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Towards Post-fordist Welfare States

A comparison of Danish and Dutch labour market reforms

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Preface

"Towards Post-fordist Welfare States" is a bachelor project in Public Administration at Aalborg University. My interest in comparative welfare state theory originates from a stay at Osnabrück University in the autumn 1997. The project is written in English in order to upgrade my language skills and to make the work able for my German contacts. Thus, the project will be used in an application for a second scholarship at Osnabrück University. I would like to thank Jacob Torfing (University of Roskilde, Denmark) and Wim van Oorschot (University of Tilburg, the Netherlands) for interviews and unpublished material. Also Josef Schmid from Osnabrück University has helped me in finding unpublished material about the Netherlands. Finally, I will like to thank Ole Jensen for good comments and guidance.

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1 Introduction (Part I)

In this chapter I will introduce the subject and formulate my problem. First, I will briefly introduce Gøsta Esping-Andersen's welfare regime theory, which has been a basis for much modern welfare state research. Afterwards, I will make a brief description of the welfare state and the initiated welfare reforms in Denmark and in the Netherlands. These two sections make up the foundation of my problem, which will be presented in the third passage. Finally, I will describe the motivation behind the project.

1.1 Welfare Regimes and Routes of Restructuring

In 1990, Gøsta Esping-Andersen published his path-breaking book "The Three Worlds of Welfare Capitalism". Esping-Andersen shows that the Western welfare states cluster into three different welfare regimes – social democratic, corporatist and liberal. The welfare state regime includes a certain welfare state arrangements and a certain labour market regime. The showcases are Sweden, (West) Germany and the United States (elaborated in 3.1.3).

The declining importance of industrial production and the rise of a so-called post-industrial period puts different types of internal and external pressures on these golden age regimes. Esping-Andersen indicates a new trade-off between equality and employment (Esping-Andersen 1996 s. 4). The rise of a post-industrial period does, however, not diminish the relevance of the regime theory. Esping-Andersen argues that the development and restructuring of the welfare state in the post-industrial period will follow the old "logic" of the regimes. The point is that the welfare states have become so developed that they will influence and structure the transformation process. In part two of "The three Worlds of Welfare Capitalism" and in "Welfare States in Transition" from 1996, Esping-Andersen describes three different routes of welfare reforms or trajectories that the different regimes are likely to follow.

As a result of the role of Social Democracies and the institutional set-up of the welfare state, the Scandinavian countries "naturally" follow a route of creating new jobs in the public service sector. The social reproduction is moved from the family to public institutions, which rises demand for female workers and contemporary gives the women the freedom to participate in the work force. The result is a large public service sector primarily occupied by a female labour force - a so-called new service proletariat. The strong labour movements, with a wage policy of solidarity, prevent the strategy of reducing the minimum wage. Thereby the so-called new service proletariat maintains a relative high wage even though the

jobs are low productive. Finally the Scandinavian regime attempts to fulfil its full employment commitment by an active labour market policy. This strategy of job-creation and retraining is a so-called social investment approach (Esping-Andersen 1996 p.10-15).

The approach of the corporatist regime towards unemployment is totally different. Partly as a result of the welfare set-up (insurance and underdeveloped social services) the continental countries follow a “labour reduction route”. Through reduction of the labour force (e.g. early retirement schemes and no incentives for women to work) this strategy tries to defend the full-time male breadwinner, whose position is existential for the entitlement to social insurance (e.g. pension). This creates an insider-outsider divide, with a small male insider workforce, enjoying high wages, job security and extensive social rights, and a rather big outsider population depending on the insider breadwinner (Esping-Andersen 1996 p.18-20). The “labour reduction route” is partly possible due to the traditional low commitment to full employment in this regime.

Finally, the Anglo-Saxon countries take a so-called "neo-liberal route". The concept is a de-regulation of the public sector and greater labour market and wage flexibility. This strategy is made possible by weak labour movements and the liberal welfare set-up, where most of the population is privately insured. The liberal welfare state continues in its old “logic” and becomes even more residual (Esping-Andersen 1996 p.15-18).

Esping-Andersen’s theory of the welfare regimes has naturally not gone unchallenged (see e.g. Rhodes 1997a p.63). Especially the work of Peter Baldwin has criticised Esping-Andersen’s early theories of labour mobilisation. Nevertheless, I believe that the above description represents some kind of mainstream in the comparative welfare studies.

1.2 The Welfare Reforms in Denmark and The Netherlands.

After the above presentation of the idealised welfare regimes, I will turn to the specific situations in Denmark and the Netherlands. This section is the second component needed for my final formulation of the problem. First, I will historically describe these two welfare states in relation to the idealised welfare regimes. Afterwards, I will briefly describe the reform processes that the two welfare states have undergone.

Esping-Andersen is fully aware that no existing welfare state fits totally into the idealised welfare typologies. But even with this modification in mind, the Danish and especially the Dutch welfare state have represented some kind of mixed types.

Nevertheless, there seems to be no doubt that the Danish welfare state belongs to a social democratic regime. The basic principle is universalism, the transfers are generous, and the welfare state is financed by general taxes. The Danish old-age pension is a typical example¹. What historically distinguishes the Danish welfare model from the idealised Scandinavian regime is the lack of active labour market policies. The approach of state activism was practised especially in Sweden, where different types of retraining programmes were offered to the unemployed. Instead, Denmark traditionally has had a passive approach like in the liberal regime. The unemployed was entitled to generous transfers, but was not to be activated by the state. This can historically be explained by a bigger influence of liberal forces in the building of the Danish system. It is a very old liberal idea that the state is not allowed to “intervene” strongly in the personal sphere. In this respect, the Danish welfare state can historically be characterised as a social democratic model with a liberal element (Cox 1996, Ploug et al. 1994 cap. 2; Baldwin 1990 p.147-158)(elaborated in 4.1.1).

The Netherlands is a more tricky case to classify. Nevertheless, Esping Andersen classifies the Dutch welfare state as a corporatist regime (Esping-Andersen 1996 p. 84). The Dutch more or less copied the Bismarckian insurance system with its status-preserving effects. After Second World War the Dutch were inspired by the Beveridge plan in Great Britain, and they constructed a more universal social security programme beneath the insurance system. This development indicates some kind of break with the conservative selective insurance system, and due to the rather generous character of this universal system, compared with the British system, the Dutch model also has some social democratic elements. Still the Netherlands did not adopt the active approach found in Sweden and especially the labour market has continued to match a corporatist regime. (Cox 1996, Ploug et al. 1994 cap. 7)(elaborated in 4.1.2).

I will now turn to the restructuring processes in the two countries. I will pay special attention to the unemployment problem and to the policies towards the labour market.

Unemployment and economic problems forced a welfare reform process in both countries. Politically the reform process in Denmark can be dated to 1982, when the government led by the Social Democrats handed over the power to a bourgeois coalition with Poul Schlüter as Prime Minister. In the Netherlands the shift took place the same year. The centre-left coalition was replaced by a smaller Christ democratic and liberal coalition with Lubbers as leader (Kleinfeld 1997a p. 8). Both of these new bourgeois governments had committed themselves to start a welfare reform process.

¹ Some observers have even argued that the Danish welfare in many aspects is more "Scandinavian" than Sweden (Goul Andersen 1996b p.3).

On sector level there have been a number of reforms in both countries. In this project I will focus on the reforms which were carried through to influence the labour market. The actual changes will be an integrated part of part IV of the project, so in this part I will just make a schematic view. The steps taken to reduce unemployment can roughly be categorised into the three trajectories described by Esping-Andersen. The first group includes the programmes attempting to reduce the labour force (the corporatist trajectory). The second group includes the initiatives aimed at creating new jobs in the public sector (the social democratic trajectory). Finally, attempts can be made to create service jobs in the private sector by deregulation (the liberal trajectory).

Throughout the bourgeois period in Denmark (1982 – 1993), the economic stability had top priority. In this restructuring phase unemployment was more or less the sacrifice for the restoring of economic stability and there was no job creation in the public sector. Unemployment rose throughout the period and culminated with 12.3 % in 1993 (OECD 1997a p.A24²). This policy represents a fundamental break with the earlier Scandinavian full employment commitment described by Esping-Andersen. Not until the late eighties and with the new Social Democratic headed government from 1993 was employment commitment reintroduced - but in a very different form. The most important changes in relation to the labour market were introduced with the social innovation programme from 1988 and the big labour market reform in 1993.

Many of these new initiatives aimed at reducing the labour force. The labour market reform introduced leave schemes (paid by the state) for sabbaticals, child-caring and education. Another way of reducing the labour force was through early retirement schemes. In continuation of the possibility of retiring at the age of 60 introduced in 1979, the labour market reform in 1993 made a transitional allowance, which made it possible for 55-59 year old unemployed to leave the working force³. This development is certainly a break with the Scandinavian job-increasing route, which Denmark followed for a long time. It can be seen as a turn to the continental labour reduction route. On the other hand, at least some of the programmes attempt to make circulation within the labour force by offering new welfare arrangements, which could be seen as a further so-called de-commodification. However, it is clear that the programmes represent a break with the idealised Scandinavian route.

Some of these labour reduction schemes have already been abolished, and others have been made less favourable. Instead, the active labour market policy has been extended throughout the period. Already in the 1970s, Denmark adopted some measures designed to provide job

² Commonly used Danish definition (not standardised).

³ See 4.3.3 for details and conditions.

seeking and retraining from Sweden, but the real shift towards an active labour market policy began in 1988 with the Social Innovation Programme (Cox 1996 p.5). This active approach was continued in the labour market reform in 1993 and onwards. This means a new focus on public employment services, education, job training, temporary public employment and subsidised employment in the public or private sector. In the political discourse the concept has been launched as a new balance between rights and duties. The unemployed have got a new right to be activated but, at the same time, a duty to participate in these programmes. This could be seen as a return to the "real" Scandinavian trajectory. On the other hand, the requirements for entitlement to unemployment benefit have been tightened and the duty to be available for the labour market has been strongly intensified. (Finansministeriet 1996 ch.3.3; Ploug et al. 1994 p. 33). In all, this development indicates a fundamental shift in Denmark from a passive to active labour market policy. At the same time, the strong importance attached to the duties of the unemployed seems to be in conflict with Esping-Andersen's de-commodification theory (see 3.1.3). All most the opposite could be said to be the truth (elaborated in part IV).

Throughout the seventies, the Dutch followed the labour reduction route described by Esping-Andersen. In 1983, the labour force participation rate (15-64 years) was only 59 %, which was among the lowest in the whole OECD area. Compared to Denmark, with a participation rate of 79.6 % in 1983, especially the participation rate of the women made the big difference (DK 72.8 %, NL 40.2 % in 1983) (OECD 1997b p.163). One of the ways of reducing the labour force was through the disability scheme. It was particularly the almost explosive growth of persons in this scheme that questioned the passive labour reduction strategy. In 1982 the new government embarked on an austerity program against the cost and inefficiency of the disability and unemployment systems. The shift towards an active labour market policy came at the end of the 1980s. Activation became an integrated part of the Unemployment Law and the Public Assistance Law (Cox 1996; Ploug et al. 1994 ch. 7, Ploug et al. 1996 ch. 7). This development represents a fundamental shift from the corporatist passive approach toward an active labour market policy. Furthermore, creation of part-time and flex jobs have resulted in a rise in the women labour participation rate (from 40,2% 1983 to 59,8 % 1996; OECD 1997b p.165) (Kleinfeld 1997a ch.7), which also marks a break with the corporatist labour reduction route (elaborated in part IV).

1.3 Formulation of the problem

The above introduction represents the foundation of the project. According to mainstream comparative research, the welfare states, as well as the welfare reforms, should be locked into

a certain regime logic. On the other hand the, welfare reforms in Denmark and the Netherlands illustrate some breaks with the old logic. This leads to the general subject of this project:

Why do social democratic and corporatist regimes not adapt and react in the post golden age as described by mainstream welfare state theory?

I have chosen to limit the project to focusing on the policies aimed at the labour market. Apart from the natural limitation of a bachelor project, I have two reasons for this choice. First, it is within these policies the largest breaks with the old logic can be found, and there even seems to be some sort of convergence in the two cases. Secondly, it is clear that the labour market represents some sort of structural link between the welfare state, the market and the family (or civil society), which makes it of special interest if you want to study interactions between the welfare state and its surroundings. A great deal of literature has used the term welfare compromise, which refers to a certain settlement between capitalism and state or between left- and right-wing political interests. It seems to me that the labour market is the core sphere for establishing this compromise. Therefore, I believe that in the discussion of a new welfare state era, it will be favourable to use labour market policy as a case.

Therefore I will operationalise the above discrepancy between theory and reality into three concrete questions, which are guiding the rest of the project.

- 1 **Why do the labour market policies in Denmark break with the strategy of job creation in the public sector?**
2. **Why do the labour market policies in the Netherlands break with the strategy of labour reduction?**
3. **Why do both Denmark and the Netherlands make a shift from passive towards active labour market policy?**

First of all, I will comment on my terminology. By labour market policy I understand any policy that significant attempts to influence the labour market. In a narrow perception of labour market policy for example early retirement schemes could be seen as social policy, even though they have significant effects on the labour market. The fact is that it is often very difficult to tell the difference between social policy and labour market policy, which makes it necessary to adopt a broad perspective. In the analysis I will primarily focus on the programmes dealing with unemployment, retirement and disability. Active labour market

policy refers more narrowly to supply-side policy in different programmes e.g. retraining and public employment services.

