would welcome it, most respondents furthermore indicated that they would like to be unemployed for a relatively long period of time. Thus, 24 per cent of all respondents in the survey declared that they would welcome to remain unemployed for 5 years or more. The main determinant is age: 45 per cent of the 50-59 years old would welcome unemployment for at least 5 years more, as against only 7 per cent among the 18-29 years old.

The question of incentives is discussed later on but it must be added that those who "could make the best of it" or only wanted to be unemployed for less than one year were just as active in job-seeking etc. as those who answered "no". However, the point here is that the perspective of long-term unemployment is far less discouraging than one would expect. Large numbers of unemployed seem able to live a meaningful life or at least to be able to adopt to the situation for quite a long time. Besides, the answers once again confirm that unemployment is not very stigmatizing: It has become socially acceptable to answer that unemployment is preferred.

To sum up: Social marginalisation *does* occur, but it is a minority phenomenon which should not be conflated with the typical situation of those who are marginalised at the labour market. To some economists, the question rather would be if the welfare state has been *too* successful in avoiding social marginalisation, thus weakening one of the important non-economic incentives to work. We return to this question later on.

### 3.3. *Political participation*

As mentioned earlier, political participation may be seen as a component of social citizenship. It is treated here as a distinct variable, however, because the macro-level determinants of the political participation of the marginalised are by no means restricted to welfare arrangements for the unemployed. The content of basic education as well as the responsiveness of public service institutions may be even more important, and outside the sphere of the state, the organisations of civil society (such as parties, voluntary associations etc.) may also be important. In particular, it is worth mentioning that, because of trade union control of most unemployment insurance funds, the unemployed are typically members of a trade union - the proportion of trade union members

(85 per cent) is exactly the same among the employed and the unemployed. Furthermore, it turns out that the unemployed are a little more satisfied (or less dissatisfied) with their influence upon the unions than the employed (Goul Andersen 1996).

We are not able to conceptualise all this very far at this place, nor are we able to trace the causal relationships. Rather, we concentrate on the simple question: To which degree are those who are marginalised at the labour market, also excluded from political life? Unfortunately, we have to rely on data for *all* unemployed but as long-term unemployment was very widespread in the first half of the 1990s, and as marginalisation is a matter of degree anyway, we should expect a clear effect if the marginalised at the labour market were also marginalised politically.

From the results above it comes as no surprise that the evidence is overwhelmingly optimistic in the Danish case. Thus it emerges from studies of political participation among the younger generations that the unemployed are about as active as anyone else (Svensson & Togeby 1991). And data from a nation-wide survey of citizenship and political participation from 1990 show that the unemployed are seriously under represented as members of political parties and somewhat less inclined to vote but otherwise do not deviate very significantly from the rest of the population (see table 6). On a composite index on political participation the unemployed were a bit less active than the employed but this was largely an effect of social composition, not a causal effect of unemployment (Goul Andersen & Hoff, 1995). Finally, it emerges from the unemployment survey 1994 that participation in unpaid social activities organized by voluntary associations is exactly as widespread among the unemployed as among the citizenry at large - and not related to duration of unemployment (Goul Andersen 1995a: 106).

These data do indicate that the universalist welfare state which provides nearly everybody with some sort of basic income does contribute to ensuring citizenship even among long-term unemployed, and the results are perfectly in accordance with the results concerning social and political marginalisation above. However, one reservation has to be made: In the first place, even though employment does not affect political participation significantly, and even though the unemployed are not cut off from other relevant forms of participation because of lack of *individual* resources, it does not follow that the *collective* interests of the unemployed are adequately represented. In particular, the severe under-representation in political parties (and the near-absence of people with unemployment experience from parliament) does mean that formal decision makers have few opportunities to listen to the opinions of the unemployed even if they

wanted to. But our data *do* indicate that as *ordinary citizens* with various citizen roles, the unemployed are not cut off from effective participation because of unemployment.<sup>19</sup>

*Table 6. Unemployment and Political Participation, 1990. Unemployed as Percentages of all Participants.*

| Unemployed as percentages of...        | Per cent |
|--|----------|
| All citizens                           | 6        |
| Voters*)                               | 5        |
| Participants in political actions      | 6        |
| - active participants                  | 4        |
| Members of voluntary associations      | 5        |
| - active members*)                     | 5        |
| - office holders*)                     | 5        |
| Party Members                          | 2        |
| - active party members                 | 1        |
| - office holders                       | 0        |
| Informal user influence (schools etc.) | 7        |

\*) Weighted by number of elections (local, national and EU Parliament)/number of associations.  
Source: Citizenship Survey 1990, quoted from Goul Andersen & Hoff (1995).

### 3.4. Political polarization

The notion of a "two-thirds society" does not only refer to marginalisation. It also implies that society is being politically polarized, i.e. that solidarity breaks down between the employed majority and the unemployed minority.<sup>20</sup> At this point, welfare criticism of the left and right frequently coincide. Scholars of the left are concerned with the lack of solidarity of the "privileged" majority whereas scholars of the right are concerned with the increasing transfer expenditures which pulls the tax burden up to a level where it puts too large requirements on the solidarity of the employed. The idea that the marginalised may constitute a threat to political

19) Before celebrating the democratic achievements of the welfare state it should be recalled that Schlozman & Verba (1979) found equivalent results in an *American* survey from 1975. However, this was long before the present state of enduring long-term unemployment.

20) We proceed directly to the question of polarization as welfare attitudes, on average, has been positive and stable in Denmark since the recovery from a sudden "welfare backlash" in 1973 (Goul Andersen, forthcoming). Although the general picture is positive, however, there always remain aspects where people tend to be critical, in particular attitudes towards fraud and abuse, distrust in efficiency, etc. (see also Papadakis 1992; Feldman & Zaller 1992).

stability has been given up long time ago - the marginalised have generally turned out to be "politically harmless" in modern welfare states.<sup>21</sup>

From an economic perspective, the polarization hypothesis may seem obvious. From a sociological perspective it is less plausible as it neglects that people have families: Most people have a husband or a wife, parents or children, who may also run the risk of being unemployed. Furthermore, the polarization hypothesis neglect the trajectories of the employed and the unemployed. Very large numbers of people experience some unemployment at some point in their

*Table 7. Unemployment Experience, Welfare Attitudes and Party Choice. Percentages*

|                                   | No unemployment experience | Only unemployment experience in family <sup>1)</sup> | Respondent has unemployment experience <sup>1)</sup> | Total |
|-----------------------------------|----------------------------|--|--|-------|
| Distrib. of respondents           | 55                         | 21   | 24   | 100   |
| 1. Welfare too far <sup>2)</sup>  | 30                         | 25   | 16   | 26    |
| 2. Maintain Welfare <sup>2)</sup> | 63                         | 67   | 77   | 67    |
| Welfare PDI (2 - 1) <sup>3)</sup> | +33                        | +42  | +61  | +41   |
| Socialist vote                    | 41                         | 51   | 54   | 46    |
| Welfare PDI:                      |                            |  |  |       |
| Private sector                    | +24                        | +29  | +59  | +30   |
| Public sector                     | +47                        | +56  | +66  | +51   |
| Unemployed                        | .                          | .  | +63  | +63   |
| Socialist vote:                   |                            |  |  |       |
| Private sector                    | 31                         | 43   | 44   | 36    |
| Public sector                     | 56                         | 61   | 49   | 57    |
| Unemployed                        | .                          | .  | 64   | 64    |
| (N)                               |                            |  |  |       |
| Total (incl. NA)                  | 709                        | 266  | 310  | 1285  |
| Private sector                    | 391                        | 149  | 87   | 627   |
| Public sector                     | 285                        | 106  | 53   | 444   |
| Unemployed at present             | .                          | .  | 151  | 151   |

1) More than one month within last two years.