1.4 Motivation behind the project

First of all, there is a classic discrepancy between theory and reality. This calls for a new theoretical perception of the welfare state development. Many researchers have paid attention to the relationship between the idealised typologies and real cases (see e.g. Rhodes 1997a p.63). From my point of view, the results of these static studies have been rather modest. A much more dynamic approach is to look at the routes of development, which even might explain why the cases no longer fit into the idealised typologies.

Second, the project deals with unemployment, which seems to be one of the most serious practical policy problems in Western Europe. This has naturally created a good deal of political as well as scientific interest in labour market policies in all European countries. Recently, at the Luxembourg summit, even the European Commission played with the thought of pursuing labour market policy, which makes a comparative view even more interesting.

Third, as I will elaborate on in the next part, the cases of Denmark and the Netherlands are of particular interest due to their recent success. Both countries have succeeded in reducing unemployment (NL: 11% 1983 - 5,8% 1997; DK: 12.3% 1993 - 7,9% 1997⁴), balancing the public budget and keeping low inflation (both 2,1% 1996; OECD 1997a p.A19). Especially the Netherlands has become some sort of model state, which sometimes by the media and politicians are referred to as the "Dutch Miracle" (e.g. Daniel 1997; Kleinfeld 1997a ch. 2). Even though Denmark has attracted less international publicity the term "Danish miracle" has also been used (Torfing 1998a). After the "job-miracle" in the USA and Great Britain two Social Democratic-led government are suddenly showing outstanding economic performance. Thus, even the German National Bank director refers to Denmark and the Netherlands as examples for the large European countries (Politiken 13 April 1997).

⁴ OECD 1997a p.A24; Commonly used definition (not standardised).

2 Methodology (Part II)

In this part, I will make some methodical considerations. The chapter is divided into four sections. The first section is a broad introduction to the advantages and the general problems of the comparative approach. In the second section, I explain my choice of cases. In the third section, I deal with my choice of theories, and finally the further structure of the project is described.

2.1 The Comparative Method in General

The comparative method is as old as political science itself. In this respect, it can be said that on account of the general impossibility of experiments in political science, we are forced to compare, e.g. between different time periods. I will stay out of the definitional wrangles and limit the meaning of comparative method to a systematic attempt at comparing social phenomena in different countries (Marsh 1997 et al. p.174).

One of the advantages of this method is the escape from ethnocentrism. The researcher is not so easily tempted to base the explanations on unique peculiarities. At the same time, it is easier not to make false universalism in the theories, which is a common problem in political science. Therefore the comparative method makes a good basis for testing and developing theories with general applicability (Marsh 1997 et al p.173-176; Dogan 1990 p.5-24).

There are also a large number of methodical pitfalls in the comparative approach. A fundamental problem is the presence of too many variables and too few cases. Statistically speaking, the number of variables is infinite and the number of cases is limited. Furthermore, many of the statistical data cannot be directly compared (see e.g. Goul Andersen 1996a p.7), which creates even more problems. At last, also the meaning of apparently the same events can be different in different countries (Marsh et al. 1997 p.180-183).

Probably the most important dimension in comparative method is the number of countries analysed. March distinguishes between case studies, focused comparisons and global statistical analyses. The case study only involves one country, e.g. the Netherlands, which naturally creates good possibilities of detailed analysis. Even though such a study can use the comparative concepts, much of the strength of the method seems to vanish. The other extreme is the studies, which by means of large statistical systems attempt to cover an almost global area. This positivistic approach began in the 1960s and is still applied (see e.g. Busch 1997 or OECD). This approach often fails to uncover the differences and the details. Naturally, this approach is also greatly affected by the poor statistical data. These two

extremes show the general trade-off between detail and generalisability. In this project, I will use the focused comparison, which represents some sort of middle course (Marsh et al. 1997 p.176-178).

2.2 Selection of the cases

An essential methodical question in the focused comparison concept is naturally how to choose the focus. The dominant question is whether to choose countries that are different or similar. The first approach argues that choosing countries with big similarities “neutralises” some variables and thereby permits a better analysis of other variables. The second approach assumes that by selecting countries with big differences, the researcher can on the basis of the diversity find a set of common elements (Marsh et al. 1997 p.179; Dogan 1990 p. 132-151).

By selecting Denmark and the Netherlands as cases, I believe I have chosen a dynamic middle course. Basically, the two countries have a large number of socio-economic similarities. Both have a fairly small population and a high GDP per inhabitant. Their economies can be characterised as small open economies (with Germany as a neighbour), and they are both integrated in the European Union. In relation to a comparison between Denmark and Germany, it is clear that many variables are “neutralised” (e.g. possibilities for economic policies, political system etc.) within a comparison with the Netherlands. This makes it more possible to isolate the welfare state variable. On the other hand, I have chosen the two countries because they as a starting point belong to two different welfare regimes, which gives me the chance to look for similarities and parallel processes within this more or less isolated welfare state variable.

As I elaborate on later, I will answer my questions in part I by using a post-fordist approach. The leading idea is that as a result of structural shifts in the market sphere the welfare arrangements to some extent are under pressure. This approach has also been a criterion for choosing Denmark and the Netherlands. My thesis is that each of these countries could be seen as a forerunner of the other countries with the same kind of regime. This thesis is based on the fact that both Denmark and the Netherlands are small and extremely open economies that are integrated in the European Union (Denmark as the first out of the Scandinavian countries). This makes the countries extra sensitive to changes in the international market sphere, which according to Katzenstein can explain the early emerging of corporatism in small countries (Katzenstein 1985 ch.5; Esping-Andersen 1990 p. 15). I stretch this argument slightly further by assuming that also an early restructuring process can be expected. It can be noticed that both Denmark and the Netherlands experienced an early and profound economic

crisis compared to the other western European countries. Until the beginning of the 1990s, Sweden kept an unemployment rate below 3 % (OECD 1997a A24). Also Germany managed to stay out of big trouble through the 1980s, but now, 10 years later both Germany and Sweden have run into economic difficulties⁵. Contrary Denmark and the Netherlands have been appointed to be economic model countries.

To make a thorough investigation of the break with the old regime logic in social democratic and corporatist regimes, it would have been useful to include Esping-Andersen's old "model countries" in the project, i.e. Germany, Sweden and the United States. Because of the limitations of the project, I only focus on Denmark and the Netherlands, which naturally makes methodical problems if the findings in these two countries is generalised to the overall level of social democratic and corporatist regimes, which was my starting point in part I. Nevertheless, I believe that there are good arguments for choosing Denmark and the Netherlands. At least the countries are interesting because that (until recently) little attention has been paid to them compared to the model countries (Sweden, Great Britain/USA and Germany).

2.3 Selection of theoretical approach

I have brought a variety of theories together, which indicates that I do not have a clear pre-given theoretical foundation e.g. public choice. On the contrary, I have tried to make a new theoretical synthesis that is capable of answering the questions in part I. In other words, an attempt to fill the gap between our theoretical perception of the welfare state development and the changes in labour market policy in Denmark and the Netherlands.

This new theoretical synthesis operates on three different levels - policy, political system and socio-economic level. The presented theories do to some extent build on the theoretical understanding of the emerging of the welfare state. Hence, it is an assumption that the same factors are relevant in explaining a restructuring process. As Cox puts it "*... though the dynamic of retrenchment differs from the dynamic of growth in welfare, the theoretical approach that so effectively explained the expansion ... offers much to explain its contraction*" (Cox 1993 p.173). In that respect my theoretical approach to some extent follows a classic comparative research tradition.

⁵ After the crises in Sweden and Germany, some observers argue that these countries maybe forced to follow the same welfare reform process as Denmark and the Netherlands (e.g. Politiken 6 April 1996, Goul Andersen 1996a p. 3).

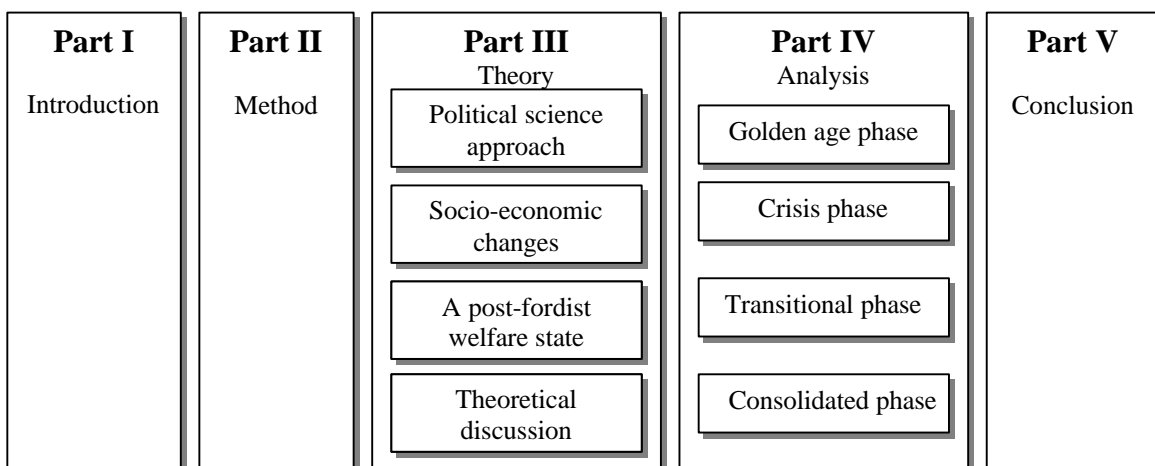
However, I have also widened the classic theories by using theories of post-fordism. Especially the combination of state-relational and regulation theory gives a new perspective. I have three reasons for choosing Jessop's Marxist inspired approach. First, the Marxists theory has a long tradition for trying to understand the relationship and interaction between state and economy. Second, Jessop puts the regulation theories in a broader context and describe the implication for the welfare state. Third, Jessop deliberately breaks with the Marxist functional state explanations and gives the political systems an autonomous role.

Thereby I try to create a theoretical and analytical approach, which does not carry the well-known social science "structure-actor-disease". By looking on three different levels I try to include both sides and understand the interplay between actor and structure explanations. This results in an approach, where the highly abstract theories of post-fordism are given flesh and blood from the actual policy process. On the other hand, the narrow policy observations are placed in a larger context. Hopefully, this gives a more thorough perception of the subject, even though the analyses naturally become more complex.

2.4 Composition of the project

The project is constructed in five parts. The following figure gives an overview. The internal structure of the individual parts will be elaborated on in the respective introductions. The interviews with Jacob Torfing and Wim van Oorschot, and methodical considerations in relation to these interviews, are placed in an appendix.

Figure 2.1. *Main structure of the project*



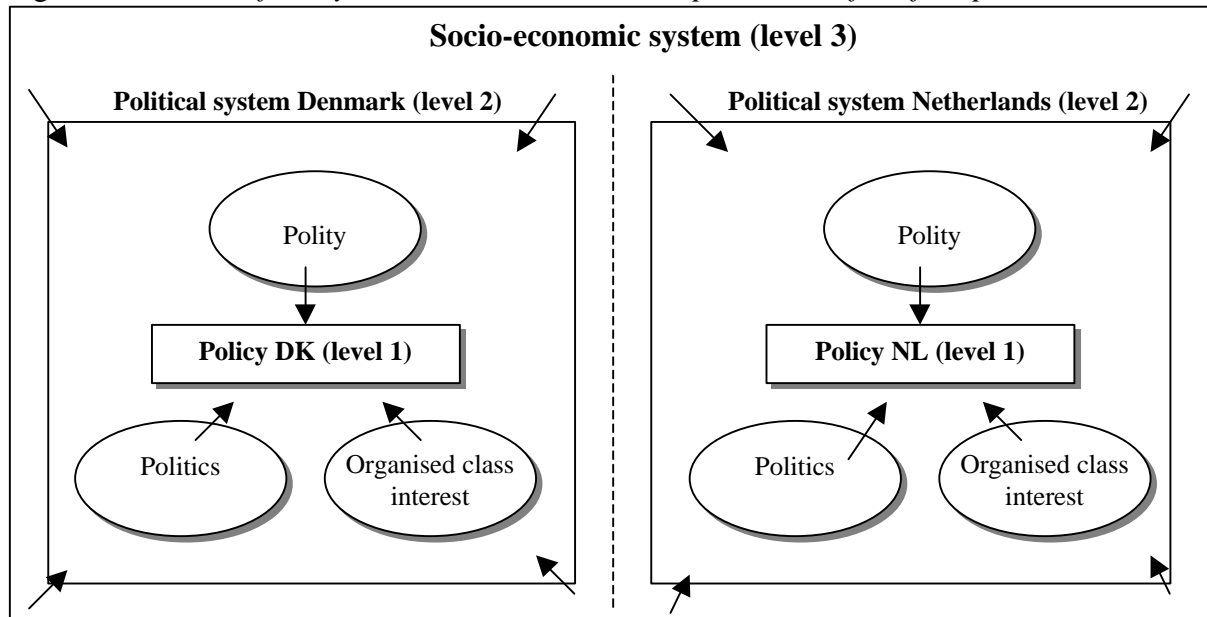
This structure of the project places it in a traditional empirical-analytical tradition. The general theories are in a deductive manner tested in the following analytical and empirical chapter. Thus, my new theoretical framework in part III will be verified and falsified in

relation to the changes in the Dutch and Danish welfare states in part IV. The possibility of verification and falsification in social science is still at discussion (see e.g. Andersen 1994 ch. 4-5), so I will call it a process of making my new theoretical framework more or less probable. Inspired by post-modernism one could even call it a "story", which according to Kuhn competes with other scientific paradigms in order to obtain recognition. Thus, this project could be called the story of post-fordist welfare states.