2) Wording: "Now we have a question concerning social expenditures

A says: "We have gone too far with social reforms in this country. People should to a larger extent manage without social welfare and public contributions.

B says: The social reforms already adopted in our country should be maintained, at least at the present level."

(PDI="agree with B" minus "agree with A").

3) PDI: Percentage Difference Index (see note 2).

Source: Election Survey 1994.

21) There is a statistically significant effect of unemployment on political distrust but it is not very strong. Bild & Hoff (1988) and Svensson & Togeby (1991) have identified minorities among the unemployed with more "un-civic" attitudes. But it remains a phenomenon linked to a small minority.

life cycle - or they fear to become unemployed. By the same token, most of the marginalised have experienced or will experience more stable employment at some point in their life cycle - or they at least expect to become more integrated at the labour market at some point in the future. For instance, among the unemployed in our survey aged less than 30 years, virtually nobody expected to remain unemployed. Except in strongly class-divided or otherwise segregated societies, this means that a very large proportion of the population is at least indirectly affected by unemployment as well as by employment.

In the Danish 1994 Election Survey, 12 per cent of the labour force reported being unemployed at present. 24 per cent had at least one month of unemployment experience within the last two years. To this comes additional 21 per cent who had a close relative (husband/wife, children or parents) with unemployment experience. Within a two-year period, 45 per cent of the labour force were thus affected by more than one month of unemployment, directly or indirectly (see table 7). Thus, even from considerations of narrow self-interests, we could hardly expect any two-thirds society to emerge: It should rather be a "one-half" society. But at the same time the figures are so large that one cannot expect narrow self-interests to be decisive. Unemployment is more or less a problem of the entire society.

Table 7 shows the association between unemployment experience, welfare attitudes and party choice. Unemployment experience does have an effect, but the association is rather weak: Among people having experienced unemployment themselves, 16 per cent believes that social reforms have gone too far, whereas this opinion is shared by 30 per cent among people without any sort of unemployment experience. The proportion voting socialist varies between 54 and 41 per cent. In short, one can hardly speak of "polarization", and there is solid welfare state support even among people without any unemployment experience.<sup>22</sup>

Further, the unemployed also have strong allies in the Danish case: Nearly one-third of the labour force are public employees, and they are equally supportive of the welfare state as the unemployed. Thus, from a narrow interest perspective, the most plausible hypothesis is not that of a "two-thirds society" but rather that of a "one third society" as we are left with only about one third of the labour force who are privately employed and have no unemployment experience, directly or indirectly.

---

22)

A more thorough analyses of welfare state attitudes is presented in Goul Andersen (forthcoming) but it adds only little to the picture here which is based on the main indicator of welfare state attitudes in the election surveys since 1969: If people are asked whether *future increases in wealth* should be devoted to lower taxation or increased welfare, the differences are a bit stronger (and a moderate majority among the employed would prefer lower taxes); when people are asked about concrete welfare measures, the differences are generally somewhat smaller).

As far as party choice is concerned, the data confirms that privately employed without unemployment experience typically prefer bourgeois parties (although the class composition of this group explains some of the difference). However, this can hardly be explained merely by welfare state attitudes: Here, the differences are relatively small, and even among the one third who are employed in the private sector and has no unemployment experience, there is solid support for the welfare state.

To complete the picture it may be added that, when asking more specifically about whether unemployment benefits are too high, appropriate or too low, the proportion answering that benefits are too high was only 19 per cent among privately employed without any unemployment experience. Thus they can hardly be accused of having little solidarity with the unemployed.<sup>23</sup>

### *3.5. Marginalisation, Polarization and Citizenship: Some Conclusions*

From the evidence above, it appears that under appropriate institutional circumstances, it is possible to modify very significantly the social and political evils associated with the mass unemployment. This is not to neglect the social problems associated with unemployment. But there has been a habit of generalizing too far from the severe problems of vulnerable minorities to the situation of the "typical" unemployed (if there is any such creature).

As far as Denmark is concerned, there are well-documented minority problems associated with unemployment. But it is equally clear that it would be misleading to speak of a widespread social and political marginalisation, or of political polarization. Even the marginalisation at the labour market is less severe than usually believed. There are socially marginalised groups, but the majority of the unemployed are not socially marginalised; there are interest-related attitudinal differences between the employed and the unemployed, but no political polarization. In short, unemployment does not mean a threat to citizenship or a breakdown of solidarity; the unemployed are (almost) as much part of the society as everyone else, differing mainly in one single respect: that they are unemployed.

It takes cross-national, comparative data to determine to which degree this situation should be ascribed to the welfare state; but the data at least substantiate the hypothesis that a generous, universalist welfare state may provide appropriate remedies to counteract some of the

---

23)

It should be added, though, that a majority of the population are favourable towards a tightening of the system: Few people want to impair the rights of the unemployed but a quite large majority want to stress their duties in order to avoid abuse. In particular, the majority think that the unemployed should accept the jobs they are assigned to. This means that some of the most citizens' income-like elements of the system enjoy relatively little support whereas people are a bit more favourable to the *principle* of a citizens' income (see below).



main social and democratic problems associated with the mass unemployment quite effectively. But two important questions remain: Is it economically possible to maintain such a system? And do people wish to go even further in the direction of a citizens' wage?

## 4. Economic Incentives

It is obvious that a welfare system like the Danish gives the unemployed less incentives to seek a job than most other welfare systems (European Commission, 1995), even to the degree that some may experience an economic disincentive to work (Pedersen & Smith 1995; Socialkommissionen 1992). Other things being equal, this will tend to reduce job-seeking intensity. And even if the consequences in terms of labour market marginalisation and in particular social marginalisation are far less serious than might be expected, it may constitute an economic problem.<sup>24</sup> If the threat of social marginalisation and stigmatization is relatively small, this furthermore removes an important non-economic incentive to work. From an economist's point of view, many informations above could be interpreted as evidence of insufficient incentives. But what are the effects of such incentives? Are economic incentives at all necessary?

### 4.1. Willingness to Work

Several questions in the unemployment survey measured aspects of the respondents' degree of "willingness to work". Some were dropped because of reliability or validity problems (Goul Andersen 1995a: 39-48). From the remaining questions "willingness to work" was defined (and empirically confirmed) as a two-dimensional property: (1) Interest in having a job *at all* ("willingness in principle"), and (2) Efforts to get a job *right now* ("actual job willingness"). The two do not coincide: Some people want to work but are unable to or not interested in having a job *right now*. And others work only because they have to in order to earn a living.

Both dimensions were dichotomized into "high" and "low". In order to have "high job willingness in principle" people had to fulfill three criteria:

- (1) That they answered "yes" to the question: "Would you like to have a job?"
- (2) That they did *not* answer that they "would welcome" being unemployed for more than five years.
- (3) That they did *not* answer "because I don't want to work" if asked why they were not seeking a job.

In order to have "high actual job willingness" they had to meet at least two out of three criteria:

- (1) That they were job-seeking

---

24) Even if no unemployed at all became marginalised in any sense, longer unemployment periods itself contributes to a higher level of structural unemployment and, consequently, a lower economic growth, a higher level of taxation (or reduced public spending in other areas). It is exactly such "systemic" rather than "personal" sources of structural unemployment that the Ministry of Finance is aiming at (Finansredegørelse 1995).

- (2) That they were *actively* job-seeking, i.e. that they did more than just to read newspapers or being registered at the public employment office
- (3) That they were able to begin a job within one month.

The results are presented as a two-dimensional classification in figure 5.

- **The passive** (17.4 pct.) are not interested in having a job and try very little
- **The busy** (16.6 pct.) want a job in principle, but not right now.
- **The reluctant** (13.5 pct.) are job-seeking mainly because they have to.
- **The active** (52.5 pct.) are ideal-typical unemployed who want a job and are job-seeking.

*Figure 5. Typology of Unemployed According to Job Willingness in Principle ("want a job") and Actual Job willingness ("seek a job"). (Corner) Percentages.*

| Job willingness in principle | Actual job willingness              |                                 |                                      |
|------------------------------|-------------------------------------|---------------------------------|--------------------------------------|
|                              | Low                                 | High                            | Total                                |
| Low                          | 1. "Passive"<br>17.4 pct.           | 3. "Reluctant"<br>13.5 pct.     | 1+3. "Don't want a job"<br>30.9 pct. |
| High                         | 2. "Busy"<br>16.6 pct.              | 4. "Active"<br>52.5 pct.        | 2+4. "Want a job"<br>69.1 pct.       |
| Total                        | 1+2. "Not job-seeking"<br>34.0 pct. | 3+4. "Job-seeking"<br>66.0 pct. | Total<br>100.0 pct.                  |

Source: Unemployment Survey 1994

This classification should not be conflated with the debate about abuse.<sup>25</sup> The point here is quite another one. From a citizens' wage perspective, the ideal condition would be one where people could choose between job and citizens' wage according to what they preferred. Although the Danish unemployment system comes (or came) far from this ideal, some aspects pull in this

25) Abuse can be judged only from people's behaviour, not from their private thoughts and preferences. Classical economic theory even assumed it to be "natural" that people preferred *not* to work ("leisure is pleasure"). Furthermore, there are legitimate reasons not to be job-seeking, for instance if people attend some job training programme. Among the "ordinary" unemployed who receive unemployment benefits and do not participate in any course or job training programme, the proportion of "active" is 59 per cent, and 76 per cent are job-seeking.

direction. In the first place, the fact that only one-half of the unemployed are interested in a job right now, may be seen as an approach. And table 8 furthermore demonstrates that well-being is strongly related to job willingness: The passive and the reluctans generally experience improved

*Table 8. General Well-being During Unemployment, by Willingness to Work. Percentages.*

|              | General well-being, as compared to previously |       |                           |            |
|--------------|---|-------|---------------------------|------------|
|              | Improved                                      | Worse | PDI: Improved minus worse | N (=100 %) |
| 1. Passive   | 49  | 12    | +37                       | 189        |
| 2. Busy      | 29  | 28    | +1                        | 181        |
| 3. Reluctant | 44  | 19    | +25                       | 147        |
| 4. Active    | 18  | 45    | -27                       | 573        |

Source: Unemployment Survey 1994.

well-being during unemployment whereas the active generally experience less well-being than earlier.<sup>26</sup>

For adherents of a citizens' wage, these data demonstrate that we have to rethink the relationship between unemployment and welfare. For most economists, the results would probably rather demonstrate how problematic welfare arrangements are: Bureaucratic controls cannot compensate for the disincentives, and less generous systems are needed in order to restore motivation. Further, most economists would fear exactly what adherents of a citizens' wage would be hoping for: That job willingness seriously influenced people's chances of getting a job.

#### *4.2. Determinants of job chances*

If we use the respondents' own expectations as to when they will get a job as indicator of their chance to get a job, we may examine the effects of various factors, including willingness to work. This is done by means of a series of Multiple Classification Analysis (MCA) in table 9.<sup>27</sup> The first column shows the bivariate effects of gender, age, education, degree of marginalisation and

26) As far as distress is concerned, this is classical finding (Jackson et al. 1983; Marsh & Alvaro 1990).

27) The dependant variable was the question "Do you think that you will return to normal employment at some time?". The answers were coded as follows: 1995=1; don't know=2; 1996=3; later than 1996=4; no=5. If "don't know" is excluded, the explained variance increase considerably but the relative magnitude of the effects remain stable. Interaction effects were negligible.

willingness to work. All effects are significant but age and willingness to work, followed by degree of marginalisation, are by far the most important.

In the first column, we control for spurious influences of background factors ("double counting"). It turns out, however, that the factors work almost independently: The effects of age and education are even strengthened a bit. The third column shows what happens when job willingness is introduced:

- The effect of gender almost disappears, i.e. the lower (subjective) job chances of women are mainly a function of lower willingness to work.
- The effect of education almost disappears, i.e. lack of education is not an obstacle to employment; it rather reduces the motivation to work, probably because the jobs available for unskilled are less attractive.<sup>28</sup>
- The effect of age and degree of marginalisation are only a little bit reduced, i.e. these factors act as major obstacles for the unemployed who want to work (this is also confirmed when people are asked why they are unemployed). Age is by far the most important single determinant of job chances among the long-term unemployed.<sup>29</sup>
- Not surprisingly (for equivalent findings, see e.g. Gallie & Vogler 1994), willingness to work has a strong causal effect on job chances, although it is less important than age. Introducing this subjective factor raises the level of explained variance from 25 to 32 per cent.

In short, the data confirm the worst of fears of most economists: Willingness to work is relatively low; it has strong effects on job chances; and it explains the lower job chances of the unskilled and of women. There are a number of reservations to be made: In the first place, what we have measured, is *subjective* job chances. These answers may be biased by misperceptions or by various psychological mechanisms. Secondly, behind "willingness to work" lie other factors than "leisure is pleasure": Some people are worn-down because of many years of hard, repetitive work;

---

28) Recently, this observation has also been confirmed by register-based data: The difference between unemployed with and without formal education does not lie in the duration of unemployment periods. It is the likelihood of *returning* to unemployment that differ (Husted & Baadsgaard 1995). But this also indicate that one of the reasons for the higher frequency of marginalisation among the unskilled lie in the type of job rather than in the lack of qualifications. As long as *some* jobs are highly temporary, *some* people have to bear the burden of recurring unemployment.

29) This is also confirmed by the experience from the economic upswing in 1994/95. If we take account of an extraordinary strong propensity to seek transitional allowance in 1995, long-term unemployment has increased rather than declined among the 50-59 years old whereas it has declined by almost one-third among unemployed aged less than 45 years (Goul Andersen 1996b).

some people have a child-rearing problem; some people want to have an education, etc. One also finds people who prefer a sort of bohemian life-style but they constitute a small minority. Finally, it should be stressed that the motivation factor remains clearly less important, as compared to the objective variables: Structural impediments at the labour market (in terms of age) is more important than job willingness (even before we begin to decipher the social explanations of the last mentioned).

Table 9. *Determinants of Subjective Job Chances. MCA Analyses. Eta- and Beta Coefficients.*

|   | Simple effect<br>(eta) <sup>1)</sup> | Equation 1<br>(beta) | Equation 2<br>(beta) |
|---|--------------------------------------|----------------------|----------------------|
| Gender                                  | .07                                  | .05                  | .02                  |
| Age                                     | .45                                  | ...47                | ...40                |
| Formal qualifications                   | .07                                  | ..08                 | .03                  |
| Degree of marginalisation <sup>2)</sup> | .20                                  | ...19                | ...16                |
| Willingness to work <sup>2)</sup>       | .40                                  |                      | ...30                |
| Explained variance (R <sup>2</sup> )    |                                      | 25.4 %               | 32.0 %               |

\*) p < .05      \*\*) p < .01      \*\*\*) p < .001

1) All significant at .001 level.

2) Measured by termination of last ordinary occupation (1990 or earlier, 1991, 1992, 1993, 1994 and "never had ordinary employment")

Source: Unemployment Survey 1994

But there is a problem of incentives, most economists would maintain. However, it seems to be of a somewhat different nature than normally assumed in economic analyses.