3 Theory (Part III)

In this part of the project I will create the theoretical and analytical framework that will be the basis for the analysis. To get an overview of the amazing number of welfare state theories, I have made a figure showing the main theoretical explanations and distinguishing between different levels of analysis.

Figure 3.1: *Levels of analysis and main theoretical explanations of welfare policies*



Source: Own schematic view.

The following classification of the theories can be criticised for being too stereotypical, but it gives an overview and helps structure the rest of this part of the theory chapter.

The first and lowest level of analysis focuses on the actual policy process or cycle in different countries. The policy analysis operates on this level, where policies are explained by different actors' influence on the agenda setting, decision-making process, implementation etc.

The second level is a broader political science approach, where the analyses are more theoretical ambitious. These traditional political studies typically explain the policy in relation to political parties (politics), class-mobilisation (organised class interests) or different kinds of institutional arrangements (polity).

The third and highest level focuses on the structural socio-economic conditions for the welfare state development. In this sociological and economic tradition, the emergence of the

welfare state is explained by a shift in the socio-economic structure, e.g. industrialisation and urbanisation.

As mentioned in previous part I will try to integrate all three levels. The need for an interdisciplinary approach is not only based on a “catch-all” strategy. It is also based on the assumption that the changing policies in Denmark and the Netherlands are caused by an interaction between the political and socio-economic levels. The rest of this part of the project will be structured according to these three levels analysis. In the first section I present the political science theories focusing on level one and two. Secondly, I introduce theories focusing on structural changes in the socio-economic surroundings of the welfare state (level three). Thirdly, I present some theories that attempt to explain the interplay between the socio-economic changes and the welfare state. Finally I discuss the theories in relation to each other and create an analytical frame for the analysis.

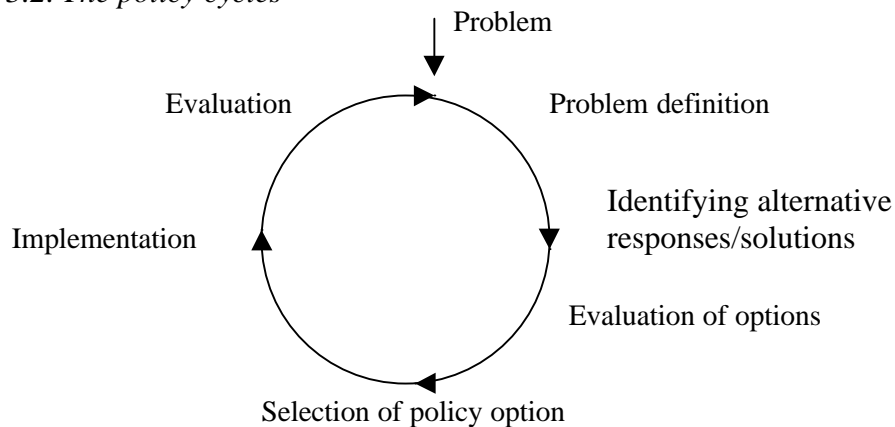
3.1 The Political Science Approach

In this chapter I will introduce some of the main theories from political science that has been used in comparative welfare research. The chapter is divided into four sections. In the first section I introduce some terms for the policy analysis (level 1 in figure 3.1.). In the second section I present the politics dimension and in the third section the class-mobilisation dimension. Finally, I deal with the polity or institutional dimension (the last three section is level 2 in figure 3.1).

3.1.1 The policy analysis

As already mentioned, the policy analysis operates on the lowest of my idealised levels of abstraction. By focusing on different stages in the decision-making and implementation process, the policy analysis has challenged the traditional political science. The main objection of traditional political science against the policy analysis has been the lack of theoretical foundation. Therefore, there is a trend in modern political science towards coupling traditional theories onto the policy analysis, which consequently has created a large number of different variants. In the following I will focus on some of the shared conceptions in the policy analysis, which at least on the descriptive level have proved their usefulness. The policy cycle is a very central concept in the policy analysis.

Figure 3.2: *The policy cycles*



Source: Parson 1997 p.77

Even though this policy cycle figure has been up for debate, it still shows some of the main insights from the policy analysis. The point is that policy making should be seen as a process with different stages. Contrary to traditional political science, focusing on the decision-making process in the parliament, the policy analysis broadens the view. The policy observers argue that the early stages of the policy process (problem definition, identifying alternatives and evaluating options) have significant influence on the selection of policy option. Furthermore, the actual policy is also heavily influenced by the implementation problems. I will counter the general lack of theory by coupling the policy analysis to the following theories.

3.1.2 Politics and political parties

I will now turn to the second level in figure 3.1 by analysing the politics explanation in comparative welfare research. The point is very simple that difference and convergence in the welfare policies can be explained by the “colour” of government. In comparative research Douglas Hibb’s study of economic policy is a very good example (Schmidt 1993 p.374).

These politics explanations are based on the old liberal thoughts, where the parliamentary system controls the policy process. This direction emphasise that political parties have a great deal freedom to act and no single group, class or organisation can dominate the society. Analogous to the liberal market theory the political struggle is seen as a competition between ideas. In modern political science this direction can be labelled pluralism (Schmidt 1993 p.375; March et al. 1997 ch.11).

The public-choice school has followed this liberal tradition in modern political science. Public-choice is based on actor explanations, where the electors are seen as autonomous rational utility maximising individuals (normally in a situation of full information). The political parties are also seen as rational organisations that attempt to maximise votes in order to obtain power. Thus the welfare policy is seen as a reflection of the electors pre-given preferences (Marsh 1997 et al. Ch.4). Nevertheless, especially political institutions might prevent that the pre-given preferences lead to an optimal aggregated result. Therefore public-choice theorists have especially focused on the relationship between the actual public outlays and the preferences of the electors. For example Down argues in the article "Why the government budget is too small in a democracy" 1960 that the public outlays are too small according to the preferences of the electors as a result of limited information. Down's argument fits badly with the ever-increasing public budgets in the 1960s and 1970s (Torfing 1995a p.161).

The direct opposite position is taken by O. P. Kristensen in 1987. Kristensen's analysis attempts to explain the rise in the public expenditures based on the assumption that there is a discrepancy between the actual outlays and the pareto-efficient allocation of resources. The explanation of this discrepancy is found in a so-called asymmetrical decision-making structure.

First of all, it is important that the benefits from public expenditure are more concentrated than the tax costs. Hence the politicians who want to prevent growth or even cut public expenditure will inevitable come up against a strong defensive alliance of users, bureaucrats and professionals. On the other hand, the taxpayers will only give limited or scattered support for the politicians. Therefore the politicians will tend to follow the popular route of increasing public expenditure in order to stay in office. Kristensen claims that this effect is especially marked for social service decisions. Second, Kristensen argues that a fiscal illusion (where the public systematically underestimate the cost of public expenditures) also leads to a growth in public expenditures (Kristensen 1987).

The basic assumptions of public-choice theory have been criticised since the early 1970s. Especially the assumptions of rationality, pre-given preferences and individual utility maximisation have been in focus (see e.g. Marsh et al. 1997 p.80). Nevertheless, Kristensen's analysis has won reputation - at least in a Scandinavian context. Following the politics approach the policy shifts in Denmark and the Netherlands could simple be explained by a shift in politics. According to a public-choice theory this shift could reflect a change in the preferences of the voters. Nevertheless, these liberal explanations have been criticised from the very start of liberal democracy. Critics emphasise that different power relations and

institutional conditions limit the freedom of politics - which already found expression in Kristensen's asymmetry theory. In the next sections I turn to the theories focusing on the organised class-interest and the institutional conditions.

3.1.3 Organised class interests

I now elaborate on the theories focusing on the organised class interests, which have been a basis for much modern comparative welfare research. As already mentioned in part I Esping-Andersen's "Three Worlds of Welfare Capitalism" from 1990 has become a classic.

Built on T. H. Marshall's theory, Esping-Andersen argues that the core idea of the welfare state is social citizenship. He explores this social citizenship along three dimensions. First, the relationship between social citizenship and the position of the individuals on the market. The less dependent the individual is on the market, the more his/her status is "de-commodified". The second dimension deals with the effect which the welfare state thereby has on the social stratification (in some cases, the status of the citizens will compete with the status of the social class). The third dimension explores the relationship between market, family and welfare state in the provision of social services (Esping-Andersen 1990 part I).

Esping-Andersen shows through these three dimensions that the Western welfare states cluster into three different welfare regimes. This conclusion represents a kind of synthesis between the works of Marshall and Titmuss. The point is that each of these regimes has its own logic, and the welfare state development cannot be described by a theory of evolution, e.g. that welfare outlays are determined by the level of economic progress (Level 3 explanation).

In the following, I will briefly describe the three different regimes by using a compressed figure, which summarises some of Esping-Andersen's conclusions.

Figure 3.3: Some major differences between the three welfare regimes

	Social Democratic	Corporatist	Liberal
Basic Principle:	<i>Universalism</i> All citizens are entitled to social services financed by general taxes (e.g. flat-rate pensions)	<i>Insurance</i> A large number of provisions are financed by social security contributions (e.g. unemployment or earnings-related pensions)	<i>Residualism</i> A dual system. Mainly the poor are entitled to social services financed by general taxes. Others are entitled through private insurance.
Basic Unit:	<i>The individual</i> Nearly all adults are de facto entitled to some social security income if they are not employed.	<i>The family</i> According to the principle of subsidiarity, the families maintain a larger responsibility for family members.	<i>The individual</i> The individual is self-responsible for taking out social insurance. Only the poor are, through means-testing, entitled to public social service
De-commodification:	Strong	Medium	Weak
Equality/Redistribution:	High	Medium	Low
Employment commitment / active policies	Strong	Weak	Weak

Source: Schmid 1996 p. 57, Goul-Andersen 1996a p. 6 and own summarising of Esping-Andersen 1990

Esping-Andersen finds strong evidence of the assumption that the formation of different regimes can be explained by a class-coalition thesis. The strength of the labour movement and the ability to build coalitions with other classes are, in Esping-Andersen's point of view, the key-explanation of the different welfare state developments (Esping-Andersen 1990 cap.5).

The formation of the large Scandinavian welfare states can, in this model, be explained by a strong labour movement and its ability to make a so-called red-green coalition (the workers and the small farmers). This coalition also explains the rise of universalism. The labour movement not only fought for the rights of their core members, but enlarged the group to contain all the "small" people. The support from the rising middle class was sustained by upgrading the public social service to the more exclusive expectations of this class. The result is a large welfare state with a high degree of de-commodification and redistribution. The basic principle is universalism, and the basic unit is the individual – the citizen. The social democratic regime has a strong commitment to securing full employment.

The formation of the corporatist regimes in continental Europe can be explained by another structure of the classes. The classic example is the introduction of social insurance by Bismarck, which was a means to establish social order among the workers and secure the privileges of the aristocracy. The working class was weak, primarily due to the fact that the

Christian-Democratic parties had a big support from the working class. The outcome is a rather big welfare state characterised by its status-differentiating structure. The social services are strongly related to employment and family status. The basic principle is insurance systems and the basic unit is the family. The degree of de-commodification and redistribution is lower than in Scandinavian, and there is not a big commitment to securing full employment.

The liberal welfare regime is found in the Anglo-Saxon countries. The formation of a social welfare state has always been restricted by a long tradition of liberalism. There was no strong working class, as in Scandinavia, and the social services were not upgraded to meet the new demands from the rising middle class. Instead, the middle class obtained social services from private insurance systems. The result is a residual welfare state, where only the low-income groups, through means-testing, are entitled to public social services. The degree of de-commodification and redistribution is very low, and the liberal welfare state has no responsibility for ensuring full employment (Esping-Andersen 1990).

The above description of the welfare regimes seems to fit well with the so-called golden age decades. By this expression is meant the period from the end of the Second World War until the seventies. As already mentioned in part one, Esping-Andersen emphasises that the regime logic also in the post-golden-age will continue to structure the policy outcome in the countries. The social democratic regimes are likely to follow the labour-creating route and the corporatist regimes are likely to follow the labour-reduction route.

In all, the formation and the development of the welfare state are explained by the class-mobilisation thesis. In relation to politics explanation Esping-Andersen agree that politics matter, but politics must be understood as a part of the class struggle. In relation to understand shifts in policies changes in the class structures and mobilisation pattern in Denmark and the Netherlands must be explored.