#### 4.3. *Effects of economic incentives*

We may begin by analysing the relationship between the wage people expect to receive if they get a job and the lowest wage they were willing to work for ("reservation wage"). From table 10 it is pretty obvious that most of those who expect a wage around or only slightly above maximum unemployment benefits would not accept any decrease in wage. It is not difficult to explain why: If they did, they would run the risk of receiving less than maximum unemployment benefits the next time they got unemployed. It may also be the case that people want a reward for working (as

most economists would be inclined to think). But at this point, the empirical evidence is much more ambiguous.

*Table 10. The Relationship Between Reservation Wage and Expected Wage Among Unemployed, by Expected Wage: How Much Lower Wage Would People Accept to Get a Job? Percentages.*

| Expected wage   | negative <sup>1</sup> | 0  | 1-9 % | 10-19 % | 20 % or more | Average acceptable reduction in wage | (N) |
|-----------------|-----------------------|----|-------|---------|--------------|--------------------------------------|-----|
| All             | 7                     | 40 | 16    | 18      | 19           |                                      |     |
| 132.000 or less | 14                    | 49 | 9     | 19      | 9            | 1                                    | 88  |
| 132.001-147.000 | 16                    | 55 | 17    | 9       | 3            | 0                                    | 130 |
| 147.001-165.000 | 10                    | 50 | 21    | 14      | 5            | 4                                    | 261 |
| 165.001 or more | 3                     | 30 | 14    | 22      | 31           | 13                                   | 596 |

Source: Unemployment Survey 1994

If expected increase in income was a decisive motivation to work, we should expect a very strong relationship between expected income and willingness to work. Indeed, we do find a somewhat lower willingness to work among those who expect a wage below maximum unemployment benefits (table 11). We also find a very high willingness to work among those who expect to earn twice as much or more. But together, these two groups comprise only 15 per cent of the unemployed. Among the 85 per cent in between, there is virtually no relationship at all.

*Table 11. Expected Income and Willingness to Work. Percentages.*

| Expected wage   | Passive | Busy | Reluctants | Active | N (=100%) |
|-----------------|---------|------|------------|--------|-----------|
| 132.000 or less | 22      | 25   | 11         | 42     | 76        |
| 132.001-147.000 | 14      | 20   | 18         | 48     | 114       |
| 147.001-165.000 | 13      | 20   | 17         | 50     | 226       |
| 165.001-200.000 | 17      | 15   | 12         | 56     | 333       |
| 200.001-250.000 | 15      | 18   | 11         | 56     | 150       |
| 250.001 or more | 5       | 4    | 12         | 79     | 64        |

Source: Unemployment Survey 1994

By the same token, it appears that willingness to move to another town or region is completely unaffected by expected wage: It turns out to be a simple function of family obligations and other indicators of long-term integration in a community. Among unemployed who are married, have children attending school, and are house owners, almost nobody are willing to move for another job unless they have a career-oriented way of life.<sup>30</sup>

Finally, we may observe that low geographical mobility is balanced by a high mobility across sectors or trade borders.<sup>31</sup> Thus the unemployed are very interested in taking another kind of job than they had previously, i.e. they exhibit a high willingness to be mobile across trade borders. But it is equally evident that the decisive motivation to do so is *interest* in this type of job rather than it is improved job chances (see table 12). 37 per cent is motivated only by interest, 12 per cent are motivated only by employment opportunities, and 11 per cent are motivated by both. The remaining 40 per cent are not interested in another type of job.<sup>32</sup>

*Table 12. Mobility Across Trade Borders: Interest in Finding Another Type of Job than Previously. Percentages.*

|     | Yes, interested in another type of job<br>(by motive) |                             |      |                      | No, not<br>interested | (N)  |
|-----|---|-----------------------------|------|----------------------|-----------------------|------|
|     | interesting<br>job                                    | employment<br>opportunities | both | total,<br>interested |                       |      |
| All | 37  | 12                          | 11   | 60                   | 40                    | 1245 |

Source: Unemployment Survey 1994

30) Taken together, age, marital status, presence and age of children, education, home ownership and gender explains 23 per cent of the variance in willingness to move. All these factors had significant effects (Goul Andersen 1995a:67). The effect of willingness to work is not significant, and expected income has no effect at all when we control for other factors. Pedersen & Smith (1995) found a significant effect among men in a sample of 666 respondents but here, the number of control factors was smaller.

31) There is also a relatively high willingness to pendle for a job among the unemployed. On an overall account, it appears that mobility is comparatively *high* at the Danish labour market, regardless of whether one looks upon movements in and out of employment/unemployment, mobility across sectors and trade borders, or within-trade mobility (European Commission 1994: 90-101). In all these respects, mobility at the Danish labour market is among the highest in the EU.

32) It furthermore emerges that those who are interested in having another type of job are frequently directing their wishes towards public sector employment. Among those who wanted to return to their former job, 65 per cent wanted a job in manufacture or (traditional) private services (including unspecified "administration" or "office work"). Among those who wanted a new type of job, only 38 per cent mentioned manufacture or services. With welfare services and arts it is the other way around: 48 per cent among those who wanted to change preferred welfare services, compared to only 24 per cent among those who wanted to return to previous occupation. This means that *job wishes* may an important determinant of structural unemployment a factor that is generally ignored in economic analyses.



The conclusion as far as economic incentives are concerned, seems pretty clear: The size of unemployment benefits may constitute an effective minimum wage for the unemployed (it thus supports general norms of equality in society)<sup>33</sup>. Only a few among the unemployed are willing to work for a lower wage than maximum unemployment benefits. But otherwise economic incentives seem to play only a minor role for the unemployed. In popular terms, they are frequently much more willing to work than they "should be", according to the structure of incentives (Smith, Wahlker & Westergaard-Nielsen 1993). On the other hand, most of the unemployed do not seem to want a job at any price, even if they could look forward to a large economic advantage.

Rather than speaking of economic incentives, one should probably distinguish between "economic *pressure*" and "other economic *incentives*". "Economic pressure", that is, effectively decreasing or entirely removing unemployment benefits would of course have pertinent behavioural effects as people have to live and consequently have to sell their labour power. But the present level of unemployment benefits allows people to survive at a level well above subsistence level. To some degree, this implies a decommodification - sometimes even to the degree that people - for quite some time - do not have to sell their labour power. And this basic social security exactly allows the unemployed to be motivated by other factors than economic incentives.<sup>34</sup>

Even at this point, the unemployed resemble the employed. Although the wage struggle has not died out and is unlikely to do so, it seems that income has lost very much ground as job motive for Danish wage earners, as well as for the choice of a job among the young (Danmarks Pædagogiske Institut, 1995; Jørgensen et al. 1993: 218; SIFO Management, quoted in Mandag Morgen 26/1995; Pedersen 1995:68; for partly contradicting evidence, see Gundelach & Riis 1992). Roughly speaking, because a basic income level is perceived to be more or less ensured, people direct their attention to other qualities of a job, in particular that it is healthy, meaningful and inspiring. To paraphrase Inglehart's (1987) theory of postmaterialism, self-actualization has become a major motive of working whereas earlier generations mainly worked in order to earn a living. The welfare system for the unemployed frequently enable them to pursue roughly the

---

33) For instance, only 16 per cent of the population would favour a lowering of the minimum wage in order to fight unemployment (Goul Andersen 1995b).

34) It may also allow a "dependency culture" to develop. However, although our survey contained some unemployed (in particular among those aged more than 50 years) who were not very interested in having a job, nearly all the unemployed had *some* reservations as to which jobs they wanted, and virtually nobody *refused* to have a job altogether. Although some of the unemployed were quite "demanding", as compared to generally accepted norms, various attempts to identify a genuine *subculture* among the unemployed were not successful.

same preferences. This does not mean that people aspire for a "job of dreams" - only that it should satisfy some basic quality of life-criteria (as most - but not all - jobs do).

This does not mean, however, that there are no economic problems involved. Other things being equal, changing values and demands among wage earners *does* reduce labour market flexibility, and it *does* tend to increase the level of structural unemployment. Not so much because of a risk of unintended marginalisation but rather for the very opposite reasons: Unemployed who enjoy a basic social security and who are relatively well-integrated in society, have more of a choice and frequently do not want a job at any price. Other things being equal, this does imply longer periods of unemployment, less mobility etc.

This is a question of balancing welfare against economic efficiency - but with the addition that a relatively well-integrated society with only very modest marginalisation is a *collective social and democratic benefit* that has a price. Unless we take as a premise that the unemployed should be protected against all sorts of demands and obligations, or - more typically - that we should seek to eliminate unemployment *at any price*, this is a matter of *priorities* just as what is involved in the assessment of any other social (and democratic) goals. Besides, it is reasonable to suggest that total exclusion from the labour market would increase if incentives were strengthened; which effect is strongest - the positive resource effect or the negative incentive effect - is difficult to measure.<sup>35</sup>

#### 4.4. A Note on Increasing Social Transfers

In Denmark, the relatively generous unemployment benefits dates back to reforms in the 1970s - reforms which were introduced just before it was recognized that mass unemployment would become an enduring phenomenon. And very frequently (see e.g. Ploug & Kvist 1994a; Pedersen, Pedersen & Smith 1995: 19-20) it is argued that the fiscal problems of the state derives mainly from increasing social transfers which are caused by the fact that we live with "old" (i.e., too generous) systems in a "new world" (i.e. with mass unemployment).

The first part of the argument is correct: From around 1982 until the mid-1990's, the governments almost managed to maintain public consumption as a constant rate of GDP. But meanwhile, social transfers increased quite dramatically. However, it turns out that this to a large degree calls for other explanations (Munk Christiansen 1995). In spite of increasing unemploy-

---

<sup>35)</sup> Generally speaking, the contemporary motivation structure of Danish wage earners without doubt enhance labour productivity and mobility in society and it is furthermore questionable whether such value changes are at all reversible. Still, it is plausible to assume that looking narrowly at the unemployed, there is a price to be paid for generous welfare arrangements.

ment, unemployment benefits increased with only 20 percentage points from 1983 to 1993 - in fact a little less than the accumulated growth in GDP. Taken together, unemployment benefits and social assistance increased with 26 per cent. A much more dramatic increase was recorded in disablement pensions (which may partly be related to unemployment) and early retirement allowance (which is a not-so-old system). Alongside with old-age pensions, this may be considered the most "uncontrollable" among the transfer expenditures. However, it turns out that it is among the remaining, most "politically controllable", *other transfers*, one finds the most dramatic increase: These expenditures have increased with 70 per cent in real terms and account for nearly one-half of total increase in transfers. This is mainly due to the introduction of new social programmes.

*Table 13. Specification of Transfers to Households, 1983 and 1993, at Fixed Prices (1983-level)<sup>1</sup>. Bill.Dkk., and Increase in Percentages.*

|   | 1983        | 1993         | increase,<br>bill.kr. | increase,<br>per cent |
|---|-------------|--------------|-----------------------|-----------------------|
| <b>Transfers to households, total</b>     | <b>91.2</b> | <b>125.3</b> | <b>34.1</b>           | <b>37</b>             |
| Old-age pensions                          | 24.4        | 27.2         | 2.8                   | 11                    |
| Unemploym. benefits and social assistance | 27.0        | 34.0         | 7.0                   | 26                    |
| - unemployment benefits                   | 21.0        | 25.1         | 4.1                   | 20                    |
| - social assistance                       | 6.0         | 8.8          | 2.8                   | 47                    |
| Disablement pensions                      | 9.5<br>)    | 15.7         | 6.2<br>)              | 65 *)                 |
| Early Retirement Allowance                | 6.8         | 8.6          | 1.8                   | 27                    |
| <b>Other transfers</b>                    | <b>23.5</b> | <b>39.9</b>  | <b>16.4</b>           | <b>70</b>             |
| <b>GDP growth (accumulated)</b>           |             |              |                       | <b>21</b>             |

1) Deflated with consumer price index  
Source: Statistiske Efterretninger.

Whether one would consider this an effect of democracy or of a political steering problem is perhaps a matter of taste. But it does remain that it is at least as much the introduction of new reforms as the effects of old, generous unemployment programmes that account for the increase in social transfers - even in the period 1983-1993 when unemployment increased quite significantly (and before the introduction of new, costly leave arrangements made its impact felt from 1994). And it does remain that the costs of maintaining the "old" systems of unemployment benefits does not mean any explosion in social expenditure. The question is, once again, simply

a matter of priorities. Furthermore, it does not require too much political science imagination to suggest that if money are saved at the unemployment benefits, it will soon be spent on other purposes unless the government is very much devoted to limit public expenditure. A likely candidate for "uncontrollable" increase in expenditure in the 1990s is "active" labour market programmes which may be justified on several grounds but which have so far always been evaluated to have an extremely bad cost/efficiency ratio.

## 5. Workfare or Citizens' Wage?

Among real existing welfare systems, probably no system has come as close to a citizens' income system as the Danish system from the late 1970s to the mid-1990s. And it is exactly these aspects of the welfare system that is being changed in the 1990s in favour of an "active line" or a "workfare strategy". Some of the consequences for the principles of the welfare state are discussed in Loftager (1996). Here we shall discuss a few economic points as well as the question of public opinion towards the issue of a citizens' income.

Perhaps a citizens' income may be viewed from two different angles: (1) As a work-sharing strategy intended to fight unemployment, and (2) as an extension of universalism. As a work-sharing strategy, there are several economic objections against a citizens' income. The problem is that a reduction of labour supply will, other things being equal, lead to higher wage increases and declining competitiveness. Thus it has been estimated that although the introduction of an early retirement allowance by 1979 gave an immediate decline in unemployment, the long-term replacement rate was as low as 20 per cent (Socialkommissionen 1993). This may even be aggravated if a right-based citizens' income lead to bottlenecks and thus to higher inflation. Thus it is doubtful if it will lead to the intended results or rather lead to an unbearable tax burden in the long run (the consequences of which could be severe cuts in other welfare areas).

As an extension of universalism, on the other hand (Lind 1995), a citizens' wage only implies that everybody should be offered a job or a sufficient, right-based public support. It is not intended to reduce unemployment but rather to maintain citizenship. The standard argument that this "passive line" will, unintendedly, lead to marginalisation and loss of citizenship, seems problematical in the light of the observations above. There are good indications that it helps to avoid stigmatisation and that it contributes to the empowerment and autonomy of the individual. From a purely economic perspective, there is a loss of efficiency as the basic social security reduces the eagerness to get a job at any price. On the other hand, money are saved by reserving active labour market programmes for those who are the most motivated. At least in periods of recession, a liberal, citizens' income-like policy may imply a net saving for society.

If we turn to public attitudes, there appears to be considerable support for work-sharing strategies (except lowering the working hours) but less support for the idea of a citizens' income and more support for workfare ideologies - at least to the degree that there are socially relevant purposes for which the labour power of the unemployed may be applied (Goul Andersen 1995b; Bengtsson 1993). Below, we present public opinion on the citizens' income issue.

As it emerges from table 14, the majority do not approve of the idea of a citizens' income. In the 1994 election survey, 46 per cent thought it would be a bad idea whereas 40 per cent think it is a good idea.<sup>36</sup>

It is clearly an idea which has more appeal to women than to men: A small minority of women are favourable towards a citizens' income whereas a clear majority of men are against. Perhaps more surprisingly, the young are also against the idea of a citizens' wage; it enjoys the largest support among the 30-44 years old, somewhat less support among the 45-59 years old, and it is forcefully rejected by the generation which was socialised before the modern welfare state from the 1960's: Two out of three in the age group above 60 years reject the idea.