3.1.4 Polity and institutions

I now turn to the polity dimension in figure 3.1. This is the last dimension in my description of the main explanations from political science. Historically polity refers to the legal foundation of the state e.g. described in the constitution. In the last decade the polity dimension has been strongly reintroduced by the new-institutional movement in political science.

Institutions can be defined as “formal rules, compliance procedures and standard operating practices that structure relationships between individuals in various units of the polity and the economy” (March et al. 1997 p. 54). This definition emphasises that institutions are not only the constitution and the formal political practices, but less formal organisational networks are also included. March and Olsen argues that these institutions are actors in their own right and not only a reflection of politics and organised class interests (March 1997 et al. p.54).

In comparative research the institutional approach has especially been practised within the corporatism discussion. Generally corporatism refers to the institutionalised representation of private, functional interest organisations that, through monopoly relations with state officials, make public policy. Thus the private interests are given a public status, where these interests are necessary for an effective implementation process (Cox 1993 p.44-45).

This way of organising the political system is according to comparative research prevalent in the social democratic and corporatist regimes – especially in small states. A number of observers have challenged this statement and the term corporatism is in much modern political science replaced by the broader policy network concept. Nevertheless, most researchers agreed that the corporatism concept is still useful when looking on economic and labour market policy⁶. In this field the interests of the labour unions and employers’ organisations are often given a public status. Thus in understanding the policy shifts in Denmark and the Netherlands it is – according to this theory – central to look for developments in the structure of corporatism.

The institutional aspect has also been integrated in Esping-Andersen regime theory. His point is that after the formation of the welfare systems, explained by the class-mobilisation thesis, the regimes develop their own regime logic, which is dependent on the institutional set-up. Theories from Norbert Elias can elaborate this point. He argues that besides influencing certain policies the organised interests are also striving to change or control the institutional set-ups or structures of power. Controlling the institutions secure long-term influence due to the fact that institutions are slow to change (Cox 1993 p.42-44). In relation to the policy level one could say that the organisations do not only attempt to influence the actual policy process, but also try to influence the way the policy process is organised. In all, the "new" Esping-Andersen more or less integrates all three dimensions from political science, even though he emphasises the class-mobilisation dimension.

⁶ Many of the concepts from policy-network theory and neo-corporatism overlap each other (Torfing 1995b p.17-19)

3.2 Structural shift in the socio-economic conditions

After focusing on the explanations from political science I will now turn to level 3 in figure 3.1 - the socio-economic conditions. By this notion is meant the surroundings of the political system, which includes the economic sphere and civil society. Sociologists and economists have explained the emerging of the welfare state by looking at structural shift in this sphere. One could distinguish between a liberal and Marxist approach. In the first approach industrialisation and urbanisation typically explain the welfare state. In the latter approach the welfare state is a result of the dynamic and class-conflict of capitalism. Both approaches operate with rather functional explanations, where the political system and the policy outcome are seen as responses such structural shifts. The degree of determinism between the socio-economic and political system will be further elaborated in the next chapter.

In this chapter I will look at theories operating with new structural shift in socio-economic sphere in the late 20s century, which according to Esping-Andersen leads to a so-called post-industrial period. As well as the emerging of the welfare states in the late 19s century could be explained by shifts in the socio-economic conditions, maybe the restructuring of the welfare state in Denmark and the Netherlands are caused by new structural shifts. In the public debate this thought finds expression in the slogan "old welfare systems in a new worlds".

I will focus on three main structural changes, which divides this chapter into three sections. First I look at the changes in demographic and family structures. Second, I discuss the issues of globalisation and europeanisation. Finally, I introduce the theories of post-industrialism.

3.2.1 Changes in demographic and family structure

By focusing on changes in family structure and demographic I am entering the civil society sphere. The changes in demographic have become a central subject in the welfare state debate. Declining birth rates and increased life expectancy causes the ageing of the European population. Thereby the proportion between active (tax-paying and social contribution making) citizens and the passive welfare recipient are said to change dramatically in the coming years. The most obvious result is a greater financial burden of pensions. In the public debate known as the "pension bomb". Furthermore, this development is said to increase the expenses to different types of care - especially health care. This influence an already rising health care burden as a result of more and more complicated operations and technology

(Rhodes 1997a p.63-64). As a result, the welfare states are put under a severe financial pressure, which in relation to my thesis could explain a policy shift in other welfare fields. More concrete the development could cause problem for the corporatist regime (by putting to heavy financial burdens on the working insider population) and the social democratic regime (by putting to heavy financial burdens on the already large public budget).

The public debate has to a lesser extent dealt with the changes in family structures. Nevertheless, the traditional nuclear family is under pressure in at least two ways. First, there seems to be a much bigger chance of dissolution than before, which causes new one-headed families. Second, the women to a larger extend want to leave the typical family role and be integrated in the labour market. The two-carrier family can be seen as a part of the female liberation process (Gou Andersen et al. 1991 ch.6.2). As Esping-Andersen described, the status of the women is interwoven with the welfare regime and the welfare policies. Generally, the changes can cause problems for the corporatist welfare regime, where the male-breadwinner jobs is defended and the welfare services are supposed to be produced by the housewife. Furthermore, divorcing make the entitlement of housewives though the husband problematic.

3.2.2 Globalisation and Europeanisation of the economies

The concepts of globalisation and europeanisation have also attracted enormous attention in the welfare state debate. Normally these two developments combined with the "pension bomb" are seen as the largest threat to the highly developed European welfare systems. I will try to stay out of the "muddy" debate and look for the theoretical basis.

The term globalisation has been used for a bunch of different developments. I will stick to the narrow economic meaning, which simply refers to the integration of national economies into a global economic.

The most concrete development has been the abolishing of restrictions on capital movements between countries, which began in the early 1980s. Today most West European countries have been integrated into a global capital market i.e. free trade with currency, stocks and bonds. As the two economists Mundell and Flemming showed in the 1960s small open economies with free capital movement have limited possibilities of pursuing effective economic policy due to the international interest level. In a fixed exchange rate strategy the monetary policy becomes useless, and in a flowing exchange rate regime the fiscal policy becomes ineffective (Christensen 1995 part 4). Furthermore, the "interest parity logic" should

be taken into consideration. It simply says that due to the risk of devaluation in small open economy the investors demand a sort of danger money, i.e. a higher interest rate (Harck 1995 p.76)⁷. The point is that due to the expectations of the global capital market an expansionary economic policy puts pressure on the interest and exchange rate.

The second component of economic globalisation is the liberalisation of the international market for goods and services, which makes it possible for firms to allocate labour intensive production in the third world – primarily in South East Asia. This implies that demand for unskilled labour in the West European welfare states should decline. Furthermore, a higher export and import rate (in relation to GDP) makes it even harder to pursue national economic policy. In Keynesian terms the multiplier effect is declining due to the smaller national consumption quota.

Globalisation and its consequences have also been heavily discussed in the professional debate. The globalisation of the capital market and its consequences seems to be in no doubt. On the other hand, the globalisation of the goods market have been questioned. Maybe the contribution from Krugman has had most effect. He simply argues that the quota of import and export in relation to GDP is only returning to level just before the First World War. In other words globalisation is not a new phenomenon, we are only returning to a previously level (Krugman 1996). The answer to this objection could be that the implications for the national economies compared to period of relative isolation could still be dramatic. Furthermore, the debate has focused on whether the European countries are losing or gaining jobs in the globalisation process. This is naturally difficult to tell. Nevertheless, the declining demand for unskilled labour should be observed anyway.

The European integration process causes the second breakdown of the national economies. Also in this discussion I will focus on the economic dimension due to the fact that the national parliaments still have the main competence in questions of welfare arrangements and labour market policy. The most influential settlements in relation to the national economies have been the European Single Act from 1986 and the three phases towards the Economic and Monetary Union.

The Internal Market, fully implemented in 1993, can be seen as a sort of radical mini globalisation within the European Union. At least the consequences for the national economies are very similar to the one mentioned above. The totally free capital movement and the high export - import rate put limitations on the effectiveness of national economic

⁷ The so-called sticky-price models (e.g. Dornbusch's overshooting theory) can also explain the choice of a fixed exchange rate strategy (Dornbusch 1994 p.529).

policy. As in the globalisation debate it is also a thesis that the labour intensive production will be transferred to South and Eastern Europe. Some observers have even argue that this tough competition within the European Union will cause a deregulation of the highly develop north European social systems (e.g. Busch 1994).

The EMU project can be seen as the fulfilment of the Internal Market. The three stages towards the common currency have put further limitations on the national economies. The four criteria, which the countries most fulfil in the second stage, demand a monetarist economic policy i.e. low inflation, stable currency, low interest rate, balance on the public budget and low national debt. The point is that the national countries have put formal limitations on the economic policy. When the third stage is implemented the countries will finally have lost the possibilities of pursuing currency policy, monetary policy and fiscal policy (public deficit below 3% of GDP is only allowed under very special circumstances). It should also be noted that the European Union does not have the necessary resources to pursue its own centralised fiscal policy. The judgement of this development is very strongly related to the observers' theoretical view on economy⁸. Critical observes argue that the loss of economic policy tools, hard competition and low labour mobility within the internal market will put pressure on the welfare arrangements. Declining labour costs or general deregulation of the welfare state will be the only way to adjust to a national crisis or lost productivity (Busch 1994).

Following this chain of reasoning the policy shifts in Denmark and the Netherlands could be caused by the opening of the countries' economies. On the one hand, this opening should have produced new problems i.e. unemployment for the unskilled workers. On the other hand, the same process have diminished the possibilities of solving unemployment problems – at least by using the macro-economic policy tools. Furthermore, according to the radical globalisation and europeanisation theses the police shifts could be a part of a general deregulation process, where also social democratic and corporatist regimes are forced to follow Esping-Andersen's neo-liberal trajectory.

3.2.3 Post-industrialism and the service society

Esping-Andersen used the term post-industrial to describe the period after the golden age. The debate of a new historical era is rather comprehensive and still marked by the confusion of the notions. Generally, we can distinguish between to direction in the theorising of the new

⁸ Radical monetarists refuse the effectiveness of economic policy in the first place. Thus lost possibilities of pursuing economic policy is more seen as a resolution rather than a problem.

society, the cultural direction and the economic direction. Jean-Francois Lyotard is a typical exponent of the first direction, where the authors can be clustered under the label post-modernism. Daniel Bell is seen as the founder of the economic direction, which can be labelled post-industrialism (Andersen et al. 1996 cap. 25-26)⁹. I delimit my self to discuss the economic approach.

Daniel Bell launched the term post-industrialism in “The Coming of Post-Industrial Society” from 1973. Post-industrialism refers to the thesis that the industrial assembly line production is no longer the basis for economic development. According to Bell the western countries have gone into a new era, where production of knowledge is more central for economic development. Furthermore, Bell argues that this progress indicates a new general shift like the industrial revolution in the end of the 18th century. In contrast to the globalisation and europeanisation theses, which focus on the macro-economic perspective, the post-industrialism theory focuses on the changes in the production structure in a more micro economic manner.

As the importance of traditional industrial production is declining other sectors emerge. These new sectors are based on production of knowledge and service. Bell especially emphasis that the importance of knowledge will change the organisation of the production and the stratification within the society. First, Bell forecasts that the organisation of production will break with the hierarchic system found in the era of industrialism. The new organisation is flatter and based on some kind of self-controlling teamwork. Second, the education will be the new so-called stratification principle. Therefor the importance of the conflict between capital and labour will be declined, and a conflict between the professionals and the population will emerge (Bell 1973 p.117).

This theory has naturally not gone unchallenged. Even Bell himself questioned the use of the term industrialism. The point is that it is very hard to find societies where industrial production has been the main sector – e.g. measured by number of employees or share of GDP (Andersen et al 1996 p.417-420). Some have even argued that management was also a main factor in the industrial revolution, which give rise to debate about post-industrialism or radical industrialism¹⁰.

Furthermore, Jonathan Gershuny objected in 1978 to the idea of a new service society. The classic point is that consumers are buying durable consumer goods (e.g. televisions, washing machines and cars), which allows them to produce service at home, rather than demanding

⁹ This distinction works for these two authors but great a number of the sociologist seem to fall somewhere in between e.g. Giddens and Baumann.

¹⁰ The same debate is found within the cultural direction – post-modernism or radical modernism.

service in the city. Therefore the new service sector will not be able to absorb the labour power from the reduced industrial sector, which naturally would cause unemployment (Fisher 1995 p.13). This argumentation could be extended with Baumoll's famous law, which simply claims that the productivity development in the service sector is far below the productivity gain in the industrial sector. In the long run this makes the relative prices of service very high. Consequently, if the wages in the service sector follow the wages in the industrial sector, the service sector will be priced out of the market (Kloosterman 1994 p.169). Thereby Bell's service society thesis can be further questioned and a rise in unemployment can be expected.

In this context the trajectories of the different welfare regime can be seen as attempts to overcome Baumols's so-called cost disease. The social democratic route de-couples the productivity and wages by financing the service sector through general taxes. Thereby low productive service job can be maintained and paid for according to the general wage level. The liberal trajectory attempts to overcome the Baumols's cost disease by allowing wages in the service sector to decline. Thereby the service jobs can be created and maintained. Finally, the corporatist trajectory fail to address Baumol's cost disease. Therefor the service sector is still small and the labour reduction policy in combination with relative strong "insider unions" prevent declining wages. Consequently, one would expect stagnation in the service sector and production of service outside the market - by housewives in the family. These forecasts show how Bell's service society vision can be adapted to different welfare regime.