As far as education is concerned, the idea of a citizens' wage is not the idea of intellectuals: The most favourable are people with medium-level education. More generally, the attractiveness of the idea seem to be affected by the attractiveness of available job opportunities: Among unskilled workers, a large majority are in favour of the idea, and due to the gender composition it also enjoys considerable support among lower-level nonmanual employees. Among the groups outside the labour market, students and pensioners are about equally negative whereas housewives are - not surprisingly - among the most favourable. An even larger majority of the unemployed support the idea (PDI=+31).

Although the idea was originally introduced in Denmark by a group of left liberals and party less socialists as part of "rebellion from the centre" (1978), the attitudes follow the left-right scale. The idea of a citizens' wage enjoys considerable support among new left voters (left socialists and people's socialists), the social democrats and the centre parties are divided (including the Radical Liberals where the idea enjoys considerable support among voters but certainly not among the party leaders), and the supporters of the more right-wing bourgeois parties are generally against.

What is perhaps most remarkable is the lack of support among the young for the idea. The young have exactly been socialized in a period where something resembling a citizens' wage has been practised in Denmark. To a large degree, their attitude towards a citizens' wage correspond with a quite dramatic swing to the right among young people in the 1990s in Denmark. And this swing to right may have quite other reasons. But attitudes towards citizens'

---

36) A roughly similar proportion (43 per cent) "don't care if some of the unemployed are actually not very interested in getting a job" (Ugebladet Mandag Morgen 34/1995).

Table 14. Attitudes Towards Citizens' Wage 1994. Percentages.

|                                 | Good idea | Bad idea | Don't know | PDI  | (N)  |
|---------------------------------|-----------|----------|------------|------|------|
| Total                           | 40        | 46       | 14         | -6   | 2021 |
| Men                             | 35        | 54       | 11         | -19  | 1017 |
| Women                           | 45        | 38       | 17         | +7   | 1004 |
| 18-29 years                     | 38        | 48       | 14         | -10  | 441  |
| 30-44 years                     | 52        | 38       | 10         | +14  | 585  |
| 45-59 years                     | 43        | 44       | 13         | -1   | 462  |
| 60 years +                      | 27        | 55       | 18         | -28  | 533  |
| Basic educat.                   | 36        | 48       | 16         | -12  | 906  |
| Do., exam.                      | 45        | 43       | 12         | +2   | 681  |
| High school                     | 41        | 48       | 11         | -7   | 434  |
| Unskilled worker                | 51        | 35       | 14         | +16  | 263  |
| Skilled worker                  | 43        | 46       | 11         | -3   | 180  |
| Lower nonman.empl.              | 49        | 39       | 12         | +10  | 506  |
| Higher nonman.empl.             | 41        | 50       | 9          | -9   | 174  |
| Self-employed                   | 43        | 48       | 9          | -5   | 147  |
| Students                        | 32        | 57       | 11         | -25  | 154  |
| Pensioners                      | 27        | 54       | 19         | -27  | 543  |
| Housewives                      | 52        | 26       | 22         | +26  | 31   |
| Left Socialists                 | 60        | 33       | 7          | +27  | 61   |
| People's Socialists             | 52        | 33       | 15         | +19  | 147  |
| Social Democrats                | 44        | 41       | 15         | +3   | 601  |
| Radical Liberals                | 39        | 43       | 18         | -4   | 72   |
| Centre Democrats                | 46        | 40       | 14         | +6   | 48   |
| Liberals                        | 33        | 55       | 12         | -22  | 441  |
| Conservatives                   | 29        | 59       | 12         | -30  | 255  |
| Progressives                    | 39        | 52       | 9          | -13  | 93   |
| Work-shy elements <sup>1)</sup> | (42)      | (50)     | (8)        | (-8) | 12   |

- 1) Voted for the comedian Jacob Haugaard who got elected in 1994 outside the parties. He originally claimed to represent "The association of consciously work-shy elements". Behind this "association" was a philosopher (Poul Smith) who wrote a manifesto entitled "Arbejdsfrihedens spøgelse" (1977).

Source: Election Survey 1994

wage, towards the size of unemployment benefits, and towards equality are nevertheless some of the attitudes that corresponds most clearly with their party choice whereas they are quite positive to most other aspects of the welfare state - much more than their older fellow-partisans. This may indicate that dissatisfaction with certain aspects of labour market policies is also part of the *explanation* of the swing to the right. One may only speculate about the reasons. But there may be a feeling among those who work hard to earn a relatively low wage, or among those who receive educational allowances that they are discriminated against as compared with those who receive unemployment benefits or - as former unemployed - receive much larger allowances than ordinary students if they take an education. Furthermore, there is a value change in direction of larger stress upon *personal responsibility* (Gundelach & Riis 1992; Petersen 1996) which is highly visible among the young and among the supporters of socialist parties. In the perspective of such values, a citizens' income may appear as a "something for nothing"-option which undermine principles of personal responsibility.



## 6. Conclusions and discussions

The article demonstrates that even though the welfare state may not be very effective in fighting unemployment, it is possible to alleviate the consequences of unemployment in a welfare state regime which adopts a universalist strategy with some resemblance to the idea of a citizens' income. Without seriously damaging economic consequences, it has been possible in the Danish case (almost) to avoid the negative consequences for citizenship associated with long-term mass unemployment. Even though more systematic comparative research is needed to identify more exactly the contribution of the welfare state and of individual welfare programmes, it seems beyond doubt that the Danish welfare arrangements have been very successful in these respects. Thus it comes as no surprise that the observations above also run counter to evidence from Anglo-Saxon countries where market-oriented, inequality-generating policies imply that the negative effects of unemployment on citizenship are much more pronounced (White 1990; Pixley 1993).

Thus it seems possible - at least to a much larger degree than commonly recognized - to limit marginalisation at the labour market. This may, of course, not only be an effect of the ("passive") right-based policies but also, to some degree, of active policies. However, as the (immediate) effects of active policies are usually evaluated to be small, it does seem that the relatively generous unemployment benefit system has also contributed quite significantly.

Turning to social and political marginalisation, the record seems even better. Severe problems certainly do surface but only as a minority phenomenon among the unemployed. For the majority, there are few signs of distress or, more generally, of social disintegration. Effects on political participation are negligible. And there are few, if any signs of political polarization. In short, the threatening effects of unemployment on citizenship has nearly been neutralised in the Danish case.

As far as the economy is concerned, the Danish record is not much better or much worse than that of most other European countries. This does not rule out, of course, the possibility that the system of unemployment benefits and other labour market arrangements may have a negative contribution. But nearly all studies of the alleged negative *effects* of welfare incentives conclude that such effects are weak, uncertain or impossible to measure (Pedersen 1993).

This study adds the observation that if there is any effect, it is highly asymmetrical. On the one hand, simple logic as well as empirical observations above suggest that the provision of basic social security and relatively liberal controls have contributed to lowering the eagerness to find a job at any price, to be geographically mobile etc. This also contributes to increasing structural unemployment. And it means that the unemployed have been in a position where they were able to put demands on the job they wanted to have.

On the other hand, there are almost no signs at all that insufficient economic incentives to work constitute a major problem. In particular, we observed that expected income, except for small minorities, had almost no effect of job willingness. To put it in other words: Lack of *negative* incentives to remain unemployed does probably have an effect, but lack of *positive* incentives to get employed means very little. This asymmetry runs counter to conventional economic thinking.

Thus it seems that there is a certain price to be paid for the relatively generous welfare arrangements for the unemployed: Permanently higher expenses for unemployment benefits. On the other hand, there are undisputable gains in terms of citizenship, i.e. avoidance of marginalisation in nearly all respects. And there are furthermore considerable economic savings as compared to an expanded workfare line. It furthermore emerges that the much-debated increase in transfer incomes is more a matter of political decisions in parliament (democracy or political self-control) than a matter of increasing unemployment expenditures. From a purely economic perspective, it does *not* seem that the long-term consequences of a continuation of the system until the mid-1990's would be unbearable.

Although this should not be interpreted as a defence for all sorts of existing welfare arrangements, the observations above - almost - boils down to one single statement: Namely that the main point of departure for discussions of unemployment, citizenship and the economy should be a question of *priorities* between expenditure goals. Broadly speaking, it is difficult to imagine of any system that could be much more successful in avoiding marginalisation and maintaining citizenship than the Danish welfare system from around 1980 to the mid-1990's. But there is a certain price to be paid, and this should be weighted against other important welfare purposes: Health care, care for the elderly etc.

This basic question applies also to the recent reforms in the direction of a workfare line which - alongside with most other reform proposals in the field of labour market policies - rather take as a point of departure that we should fight unemployment by all means and at any price. This is not as self-evident as it might seem. At least it is worth considering why and to which degree we should assign so much priority to this goal. If it is for the sake of the unemployed, it seems not so infrequently to be a violation of the subjective interests of the unemployed if the jobs or activation programmes to be offered are not very attractive. If it is for the sake of the economy or, more generally, for society's sake, it raises the question of whether costs exceeds the benefits, and whether the labour power of the unemployed can be employed for socially useful purposes. Again, the answer is, at least under current circumstances, sometimes negative. Finally, a workfare line may be pursued in order to avoid the emergence of a "dependency culture" among

the unemployed, and to maintain, more generally, an appropriate work ethic and sense of personal responsibility in society. Probably the last argument is the strongest, and it clearly applies to some of the groups (e.g. the young) who are not always covered by the first two arguments. On the other hand, it is equally clear that the argument does not apply mechanically to all unemployed in all situations. Furthermore, there are other means of avoiding the risk of a "dependency culture", not the least socialisation in schools and in the family.

Basically, the question is how we may choose to live with a certain amount of unemployment. Broadly speaking, this involves practical considerations about how we should balance citizenship goals against other priorities such as economic goals and *other* welfare goals. To keep the unemployed integrated in society in spite of unemployment is a collective social and democratic goal which has a price. To a very large degree, existing welfare arrangements have been successful in achieving this goal. The costs and the negative side effects do not seem unbearable. The Danish economy is not much better or worse than in most European countries, and overall labour market flexibility is among the highest.<sup>37</sup> Whether or not one could achieve this end with less costs, reduce side effects etc. remains to be a challenge. Whether or not the priority assigned to this goal is too high, compared with other welfare and democratic purposes, remains a political question to be discussed alongside with the question of whether radically new policies could fulfill these ends even more. But this is quite another way to pose the problem than is found in most (narrow) economic analyses, as well as in political debates about labour market policies.

---

37) Norwegian data indicate that this is a possibility (Halvorsen 1995; Johannessen 1995)

## References:

- Bengtsson, Steen (1993) *De kan da lige så godt gøre lidt nytte*. Rapport 1993:9. Copenhagen: Socialforskningsinstituttet.
- Bild, Tage & Hoff, Jens (1988) "Party System and State Dependents". Arbejdspapir, Institut for Statskundskab, Københavns Universitet.
- Binder, Martin (1994) *Der er brug for alle. En evaluering af aktiveringsindsatsen i syv kommuner*. Rapport 1994:3. Copenhagen: Socialforskningsinstituttet.
- Budgetredgørelse 1995*. Copenhagen: Finansministeriet.
- Christoffersen, Henrik (1995) "Når velfærdsstaten bliver til transfereringssamfundet", pp. 102-116 i *Effektivisering av välfärdsstaten. Rapport från ett seminar 16-17. mars 1995, Reykjavik, Island*. TemaNord 1995:578. Copenhagen: Nordisk Ministerråd.
- Dahrendorf, Ralph (1988) *The Modern Social Conflict*. London: Weidenfeld & Nicolson.
- Dahrendorf, Ralph (1994): "The Changing Quality of Citizenship", pp. 10-19 i Bart van Steenberghe, ed., *The Condition of Citizenship*. London: SAGE.
- Danmarks Pædagogiske Institut (1995) *Fremtid for unge - ud af folkeskolen og hvad så?*. Copenhagen: Danmarks Pædagogiske Institut.
- Esping-Andersen, Gösta (1985) *Politics Against Markets. The Social Democratic Road to Power*. Princeton: Princeton University Press.
- Esping-Andersen, Gösta (1990) *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press.
- European Commission (1994) *Employment in Europe, 1994*. (Danish ed.)
- European Commission (1995) *The European Employment Strategy*. Directorate Generale V, oct. 1995.
- Feldman, Stanley & Zaller, John (1992) "The Political Culture of Ambivalence: Ideological Responses to the Welfare State", *American Journal of Political Science* vol.36(1), pp. 268-307.
- Finansredgørelse 1994*. Copenhagen: Finansministeriet.
- Finansredgørelse 1995*. Copenhagen: Finansministeriet.
- Fraser, Nancy & Gordon, Linda (1994). "A Genealogy of Dependency: Tracing a Keyword of the U.S. Welfare State", *Signs* vol.19 (2), pp. 309-36.
- Gallie, Duncan & Vogler, Carolyn (1994) "Unemployment and Attitudes to Work" in Duncan Gallie, Cathrine Marsh and Carolyn Vogler eds., *Social Change and the Experience of Unemployment*. Oxford: Oxford University Press.

- Goul Andersen, Jørgen (1991) "De arbejdsomme danskere. Om skatteplagede danskeres arbejdsvillighed og fleksibilitet", pp. 81-109 i Eggert Petersen et al., *De trivsomme og arbejdsomme danskere*. Krisen og den politisk-psykologiske udvikling 1982-90. Århus: Psykologisk Institut/Aarhus Universitetsforlag. Goul Andersen (1991) i Eggert
- Goul Andersen, Jørgen (1994) "Skal ledigheden bekæmpes ved at satse på servicesektoren?" *FA Årsberetning* 1993-94, pp.12-17.
- Goul Andersen, Jørgen (1995a) *De ledige ressourcer*. En analyse af de langtidsledige - deres baggrund, forventninger og holdninger. Copenhagen: Ugebladet Mandag Morgen.
- Goul Andersen, Jørgen (1995b) Hvordan skal arbejdsløsheden bekæmpes? Vælgernes syn på arbejdsmarkedspolitikken. Arbejdspapir no. 5 fra Det danske Valgprojekt, Institut for Statskundskab, Aarhus Universitet.
- Goul Andersen, Jørgen (1996) *Participation in Trade Unions and Voluntary Associations in Scandinavia*. Arbejdspapir, Institut for Økonomi, Politik og Forvaltning, Aalborg Universitet.
- Goul Andersen (1996b) "Aldersracisme, resignation eller dårlige vaner" Arbejdsmarkedspolitisk Agenda 1996/1, pp. 1-3.
- Goul Andersen, Jørgen (forthcoming) <welfare state attitudes. Welfare State Legitimacy in a One-Third Society.
- Goul Andersen, Jørgen & Hoff, Jens (1995) "Lighed i den politiske deltagelse", pp.30-76 i Morten Madsen, Hans Jørgen Nielsen & Gunnar Sjöblom (red.) *Demokratiets mangfoldighed: Tendenser i dansk politik*. Copenhagen: Forlaget Politiske Studier.
- Goul Andersen, Jørgen & Munk Christiansen, Peter (1991) *Skatter uden velfærd. De offentlige udgifter i international belysning*. Copenhagen: Jurist- og Økonomforbundets Forlag.
- Gundelach, Peter & Riis, Ole (1992) *Danskernes værdier*. Copenhagen: Forlaget Sociologi.
- Hagen, Kåre (1991) "Linjer i velfærdsstatsforskningen", *Tidsskrift fra Samfunnsforskning*, vol. 32, pp. 187-216. Sluttrapport.
- Halvorsen, Knut (1995) *Virker velferdsstaten? Arbejdsmarkedsmarginalisering og levekår*. Ø.K.S.-rapport, 1995:5, Høgskolen i Oslo.
- Hummelgaard, Hans (1995) "Polarisering af velfærdssamfundet", *Social Forskning. Temanummer om velfærdssamfundets fremtid*, pp. 55-60.
- Husted, Leif & Baadsgaard, Mikkel (1995) *Uddannelse og ledighed*. AKF Memo. Copenhagen: AKF.
- Hvidbog (1989) *Hvidbog om arbejdsmarkedets strukturproblemer*. Copenhagen: Arbejdsministeriet et al.