Dealing with regulation theory in the next chapter I present a more recent and sophisticated theory of so-called post-fordism. This theory interprets the changes in the production system as a part of a larger shift.

3.3 Towards a post-fordist welfare state

This chapter will focus on the interplay between the different levels in figure 3.1. The aim is to create a theoretical concept, which do not explain welfare policy by pure structural or actor based approaches. In the first section I briefly introduce some main concepts from the French regulation theory, which will be used to explain a shift from a fordist to a post-fordist accumulation regime. Second, the implications for - and the role of - the welfare state will be discussed.

3.3.1 The regulation theory and a post-fordist accumulation regime

Regulation theory is a broad appellation for a number of different directions in the field of economic. They have all in common that they investigate the dynamic of economic development in the long run. The regulation school objects to the traditional economic theory (Marxism, Keynesianism and Neo-classic), which operate with universal laws detached from history e.g. inner law of capitalism or natural equilibrium¹¹. Instead the regulations schools emphasise that the economic is embedded in the historical and social context. This complex economic set-up is called a accumulation regime (Torfing et al. 1995 ch.4). The project is to classify different kinds of historical growth models or accumulation regimes. They paid especial attention to the way socio-economic regulation have emerged, changed and collapsed. Unfortunately, there is no fixed definition of the term regulation, but it can be understood as those complex political processes generating institutional conditions for a stabile social-economic reproduction (Torfing et al. 1995 p.95)¹².

The showcase for regulation theory has been the so-called fordist accumulation regime, which dominated in the period from after Second World War until the 1970s - the same period as Esping-Andersen calls the golden age. According to Jessop this fordist accumulation regime can be described along four dimensions. First, this includes a dominant labour process of mass production (as described by Bell). Second, the regime build on a macroeconomic system, where a balanced between mass production and mass consumption within a national economy is maintained. Third, a social mode of economic regulation is created though institutionalised collective bargaining and a Keynesian welfare state. Finally, an urban-industrial "middle mass" wage earning society secure social organisation and cohesion (Jessop 1996 p.167).

¹¹ Which is still the main curriculum on Universities around the world.

¹² Thus, in contrast to e.g. neo-classic economy it is a underlying assumption that the economic is not stabile in it self.

As well as the industrial (fordist) production system has become counterproductive the regulation school declare that the whole fordist accumulation regime is in a crisis. The main indicator is the fallen growth in productivity since the 1970s. Therefore changes in production is a part of a new post-fordist accumulation regime, which tries to overcome the problems of the former regime. The key features of the post-fordist accumulation regime can be described along same dimensions as the fordist regime.

First of all, the labour process can be defined as a flexible process based on flexible machines, systems and workforce, where the crucial hardware is micro-electronic, information- and communication technology. The strategy is to produce high-quality differentiated goods in decentralised organisation structure (Boyer 1997 ch. 3). Boyer shows through a detailed analysis that the fordist labour process have become counterproductive, which leads to fallen productivity within the companies. In other words the new labour process attempts to create new productivity and meet the more differentiated demands from the consumers. Boyer adds that this new labour process will be adopted in almost all sectors.

Second, the post-fordist accumulation system has a new mode of macro-economic growth, which is based on flexible and permanently innovative pattern of accumulation. The circle will be flexible production, higher productivity, increased incomes for educated workers, demand for differentiated productions, reinvestment in even more flexible production equipment and research. The increase in income for the workers is a controversial subject. As a result of the globalisation/europeanisation the wage will be seen as an international production cost and to a lesser extend as a source of domestic demand. Consequently the scope for general prosperity could be limited and a market-led polarisation could be encouraged. These changes generally try to overcome the modest growth potential in the fordist regime and compensate for the relative saturation of the demand for mass produced consumer durables (Jessop 1996 p.171).

Third, a new mode of social economic regulation will emerge. This regulation is primarily based on supply-side intervention and flexibility. Thus there will be a greater emphasis on flexibility on the labour market combined with a polarisation between skilled and unskilled workers. The collective bargaining will be decentralised to enterprise or plant level. Furthermore, the credit systems will be based on international capital market. Finally, the interventions from the welfare system will change, which will be elaborated in the next section. Also these changes attempt to solve the problems experienced in the fordist regime. The old fordist income policies, labour market institutions and wage forms are not effectively within a new labour process. On the political level the changes responses to the Keynesian

stagflation, fiscal crisis of the state and slow productivity in the public sector (Jessop 1996 p.171-173).

Altogether these dimensions shows a picture of the new accumulation regime, which have adjusted to the changes discussed in chapter 3.2. The regulation theory combines the globalisation/europeanisation thesis with Bell's post-industrialism theory, and create a vision of a new post-fordist accumulation regime. However, in relation to my questions in part I the crucial question is which role the welfare state and the labour market policy plays in this process. This will be the subject in the next section.

3.3.2 Towards a post-industrial welfare state

Unfortunately, the regulation economists have not developed a concept of the state, which according to their own theory plays a central role in the regulation process. The economist Boyer is aware of this ambiguity and calls it a task for a new second generation of regulation researchers (Boyer 1990 ch.4). Jessop and (in a Danish context) Torfing have tried to undertake this task by combining regulation theory with so-called strategic-relational state theory.

Jessop is inspired by the late Poulantzas and Gramsci, who both tried to break with the orthodox understanding of the state in Marxism and give place to the political system. The analytic starting point is a so-called hegemonic project. This means an attempt to win and keep a political, intellectual and moral leadership through the creation of a collective will with a national character. A hegemonic project seeks to realise a certain accumulation and state strategy. An accumulation strategy is an idea of a certain growth mode combined with a general plan for its realisation. The state strategy involves a certain type of state intervention or regulation mode that is able to promote the accumulation strategy, secure the social basis for this strategy and give access for key groups to political and economic power (though certain representation forms)(Torfing et al.1995. p.103).

The accumulation and state strategies are a success, when they succeed in influencing different institutionalised economic systems (ways of producing, distributing and consuming) and political systems (ways of organisation, representation and intervention). According to the theory, the political struggle is based on these attempts to institutionalise different kinds of accumulation and state strategy. On the other hand, the state itself also has the capacity to promote a certain accumulation and state strategy, normally carried out by influential civil servants. Still, the actual accumulation and state strategy can not be reduced to the relative

strength of the political actors. Hence the scope for new strategies will typically be reduced by institutionalised forms of the former hegemonic project. The old system will cause a so-called strategic selection in relation to the new strategies¹³(Torfing et al. 1995 p.103).

I will now turn Jessop's view on the implications of post-fordism for the welfare state. Or, in other terms, the post-fordist state strategy related to the post-fordist accumulation strategy. This subject is naturally surrounded by great uncertainty, and the theories are more intellectual experiments than empirically based statements. Furthermore, it should be noted that these theories reject a straightforward functional explanation, where the welfare state necessarily has to adapt to the post-fordism shift in the socio-economic sphere. Post-fordism is not only a real phenomenon, but also an accumulation strategy - and thereby has a discursive status in the political system.

First of all, Jessop argues that a crisis in the welfare state will not automatically lead to a search for a new state strategy. In the first phase the old state interventions will be intensified rather than be abolished. Furthermore, we have to distinguish between transitional and consolidated forms of this post-fordist state.

In the transitional phase, the state tries to facilitate the transition in the accumulation regime and secure social cohesion by alleviating the possible social repercussions derived from the transition process. Furthermore, the transitional state will be Janus-faced. On the one hand, the state will roll back the "frontiers" of fordism by changing the (assumed) dysfunctional element in relation to the new accumulation regime and weakening the institutionalised Keynesian welfare state intervention. On the other hand, the state strategy will roll forward the "frontiers" of post-fordism. This means preparing for a so-called post-fordist take-off and consolidating the new state form. The theory does not elaborate much on the actual transition process, but emphasises that it is an uncertain process of search, discovery and struggle (Jessop 1996 p.174).

To define the consolidated form of a post-fordist welfare state might be even harder than to describe the transitional state. In general, the consolidated state will be occupied with regulation and reproduction of a post-fordist mode of growth. In other words, the state will be a complement to the post-fordist accumulation regime. Jessop forecasts that a so-called "hollow out Shumpeterian workfare regime" will emerge after the transitional search process. I will elaborate on this forecast, which will serve as a kind of Weberian ideal type.

¹³ This concept originates from the Marxist literature, which emphasise the difficulties for socialist strategies to emerge in a capitalist society.

By Schumpeterian workfare Jessop means a state that promotes product, process, organisation and market innovation in open economies by intervening on the supply-side in order to strengthen the structural competitiveness. Furthermore, the social policy will be subordinated to the needs of a flexible labour market and the structural competitiveness. This indicates a clear break with the Keynesian welfare state. Hence full employment is giving lower priority in relation to international competitiveness, the redistributive welfare rights are subordinated the productivist reordering of social policy and the central role of the national state is de-privileged in favour of so-called governance on various levels (Jessop 1996 p176).

Jessop sees a shift from government to governance. This means "*... a movement away from the taken for granted primacy of official (typically national) state apparatuses towards the assumed necessity of quite varied forms (and levels) of partnerships between official, parastatal and non-governmental organisations in the management of economic and social relations.*" (Jessop 1996 p. 176). In other words, he indicates a shift from central government to a more decentralised form of governance in the spectra from classic hierarchical political organisation to the self-organisation of inter-organisational relations. In the terminology this effect is "captured" by the shift from a Keynesian welfare *state* to a Schumpeterian workfare *regime*.

Finally, the hollow-out term refers to the thesis that the power of the national state is declining. Still Jessop emphasises that the national state will continue to be a political centre but the internationalised flexible production weakens the national power within its own borders. These developments call for a supra-national structure (e.g. the European Union) and a possibility for sub-national governance systems (e.g. municipalities). This also indicates a break with the centralised Keynesian welfare state (Jessop 1996 p.178).

Given the change to a post-fordist accumulation regime Jessop believes that the hollow-out Schumpeterian workfare regime will be suited to fulfilling the need for new forms of regulation and reproduction. In relation to my problem formulation, this abstract theoretical approach has been presented in order to answer the concrete cases of policy towards the labour market in Denmark and the Netherlands. The idea is that labour market policies are a crucial type of regulation towards the accumulation regime. Therefore the policy shifts could be seen as a part of an overall change in accumulation regime (or strategy) and state regime (or strategy). I will elaborate further on this subject in the theoretical discussion in the next chapter.

3.4 Theoretical discussion

In this last chapter in the theoretical part I will briefly discuss the theories in relation to each other and finally make my analytical framework.

First of all, it could be noted that I have brought a variety of different theories together. Nevertheless, from my point of view, the theories are not at all mutually exclusive. The point is that they operate on different levels of abstraction (as shown in figure 3.1), and each of them focuses on important variables on the level they operate. The regulation / strategic-relational state theory operates on the highest abstractions level and does not leave much space for national varieties (level 3 in figure 3.1.). Esping-Andersen's theory operates on a lower level, which takes national variants of class-mobilisation, politics and polity into account (level 2 in figure 3.1.). Finally the policy analysis looks at the actual policy process in different policy fields (level 1 in figure 3.1.).

Bringing these different levels together - in my opinion - makes a lot of sense. The policy analysis can tell how a policy has been pursued, but can not explain why the policy process was initiated and from where the problems originate. On the other hand, the abstract structural theories of post-fordism do not have much empirical foundations - and therefore have a status as intellectual experiments in the periphery of social science. By bringing the theories together I hope to overcome the problems in both approaches. Moreover, as already mentioned in part II, it is also an attempt to overcome the fundamental actor - structure problem in social science.

In the following table I try to make a synthesis of the different theories. The composition of the table is rather rigid, and I have taken the liberty to interpret the theories freely. Nevertheless, it gives a schematic view before I turn to empirical and analytical work.

Figure 3.4: Levels of analytic abstraction and phases of development

	Golden age phase	Crisis phase	Transitional phase	Consolidated phase
Accumulation regime (level 3)	<i>Fordism</i> -Standard mass prod. -National economy	<i>Declining fordism</i> -Limited growth -Limited productivity	<i>Emerging post-fordism</i>	<i>Post-fordism</i> -Flex. diff. production -Open economy
State (level 2)	<i>Keynesian Welfare state</i> -Macro-economic policies. -Welfare policies	<i>Keynesian Welfare state</i> -Intensify old policies -Welfare policies	<i>Transitional Welfare state</i> -Search for new policies -Roll-back fordism -Push post-fordism -Welfare-workfare	<i>Shumpeterian workfare state</i> -Structural policies -Workfare policies
Policy (level 1)	-NL/DK passive labour market policy	-NL/DK passive labour market policy -NL labour deduction route -DK creates jobs in public sector	-NL/DK active labour market policy -NL break with labour reduction route -DK break with public job creation	

Source: Own theoretical synthesis

In the golden age phase the Keynesian welfare state complements the fordist accumulation and thereby secures a steady economic growth. In Esping-Andersen terms, the welfare state was able to harmonise prosperity, equality and full employment (Esping-Andersen 1996 p.1). Welfare and de-commodification are pushed forward by the state. Esping-Andersen also shows that these Keynesian welfare states cluster into different regimes - I understand Esping-Andersen's regimes as sub-categories to Jessop's Keynesian welfare state. Each kind of regime rests on a certain class-foundation, a political discourse (possibly a hegemonic discourse) and an institutional set-up. According to Esping-Andersen, the Scandinavian regime was based on a strong labour union /middle class, a social democratic discourse and corporatism. The corporatist regime was based on a privileged insider workforce, a conservative discourse and a highly institutionalised corporatism. The actual policy towards the labour market in this period was demand regulation and a passive labour market policy.

In what I have called the crisis phase, the fordist accumulation regime has problems and unemployment starts to rise. The Keynesian welfare state is not abolished because of this situation. On the contrary, the states intensify the traditional welfare state regulation, and the ideas of welfare and de-commodification are maintained. In a Scandinavian context, this means an expansionary Keynesian policy through job creation in the public sector. In a corporatist context, the reduction of the labour force is intensified. Still both Denmark and the Netherlands continue to have a passive labour market policy.

The transitional phase is based on an emerging post-fordist accumulation regime that attempts to overcome the problems for the former accumulation regime. In this phase there is a search for - and struggle about - new accumulation and state strategies. In this phase the accumulation regime and state regulation have a status as a discourse that tries to establish a new hegemonic project. A post-fordist state strategy will try to roll the "frontiers" of fordism and establish measures that develop and fit a post-fordist accumulation regime. According to Jessop, this will rise the discussion of the balance between welfare and workfare - or in Esping-Andersen's terms between de-commodification and commodification. As discussed in Jessop's theory, the new hegemonic discourse will be limited by the old hegemonic discourse - primarily as a result of institutionalised practices. Therefore, the strategy will try to initiate changes in the bases of the former discourse, i.e. class-foundation, politics and polity. Here Esping-Andersen's work could be suitable for describing the barriers the post-fordist strategy will meet in different welfare regimes.

On the policy level in the transitional phase, the break with the labour reduction route in the Netherlands and the job creation in the public sector in Denmark could be seen as an attempt to roll back the "frontiers" of fordism. On the other hand, the shift towards an active labour market policy in both countries could be seen as a new post-fordist way of regulation. Furthermore, a tightening of the conditions for transfers could be seen as a shift away from welfare (de-commodification) to workfare (re-commodification).

In the consolidated phase, the post-fordist accumulation regime will be implemented, and the state regulation will complement this regime. The big and uncertain question is naturally which kind of state that suits this accumulation regime. Jessop forecasts a so-called hollow-out Shumpeterian workfare state, which seems to be close to Esping-Andersen's neo-liberal trajectory. Empirically Jessop has been working on the transformation process in Great Britain, which could have led to a too narrow view. Therefore, this project could broaden the view by looking at Denmark and the Netherlands, which originates from other types of welfare regime. Maybe this will lead to another type of consolidated state in these countries.

The distinction between four different phases and three different levels of analysis present in the figure 3.4 make up the theoretical and analytical framework, which will be "tested" in the next part. Internally, the analysis is also structured according to these phases and levels of analysis.

Before turning to the analysis I will briefly return to my ontological understanding of social phenomenon. As already mentioned I will try to avoid using straightforward functional explanations - which, in defiance of all reservations, seems to follow the regulation school.

Thus, when looking at the policy processes (and the influence of politics, class-mobilisation and institutions) I will understand this field as partly discursive structured. Before influencing a policy process the structural changes will be transformed into a discursive perception in political parties, interest organisations or institutions. Hence, actors react on discursive constructions of the "real world" and not direct on the brute "facts". Following Jessop "the structural changes" could even be a pure expression of a discursive accumulation or state strategy.

4 Analysis (Part IV)

In this part I will turn to the empirical and analytical work. The composition will to a large extent follow the structure presented in the theoretical part. Thus the chapters will follow the different phases in figure 3.4 - golden age, crisis, transitional and consolidated phase. The two first phases can be seen as a prelude to the transitional phase, where the policy shifts take place. The reflection on the consolidated phase will take place in the last chapter. Internally, the chapters will be divided in relation to the three different levels - socio-economic system, political system and policy process.

4.1 The golden age phase

This section will briefly present the economic, political and historical foundation of my two cases. The golden age phase can be limited to the period from the end of Second World War to the early 1970s. As a short digression I will go a bit further back in history. The section is divided into three subsections - the golden age phase in Denmark, the golden age in the Netherlands and finally a brief summarise.

4.1.1 The golden age phase in Denmark

The economic foundation for the Danish welfare state differs in relation to the typologies of the regulation school. The industrialisation came relative late in Denmark and never created a pure fordist production mode e.g. compared to Germany or France. The mass-production sector is relative small and the economy has been forced to rely on a large non-fordist sector - especially agriculture. Furthermore, the economic has always been relative open. On the other hand, the Danish economic also adopted many of the main characteristics of fordism. Denmark has indeed experienced a historical era of mass-consumption embedded in a system of oligopolistic pricing and competition. The labour-capital relationship has been regulated in an institutional framework of collective bargaining, and the link has been made between productivity and real wages (Torfing 1995a p.176; Nielsen 1991 p.282-291). In the 20th century Denmark developed from being a small low productive agriculture country to one of the riches countries in the world. Following the regulation school, the Danish so-called flawed fordist accumulation regime¹⁴ has been embedded in social institutions and complimented by certain types of regulation. Here the national state plays a dominant role.

¹⁴ Some observers have also called it a demand-side fordism (Nielsen 1991 p.285)

The Danish welfare state can be dated back to the end of the 19th century, where also the Bismarckian social insurance arrangements were implemented. As a result of a complicated political struggle between conservative, liberal and emerging socialist political forces Denmark adopted a means-tested universal retirement pension in 1891, which marks the first break with the stigmatising poor-relief system based on charity (Baldwin 1990 p.55-65). In the inter-war period the Social Democratic-led social reform in 1933 can be seen as a turning point. The 55 different social laws were compressed into four so-called national insurance laws, which gave a larger role for state intervention. One could even argue that 1933 marks the end for the liberal state in Denmark (Dallgaard et al. 1996 p.12; Ploug et al. 1996 p.15). In the early 1930s Danish economists already held a favourable view of the possibilities of increasing the level of employment through short-term expansive fiscal policy - independently of Keynes's work. Nevertheless, the theoretical arguments were not transferred into economic policy during the crisis in the 1930s, partly as a result of the current-account deficit (Torfing 1995a p.180).

The breakthrough of the intervening Keynesian welfare state came in the 1950s, where the whole spectra of fiscal, monetary and exchange rate policies became important instruments for the state. In the period from 1957 to 1973 the main problem was a double trade-off between inflation and unemployment, and between current-account deficit and unemployment. In the beginning a tight fiscal policy combined with a relaxed monetary policy attempted to increase the investment ratio. Later on a more typical Keynesian policy was pursued. Especially the 1960s were golden years with high growth and low unemployment, but also a current-account deficit. In the optimistic 1960s this deficit was mostly referred to as a good investment (Torfing 1995a p.178-184). Thus, the fordist Keynesian policy was already in these years troubled by the open economy, but it was not transformed into a discursive policy problem.

Even though the Danish industrialisation was not sweeping, the labour unions became large and powerful centralised organisations, which pursued a solidaristic wage policy. This resulted in the typical fordist labour-relation, where the wages setting is transferred from a supply - demand question into a bargaining situation between main interest organisations. In the polity dimension Denmark develop a corporatist structure, where labour, capital and state were represented. The Danish variant of corporatism can be labelled a negotiation economy. This refers to "a structuring of society where an essential part of the allocation of resources is conducted through institutionalised negotiations between independent decision-making centres in state, organisation and/or corporations"(Torfing 1995a p.179)¹⁵. Still it should be noted that throughout the golden age there has been a tight relationship between the strong

¹⁵ Thus, Denmark never adopted the fully centralised corporatism found in Sweden (Nielsen 1991 p.294-298).

labour union and the Social Democracy, which was in power most of the period. Nevertheless, the unions main strategy have been to achieve improvements through direct negotiations between labour and capital - leaving the state out (Ploug et al. 1996 p.20).

In the field of social and labour market policies Denmark developed a welfare state very most similar to Esping-Andersen's social democratic regime - as described in figure 3.3. Throughout the golden age phase the social security schemes became more generous, universal, flat rate oriented and subsidised by the state (Dalgaard et al. 1996 ch.1). In the following I will illustrate this development by describing the unemployment and old-age schemes.

The retirement schemes in the golden age are reasonable simple to describe. The means-tested universal tax-financed old-age scheme from 1891 was changed in 1956, where a new law introduced a more comprehensive scheme. The means testing was abolished, the whole population over 67 became entitled and the level of benefit was raised. Thus, the old-age scheme became a comprehensive scheme, in contrast to the residual British universal retirement scheme (Ploug et al. 1996 p.79). In 1965 the old-age scheme was supplemented by a compulsory labour market pension (ATP), which in principle followed an insurance model. Nevertheless, in contrast to Sweden the scheme only played a negligible role (Ploug et al. 1996 p.79). In that respect, the Danish old-age scheme is more "Scandinavian" than the Swedish scheme, where contributions from employer and employees came to play a larger role¹⁶. In all, by the end of the golden age the Danish population was covered by an universal flat rate tax-financed pension (in some case added a income-dependent supplement) and a negligible labour market pension.

The schemes for unemployment were also upgraded in the golden age phase. Until the 1960s the unemployment schemes followed the corporatist insurance system. In the period from 1967 to 1970 this was to a large extend changed. Part-time workers got the right to supplementary unemployment benefit (working hours less than 66% of full time), the three to six waiting days were abolished, the level of benefit was raised to 90 % of previous earning (up to a certain ceiling) and after only 6 months of membership the workers were entitled (on the conditions of job seeking and 26 working weeks within the last three years)(Torfing 1995a p.192). This made the scheme comprehensive and generous. Furthermore, the scheme also broke with the insurance principles. The state took over the so-called marginal risk in the event of unemployment (Ploug et al. 1996 p. 17), and much of the financing was transferred from contributions to general taxes. The workers paid the same contribution (independent of

¹⁶ Baldwin makes a thorough analysis explaining why the Danish Social Democrats failed to follow the Swedish development (Baldwin 1990 p.223-232).

risk of unemployment), and the length and height of transfers (the sealing was so low that it was almost a flat-rate system) was not based on the labour record.

In the case of unemployment of not insured workers, the social assistance served as a safety net. The reform from 1933 was transformed in 1961, where the last part of the stigmatising poor law elements were removed. Citizens became entitled to a means tested income in the height of the old-age pension (Torfing 1995a p.191). In 1973 the sickness insurance was also transformed to national comprehensive scheme financed by general income taxation. In the case of disability there has also been established a rather comprehensive universal system independent of the labour record.

In all, these changes clearly indicate that Denmark developed a welfare state very much similar to Esping-Andersen's typology. The schemes became comprehensive, universal and general tax financed. In 1966-1967 the state and municipalities paid 79 % of total social welfare provisions, the insured 16% and the employers only 5 % (Torfing 1995a p.194). On the discourse level the welfare state should secure a Marshallian social citizenship, where all had equal opportunities, and the economic growth was shared between all citizens. The social democratic welfare ideology turned into a hegemonic discourse.

4.1.2 The golden age phase in the Netherlands

In the beginning of this century agriculture and trade were still the dominating economic sectors in the Netherlands. The industrialisation began first in the early 20th century and was not very profound in the period up to Second World War. Nevertheless, in the post-war period the reconstruction process combined with the Marshall help contributed to a strong economic development. As in Denmark, the Netherlands never adopted an intense fordist accumulation regime. The Netherlands has always been a small open economy based on export and a large service sector (Kleinfeld 1997a p.20). The relation between capital and labour was strongly influenced by the so-called pillarisation, which also has been important for the development of the welfare state.

The Dutch welfare state can be dated back to 1901, where the first workers insurance was introduced. This industrial injury insurance from 1901 was followed by old-age (1913), unemployment (1916) and sickness (1929) workers insurance (Kleinfeld 1997a p.84; Ploug et al. 1996 p.14). These schemes were very much inspired by the Bismackian insurance system, and until after the Second World War the Netherlands followed the conservative corporatist route very systematically. It was a selective workers insurance system and general poor relief

was based on charity institutions - especially the church. All the social security schemes were embedded in their own pillar. This pillarisation structure dominated the whole society until the late 1960s. Generally, we can speak about four pillars; the Catholic, the Protestants, the liberals and the socialists (Cox 1993 p.60). The first two were the major groups, and they succeeded in keeping especially the socialist out of influence. Therefore the society was characterised by a vertical social segmentation, instead of horizontal class division as in Denmark. The pillarisation also meant a very weak role for the state. The pillars protected their own autonomy.