- Ingerslev, Olav (1994) *Succes eller fiasko? - effekter af den kommunale beskæftigelsesindsats i 26 kommuner*. Copenhagen: AKF.
- Ingerslev and Ploug (1995) JL-Fondets prisopgave.
- Inglehart, Ronald (1987) "Value Change in Industrial Societies", *American Political Science Review* vol.81, pp. 1289-1303.
- Jackson, Paul.R. et al. (1983) "Unemployment and Psychological Distress in Young People: The Moderating Role of Employment Commitment", *Journal of Applied Psychology*, vol.68(3), pp. 525-35.
- Johannessen, Asbjørn (1995) *Arbeidsmarginalisering og levekår*. ØKS-rapport 1995:4. Oslo: Høgskolen i Oslo.
- Jørgensen, Henning m.fl. (1993) *Medlemmer og meninger*. Aalborg: CARMA/LO.
- Kaufman, Franz-Xaver (1985) "Major Problems and Dimensions of the Welfare State", in Samuel N. Eisenstadt & Ora. Ahimeir, eds. *The Welfare State and its Aftermath*. London: Croom Helm Publishers.
- Marsh, Cathrine & Alvaro, Jose-Luis (1990) "A Cross-Cultural Perspective on the Social and Psychological Distress Caused by Unemployment: A Comparison of Spain and the United Kingdom", *European Sociological Review*, vol.6(3), pp. 237.55.
- Marshall, T.H. (1949): *Class, Citizenship and Social Development*. Cambridge: Cambridge University Press.
- Mærkedahl, Inge, Rosdahl, Anders & Thaulow, Ivan (1992) *Genvej til beskæftigelse? En sammenfatning af evalueringer af aktiveringsindsatsen for langtidsledige*. Copenhagen: Socialforskningsinstituttet.
- Møller, Iver Hornemann (1989) *Samfundet polariseres. Det begynder på arbejdsmarkedet, fortsætter i socialpolitikken og slutter i det civile samfund*. Aalborg: ATA-Forlaget.
- Møller, Iver Hornemann (1995a) "Some Empirical and Theoretical Perspectives on Labour Market Marginalisation", pp. 114-46 in Nils Mortensen, ed., *Social Integration and Marginalisation*. Copenhagen: Samfundslitteratur.
- Møller, Iver Hornemann (1995b) *Labour Market Marginalisation in North-West Europe - Some Causes and Consequences*. Copenhagen Business School: CID Studies Report.
- Mørkeberg, Henrik (1985) *Sociale og helbredsmæssige konsekvenser af arbejdsløshed*. Copenhagen: Socialforskningsinstituttet. Publikation 147.
- Nygaard Christoffersen, Mogens (1995) *Sandsynlige sociale konsekvenser af arbejdsløshed*. Arbejdsnotat 1995:4. Copenhagen: Socialforskningsinstituttet.

- Papadakis, Elim (1992) "Public Opinion, Public Policy and the Welfare State", *Political Studies* vol. XL, pp.21-37.
- Pedersen, Peder J. (1993) "The Welfare State and Taxation in Denmark", pp.241-88 in A.B. Atkinson & G.Viby Mogensen, eds., *Welfare and Work Incentives. A North European Perspective*. Oxford: Clarendon Press.
- Pedersen, Lisbeth (1995) "People in Employment in 1994", pp. 45-79 in G.Viby Mogensen, ed., *Work Incentives in the Danish Welfare State. New Empirical Evidence*. Aarhus: Aarhus University Press/Rockwool Foundation Research Unit.
- Pedersen, Lisbeth, Pedersen, Peder J. & Smith, Nina (1995) "The Working and the Non-Working Populations in the Welfare State", pp. 19-44 in Gunnar Viby Mogensen (red.) *Work Incentives in the Danish Welfare State. New Empirical Evidence*. Århus: The Rockwool Foundation Research Unit/Aarhus University Press.
- Pedersen, Peder J. & Smith, Nina (1995) "Unemployment and Incentives", pp. 193-226 i Gunnar Viby Mogensen (red.) *Work Incentives in the Danish Welfare State. New Empirical Evidence*. Århus: The Rockwool Foundation Research Unit/Aarhus University Press.
- Petersen, Eggert (1996) "Udviklingen 1982-1986-1988-1990-1994" i Eggert Petersen m.fl., *Trivsel og Selvansvarlighed*. Psykologisk Institut. Aarhus Universitet.
- Ploug, Niels & Kvist, Jon (1994a) *Social Tryghed i Europa: Udvikling eller afvikling?* København: Socialforskningsinstituttet.
- Ploug, Niels & Kvist, Jon (1994b) *Overførselsindkomster i Europa. Systemerne i grundtræk* Copenhagen: Socialforskningsinstituttet.
- Pixley, Jocelyn (1993) *Citizenship and Employment: Investigating Post-Industrial Options*. Cambridge: Cambridge University Press.
- Rold Andersen, Bent (1993) "The Nordic Welfare State Under Pressure: The Danish Experience", *Polity and Politics*, vol.21 (2), pp. 109-20.
- Rosholm, Michael (1994a) Effektmåling af ATB mv. Rapport 1994:1, Centre for Labour Market and Social Research, University of Aarhus and Aarhus School of Business.
- Rothstein, Bo (1994) *Vad bör staten göra?* Stockholm: SNS Förlag.
- Sandmo, Agnar (1991) "Economists and the Welfare State", *European Economic Review* vol.35, pp.213-39.
- Schlozman, Kay Lehman & Verba, Sidney (1979) *Injury to Insult. Unemployment, Class, and Political Response*. Cambridge, Ma: Harvard University Press.

- Smith, Nina, Walker, Ian & Westergaard-Nielsen, Niels (1993) "The Labour Market Behaviour of Danish Lone Mothers", in Henning Bunzel, Peder Jensen & Niels Westergaard-Nielsen, eds., *Panel Data and Labour Market Dynamics*, Amsterdam: North Holland.
- Socialkommissionen (1992) *Uden arbejde. Overførselsindkomst til midtergruppen*. Copenhagen: Socialkommissionen.
- Socialkommissionen (1993) *De ældre - en belysning af ældregenerationens forsørgelse*. Copenhagen: Socialkommissionen.
- Svensson, Palle & Togeby, Lise (1991) *Højrebølge?* Århus: Forlaget Politica.
- Thaulow, Ivan (1988) *Arbejdsløshedens psykiske og sociale konsekvenser*. Arbejdsnotat, feb.1988. Copenhagen: Socialforskningsinstituttet.
- Ugebrevet Mandag Morgen. Copenhagen.
- Velfærdskommissionen (1995) *Bilag 2: Marginalisering på arbejdsmarkedet*. Copenhagen: Kommissionen om fremtidens beskæftigelses- og erhvervsmuligheder.
- White, Michael (1990) *Against Unemployment*. London: Policy Studies Institute.