These pre-war conditions can also explain the late development of the Dutch welfare state after the Second World War. The Dutch government in exile was strongly inspired by the Beveridge program in Great Britain. The politicians hoped for a new post-war consensus between the pillars, which could reconstruct and modernise the Netherlands. The main ideas were presented in the first Van Rhjin Commission, which proposed restructuring of the messy Dutch welfare system, better coverage of non-workers through a national basic safety-net (as in Britain) and national insurance schemes (Cox 1993 p.100). The post-war political situation provided good opportunities for implementing the Van Rhjin plan. The labour party succeeded in breaking the old confessional dominance and joined the Catholic party in governing coalitions. The main leaders in these so-called Red-Roman coalitions had themselves been members of the Van Rhjin commission. Especially the Social Democratic minister Willem Drees pressed for social reforms. In these years a number of so-called "people's insurances" was introduced by the state - covering old age, death (survivors) and disability for all citizens (Oorschot 1998a p.2). After a few years, however, the progressive social democrats met a strong conservative defence (Cox 1993 p.111-132).

Therefore the main expansion of the welfare state was first carried out in the period from the early 1960s until the early 1970s. This was in the Netherlands a period of rapid industrialisation, large economic growth and a shift towards an expansionary Keynesian economic policy (Kleinfeld 1997a p.27 p.81). The expansion of the welfare state was possible due to tremendous changes in the political system in these years. First of all, the pillarisation structure began to crumble and the secularisation caused a general declining importance of religious forces. Therefore the religious political parties experienced a cataclysmic drop in electoral support, which made them look for new issues to bolster their support. The result was a political consensus about intensifying the welfare state. Thus, it was in a period with conservative and liberal government coalitions that the welfare boom took place in the Netherlands. This fact is inconsistent with Esping-Andersen theory, where the strength of labour movement is seen as the motive power behind the welfare state. Nevertheless, there was also a break with the old pillarisaied labour union system and the

unions began to find greater degree of common ground. Thereby the class-dimension was introduced into the Dutch political system and labour market. On the institutional level this caused a gridlock in the old corporatist structure, which allowed the governments to exercise more control of the policy process - and implement the new consensus of stronger state regulation (Cox 1993 p.133-170).

The late expansion of the Dutch welfare state can be illustrated by describing some of the major schemes on the policy level. The public retirement pension act (AOW) from 1957 introduced a public old-age insurance, which was a national compulsory, contributive, non-means-tested schemes and all citizens are entitled. Workers and self-employed pay contributions that are proportional to income, while the benefit is flat rate linked to 70 % of the minimum wage (Oorschot 1998a p.2, Cox 1993 p.227). The result is an old-age scheme, which is very much similar to the old-age scheme developed in Denmark during the golden age phase¹⁷.

In the case of unemployment the workers were covered by a typical workers insurance (WW). In 1967 this was supplemented by a disablement insurance (WAO). These schemes were also compulsory, contributive and non-means tested, but only confined to workers. Thus, the contributions are paid as a percentage of wages, and the benefits are related to the wage. In the case of unemployment also the duration of transfers are related to the labour record. In contrast, the disabled workers were entitled until they could be transferred to the old-age pension (Oorschot 1998a p.2; Cox 1993 ch. 5).

As a last solution the unemployed could depend on social assistance, which in the golden age also was transferred from the corporatist charity system into a national system that was financed by general taxes. As, in most other countries the means-tested social assistance only provides a basic living standard.

In all, the Netherlands developed to be a rather comprehensive welfare state with a Keynesian economic regulation policy and a mixture of universal and selective social security schemes. The old pillarisation corporatism shifted to a modern form, where the social partners were represented in a number of boards. The parliament was legally obligated to ask these boards and the social partners continued to play a large role in the implementation of policies (Cox 1993 ch. 5). On the discourse level the Christian-democratic minister of social affairs Veldkamp stated in the 1960s that "every citizen has a right to self-

¹⁷ As Ploug argues ... "where the scheme is compulsory for the whole population the difference between tax-financed and premium-financed schemes is blurred (Ploug et al. 1996 p.44)

realisation and to equality of chances"(Oorschot 1998a p.2). Also in the Netherlands the Keynesian welfare state was followed by a hegemonic discourse.

4.1.3 Summarising the golden age phase

Both Denmark and the Netherlands experienced a late industrialisation and they never adopted a thorough fordism. Nevertheless, in the golden age phase both countries had a high economic growth and the modes of regulation followed a fordist structure. The intensified regulation from the state began in Denmark in the middle of the 1930s and in the Netherlands in the late 1950s. In the field of economic policy both countries pursued a Keynesian macro-economic policy. In the field of social security both countries developed a rather comprehensive and universal welfare state. In Denmark close to the social democratic typology and in the Netherlands a mixture between a corporatist and social democratic regime. Furthermore, both countries also had a passive labour market policy.

These developments were implemented through different political systems. On the politics dimension the Social Democrats have played a major role in Danish politics. In the Netherlands the religious parties have been the motive power and the fully implementation of the comprehensive welfare state was carried out by a centre-right coalitions. Tremendous changes took place in the Dutch political system in the golden age, whereas the Danish political system remained rather stable throughout the period. Nevertheless, both countries have been governed by coalition governments. Furthermore, in both countries corporatism has been an important institutional condition in the golden age phase. The Danish system was a kind of negotiated economy, where labour, capital and state had rather autonomous positions. After the pillarisation period the Dutch adopted a more traditional corporatism, where the corporation between the social partners and the state were highly institutionalised. Despite the "natural" struggle within the political system, Esping-Andersen's proved to be right - prosperity, equality and full employment seemed to be in harmony in both Denmark and the Netherlands during the golden age (Ploug et al. 1996 p.2; Torfing 1995a p.195, Cox 1993 ch.5). In that sense, the Keynesian welfare state became a hegemonic project in both countries.

4.2 The crisis phase

The golden age harmony was suddenly interrupted in the early 1970, where both countries entered a period of economic crisis. The crisis phase can be limited until 1982, where a more fundamental restructuring process started. Following my three levels of analysis, the chapter is divided into three sections. First, I elaborate on the general economic condition. Second, I analyse the responses from the political systems system. Third, I look at possible changes on the policy level.

4.2.1 The profound economic crisis

In 1974 began an economic crisis in the whole European area. At least in the beginning, the decline was a reaction to external economic shocks. The crash of the American car-industry in 1973 affected the European economies and the first oil-crisis added fuel to the fire. As seen below both small economies experienced low growth, high inflation and rising unemployment. What we came to know as stagflation.

Table 4.1: *Main economic indicators of the crisis phase (in percent)*

	1960s	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Growth											
Denmark	4.1 ¹	3.8	-0.7	-1.0	6.5	2.3	1.8	3.7	-0.8	0.2	3.1
Netherlands	5.2 ¹	5,7	3,5	-1,0	5,3	2,4	2,5	2,4	0,9	-0,8	-1,6
Inflation											
Denmark	-	9.3	15.3	9.6	9.0	11.1	10.0	9.6	12.3	11.7	10.1
Netherlands	-	8.0	9.6	10.2	8.8	6.4	4.1	4.2	6.5	6.7	5.9
Unemployment											
Denmark ²	-	1,0	2,3	5,3	5,3	6,4	7,3	6,2	7,0	9,2	9,8
Netherlands ³	-	2.2	2.7	5.2	5.5	5.3	5.3	5.4	6.0	8.5	11.4

Source: OECD 1988 p.187; OECD 1983 p.161 p.152

¹Average 1963-1972

²Common used Danish definition (not standardised) - about 2-3 % above OECD standardisation.

³Standardised OEDC definition

The crisis in the leading economies affected the small open economies relative hard. As the figures show, both Denmark and the Netherlands went into a stagflation situation. For the first time in the post-war period they experienced negative growth rates and the Keynesian trade-off between inflation and unemployment broke down. Thus, in both countries the unemployment rose from all most full employment to around 10% during the crisis phase.

The stagflation crisis can be interpreted in different ways. The regulation school argues that it was not only a reaction to an accidental external economic shock, but also a reaction to

internal declining productivity in the industrial sector. Nevertheless, it is clear that both economies found themselves in a completely new situation. The fordist accumulation regime and the Keynesian regulation mode - which have brought so much prosperity to the countries - were suddenly in a crisis situation. The foundation for a discursive struggle in the political systems about new state and accumulation strategies was laid.

4.2.2 The political system and the economic crisis

In Denmark the election in 1973 introduced a break with the stable political system in the golden age. The welfare discourse was attacked by an anti-tax party and a socialist party emphasised the commodification effect of the welfare state. The Social Democracy had a bad election and a short-lived centre-right coalition came into office. The Social Democrats regained its strength and led different minority governments in the rest of the crisis phase. The Social Democrats also played a major role in the crisis phase in the Netherlands. In 1973 a centre-left coalition government under the Social Democrat Den Uyl came into power. The coalition lasted until 1977 where a centre-right coalition returned. In spite of these political fluctuations, there were no large proposals for new state and accumulation strategies. On the contrary, the policy responses to the economic crises were in both countries rather ad-hoc and incoherent.

In Denmark the liberal-centre government started out with a tightening of the fiscal policy in order to reduce consumption, and thereby protect the balance of payments. In 1975 the Social Democrats reversed this policy and pursued a traditional expansionary fiscal policy. The decline in unemployment was modest, but a large balance-of-payment deficit was created. Thus in the second half of 1976 the Social Democrats tightened the fiscal policy and they understood that the crisis was not only temporarily. The new strategy was a so-called two-track economic policy, which, by rising taxes and public expenditures in areas with low import, attempted to generate domestic demand without influencing the balance of payments. Furthermore, guidelines for wage increases were set by the state. Still the inflation remained high and in 1981 the Social Democrats even embarked on another traditional expansionary fiscal policy. The monetary policy was also used and the exchange rate policy resulted in devaluation of the Danish crone in the period 1979-1982 (Torfing 1995a p.211-217).

The policy response of the left-centre coalition in the Netherlands was also typical expansionary fiscal policy financed through higher general taxes and loans. As in Denmark, the politicians thought that the crisis was only temporary, and no measures were taken to restructure the regulation mode. However, in the election in 1977 the growing budget deficit

became a major issue and the new right-centre coalition realised the problems with the Keynesian crisis policy. The new strategy attempted to increase Dutch competitiveness by transferring much of the social security burden from the firms to the households. Even though the coalition survived a period, the results were modest and in 1981 another left-centre coalition was formed (Cox 1993 p.171-178; CPB 1997 p.17-18).

This intensifying of the Keynesian regulation mode in both countries resulted in increasing problems with the state budget and interest payments. Some main figures are showed beneath.

Table 4.2: Main public sector indicators of the crisis phase

	1960s	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Total outlays as % of GDP											
Denmark	33.9 ¹	42.1	45.9	48.2	47.8	48.9	50.6	53.2	56.3	59.0	60.9
Netherlands	41.6 ¹	49,3	51,5	56,6	56,6	54,6	55,9	58,0	59,7	61,5	61.2
Financial balance as % of GDP											
Denmark	-	5.3	3.1	-1.4	-0.3	-0.6	-0.3	-1.7	-3.3	-6.9	-9.1
Netherlands	-	0.6	-0.4	-3.0	-2.9	-2.1	-3.1	-3.5	-4.0	-5.5	-7.1

Source: OECD 1988 p.182; OECD 1983 p.159; OECD 1984 p.179

¹Average 1961-1972

The figures clearly show the rising problems for the Keynesian welfare state. The total outlays rose continuously and every year there were large deficits on the public budget. The result was a tremendous total government debt. The interest payments of this debt have followed the countries into the following decades, and laid a heavy burden on the public sector¹⁸. However, during the crisis phase the development was not really turned into a policy problem on the discursive level. According to the old state strategy, deficit was only natural in a period with economic regression.

4.2.3 Social security and labour market policy in the crisis phase

After these two macro-perspectives I will turn to the social security and labour market policy during the crisis phase. First, some general trends will be described. Afterwards changes in individual schemes will be discussed. The following table shows some main indicators of the employment situation.

¹⁸ In 1985 the public interest payment was 11.6 % of GDP in Denmark and 8.4 % of GDP in Netherlands (Goul Andersen et al. 1991 p.58)

Table 4.3: *Participation rates¹ of the crisis phase*

	Male		Female	
	Denmark	Netherlands	Denmark	Netherlands
1973	89.6	-	61.9	-
1975	89.8	83.2	63.5	31.0
1979	89.6	79.0	69.9	33.4
1983	87.6	77.5	74.2	40.5

Source: OECD 1986 p.137 OECD 1988 p.200

¹Labour force in relation to total population between 15 - 64 years in percent

Both countries experienced a similar development in the male labour force, which declined participation rates during the decade. The development was most prevalent in the Netherlands. In the end of the crisis phase the Danish male participation rate was almost 10 % higher than the Dutch rate. The difference in female participation rate was much more dramatic. The Danish women continued the "labour market entry movement" from the 1960s, whereas only 31 % of the Dutch women worked in the middle of the 1970s. The Dutch female participation rate was among the lowest in the whole OECD area. So far the countries follow Esping-Andersen's labour market regime typology. The social democratic regime expanded the labour market and the corporatist regime relied on the "insider male". The main absorption of the Danish women was in the public service sector. As the following table shows, the share of public employees rose dramatically in Denmark and only slightly in the Netherlands.

Table 4.4: *Public sectors share of labour force*

	1968	1976	1980	1984
Denmark	15.2	24.0	28.3	30.2
Netherlands	11.9	14.1	14.9	16.1

Source: Goul Andersen et al. 1991 p.154.

The entry of the women created the well-known self-perpetuating process, where the demand for public service rose, which simultaneously rose the demand for female workers etc. For example rose the capacity in the day-care institutions from around 100.000 places in 1971 up to 250.000 places in 1981 (DK-Statistics 1982 p.25). The result was naturally a larger burden on the public budget (which was in harmony with the general Keynesian crisis policy), but at the same time the tax-base was also broadened. The Dutch labour reduction route also burdened the public budget, but the tax-based was not enlarged - a vicious circle was started. Still the rise in the Dutch female participation rate from 1979 to 1983 indicates a shift, which became important in the 1980s (see table 4.3.).

In the individual social security schemes there were not many changes during the crisis-phase. In Denmark the golden age schemes for old-age, unemployment and social assistance were maintained and even a new early-retirement scheme was introduced in 1979. It allowed

workers in the age from 60 to 66 (with at least 5 years membership in a labour union) to retire. The benefit was flat rate in the size of 60 % to 100 % of maximum unemployment benefit (Garodkin 1987 p.90). This was the first attempt in Denmark to fight unemployment by reducing the labour force, which could indicate the rising perplexity among the Danish policy makers. Also the Dutch maintained the golden age social security schemes and added a new one to the list. In 1976 the Public Disability Act (AAW) passed the parliament. It introduced a flat-rate benefit for all citizens (disabled workers still got earning-related supplements under the old disability act from the 1967). The political story behind the Public Disability Act marks a shift in Dutch Politics. The politicians passed the act even though the powerful corporatist Social Economic Council was against. Thereby the monopoly of the social partners was questioned for the first time, and new smaller interest groups (doctors, farmers and housewives) in co-operation with the staff in the Ministry of Social Affairs succeeded in passing the bill (Cox 1993 p.155-166).

As a result of these policy responses and the general economic regression more and more citizens became dependent on the golden age security schemes. The following table shows some indicators of the total volume.

Table 4.5: Volume of social security schemes during the crisis phase

	1970	1975	1980	1985
The Netherlands (thousands of payment years)				
Unemployment	58	197	235	650
Disability (WAO + AAW)	196	312	605	695
Social assistance	164	229	162	206
Denmark (thousands of payment years)				
Unemployment	24	104	165	218
Disability	205	259	236	228
Social assistance	41	77	107	101

Source: Kleinfeld 1997a p. 87; DK-statistics 1979 p. 69,p.74-75. DK-statistic 1988 p.42, p.30-31; Finansministeriet 1997e ch. 3.1

The figures clearly indicate that the number of recipients rose dramatically throughout the 1970s. The development in the unemployment and social assistance schemes is quite similar, but the explosion in the Dutch disability program is dramatic compared to Denmark. The general development in both countries naturally placed further burdens on the public budget. Nevertheless, a direct functional explanation between the numbers of recipients and the rising public expenditures showed in table 4.2 cannot be made. In the period from 1970 to 1980 the Danish total government outlays share of GDP rose with 16.6 percentage points, but the total outlays to social security transfers only rose with 5.8 percentage points¹⁹. The Dutch development in the share of expenditures to social security transfers in relation to total

¹⁹ Calculation based on OECD 1983 p.159 and DK-Statistic base.

government outlays were 30 % in 1970 and 33 % in 1980 (Kleinfeld 1997a p.86). This indicates that the rising public expenditures are not only a functional reaction to the rising social burden from the golden age schemes, which has been a central claim in the "old systems in a new world" debate. The interest burdens and political problems with controlling "controllable" expenditures seem to be of equal importance. Thus, the political intensifying of the Keynesian crisis policy and the political misperception of public debt are indeed key factors.

4.2.4 Summarising the crisis phase

Both Denmark and the Netherlands experienced a severe economic stagflation crisis in the 1970, which indicated problems with the fordist accumulation regime and the Keynesian mode of regulation. The policy response to the economic crisis was in both countries incoherent and ad hoc. The old Keynesian macro-economic policy was intensified, which led to a huge public debt in Denmark and the Netherlands. In the labour market policy the Danish female workforce was absorbed by expanding the public service sector, whereas the Dutch continued to have very low participation rates, especially among women. The golden age social security schemes and the passive labour market policies were maintained and even extended with new generous early-retirement schemes. The burden on the public budget was only in harmony with the general Keynesian policy. In relation to my questions in part I, it is clear that the social security and labour market policy in both countries followed the described trajectories described by Esping-Andersen. There were no discourses of a new accumulation or state strategies and the result was a simple intensifying of the old regulation mode - all the way to the breaking point.

4.3 The transitional phase

After the glorious golden age and the depressing crisis phase the countries entered a transitional phase, where the crucial policy shifts - described in the problem formulation - took place. According to my theoretical framework a post-fordist accumulation should be emerging and the regulation should shift from fordist to post-fordist modes.

The chapter is divided into four sections. First, I describe the point of departure for the following 16 years of restructuring. Second, I deal with the economic foundation and the shift in macro-economic regulation (level 3). Third, I describe the changes in the labour market policy and the individual social security schemes (level 1). Finally, I discuss the changes in the political system, which made the restructuring process possible (level 2).

4.3.1 The point of departure

As mentioned in part I, the start of the fundamental restructuring process can in both countries be dated to 1982, where centre-right coalitions came into office. In Denmark the small centre-parties withdrew their parliamentary support for the Social Democrats. Without calling an election the government responsibility was handed over to a coalition of bourgeois parties with Poul Schlüter as Prime Minister. In the Netherlands the centre-left coalition lost the election in 1982, and a new coalition between the liberal party and Christian Democratic Appeal (Confessional centre party) came into power. After the experiences during the crisis phase both governments were determined to start a more coherent and radical response to the long economic crisis.

This determination was to a large extent based on new economic discourses developed in the professional debate among economists. Especially the emerging discourses of structural unemployment and structural competitiveness became very important (Pedersen et al. 1988; Torfing 1998a). The latter refers to the macro-economic aspect of competitiveness which includes not only prices, costs, and exchange rates, but also the structures that influence the capacities of firms to compete in technology, delivery, after-sales services and other forms of firm specific advantages. The structural unemployment notion refers to the part of the unemployment that is not removed by an increase in effective demand because of structural rigidities prevent the labour market from clearing.

In the Dutch context the two structural discourses were most clearly presented in the report from the Scientific Council for Government Policy (Wetenschappelijk Raad voor het Regeringsbeleid) from 1982. The independent council discussed the future of the Dutch industry and advised the government to make fundamental changes in the economic policy and the social security schemes. The aim was to reduce the structural unemployment and achieve structural competitiveness (Kleinfeld 1997a p.27). In Denmark the discourses also developed in an economic elite network, which tried to find responses to the crisis phase. Also in Denmark a scientific council "The Economic Council" was in the front, and the creation of a program for technological development can be seen as a landmark for a new accumulation strategy (Pedersen et al. 1988 p.48-52; Nielsen 1991 p.303-307).

At least these new discourses made it clear that the traditional modes of regulation in the Keynesian welfare state were no longer effective. Furthermore, the regulation modes were even accused of worsening the problems, instead of solving them. In the field of macro-economic the Keynesian policy was accused of generating the balance problems, and the golden age social security schemes were accused of contributing to rigidity in the market. In the golden age the welfare state was seen as the mean to solve the built-in conflicts in capitalism, but suddenly the scientific discourse took a U-turn. With reference to the policy cycles (figure 3.2), it was the scientific councils that defined the problem and identified alternative responses²⁰.

4.3.2 The economic foundation and the shift in economic policy

Both countries started the 1980s in a bad economic condition - growth was modest, inflation and unemployment high. The second oil crisis only made things worse. As described above the scientific as well as political basis was also made for a profound shift in the macro-economic policy. Some main economic indicators are presented beneath.

²⁰ In Denmark an alternative accumulation and state strategy was launched in the two books "Oprør fra midten" 1978 and "Røret om oprører" 1982. The radical response to the crisis phase was an extreme de-commodification by introducing a civilian wage and a zero-growth accumulation regime (Meyer et al. 1978).

Table 4.6: *Main economic indicators of the transitional phase in percent*

	Real GDP growth		Inflation		Long-term interest rate		Standardised OECD Unemployment	
	DK	NL	DK	NL	DK	NL	NL	DK
1982	3.0	-1.2	10.1	5.9	21.4	9.9	11.4	9.8 ¹
1984	4.4	3.3	6.3	3.3	14.5	8.1	11.8	10.1 ¹
1986	3.6	2.8	3.7	0.1	10.1	6.4	9.9	7.8 ¹
1988	1.2	2.6	4.5	0.7	9.6	6.2	7.5	6.1
1990	1.2	4.1	2.6	2.5	10.6	9.0	6.2	7.7
1992	1.3	2.0	2.1	3.2	8.9	8.1	5.6	9.2
1994	3.5	3.2	2.0	2.8	7.9	6.9	7.1	8.2
1996	3.4	3.3	2.1	2.1	7.1	6.2	6.3	6.9
1997	3.4 ²	3.2 ²	-	-	6.4 ²	5.7 ²	-	-

Source: OECD 1997a p.A19, A4, A24, A39; OECD 1994 p.A38

¹Commonly used Danish definition - about 2-4 % above OECD standardisation

² Estimates

There is striking uniformity in the economic policy shift in the Netherlands and Denmark. The key word became stability. Both governments committed themselves to pursue a stable currency policy (in the EMS) and balance the public budget in order to reduce inflation and the interest rate. Following the Mundell-Flemming model the monetary policy became committed to secure stable currency and the theoretical "effective" fiscal policy was committed to balance the public budget (see 3.2.2). Hence, in both countries the expansionary Keynesian policy was abolished. In the beginning of the 1980s both countries also attempted to gain international competitiveness by pursuing a radical income-policy. The Danish conservative-led government mandated a maximum wage increase for the first time in post World-War history. This was a tremendously violations of the traditional Danish boundaries between state and labour market (Greve et al. 1994 p.8). In the Netherlands the state has historically played a bigger role in the wage setting. There has been a legal minimum wage since 1968, which was coupled to the earnings in the private sector. This minimum wage also regulated the level of benefit in most of the social security benefits. This famous Dutch coupling was abolished in the early 1980s, and through legislation the new Dutch government attempted to reduce the wage level (Kleinfeld 1997a p.27; Greve et. al. 1994 p.7).

As the figures indicate, the centre-right governments succeeded in reducing the inflation and the interest rate - or more precisely, the difference between the German and the national interest rate. On the other hand, the unemployment problem was not solved and became even larger throughout the 1980s. Unemployment was more or less the price for increased economic stability. The following table shows the development in the public finances.

Table 4.7: Main indicators of the public finances in the transitional phase

	Total public outlays as % of GDP		Public financial balance as % of GDP		Debt of central government as % of GDP	
	DK	NL	DK	NL	DK	NL
1982	61.2 ¹	59.8	-9.1	-6.6	-	-
1984	60.4 ¹	58.9	-4.0	-5.5	-	-
1986	55.7 ¹	57.0	3.4	-5.1	63.6	54.6
1988	55.3	56.7	1.5	-4.6	59.3	60.0
1990	54.5	54.1	-1.0	-5.1	60.5	61.5
1992	56.6	55.1	-2.2	-3.9	68.7	63.6
1994	59.4	52.8	-2.7	-3.8	74.4	61.2
1996	56.7	49.6	-1.1	-2.3	74.2	62.2
1997	54.5 ²	49.0 ²	0.5 ²	-2.0 ²	-	-

Source: Eurostat yearbook 1997 p.233. OECD 1997a p.A35 p.A31 OECD 1994 p. A30; OECD 1988 p.182

¹OECD has changed calculation method for the total Danish outlays. The 1982-1986 figures are presumably 3-4 % above the figures based on the new method.

²Estimates

Some main conclusions can be drawn from the indicators of the public finances. First of all, both right-centre governments succeeded in stopping the continuous post-war growth in the total public outlays. The Dutch even reduced the public outlays, whereas stagnation was the result in Denmark (note the statistical problem). The right-centre governments also made a better balance on the public budget, but the high interest burden, loan payments and unemployment made it difficult. As a result the total public debt continued to rise. Furthermore, the total public outlays are still in the high class among the OECD countries. Thus from a macro-perceptive, it is a matter of interpretation, whether the old welfare systems are dissolving or only consolidating themselves²¹.

Both liberal-centre governments more or less followed this stable economic policy strategy throughout the 1980s. When the Social Democrats after more than 10 years in opposition again came into office (1993 in Denmark; 1994 in the Netherlands) the stable economic policy was continued. The stable exchange rate strategy and the low inflation commitment were not even questioned in any of the countries²². In the Netherlands the government continued to pursue income policy, whereas the strategy already in the late 1980s was abolished in Denmark (Greve et al. 1994, Kleinfeld 1997a p.47-48).

The overall picture is a new consensus of a stable economic policy, which prevents the governments from using the macro-economic Keynesian mode of regulation. In other words, the "frontiers" of fordist regulations has effectively been rolled back. It is more difficult to

²¹ Comparing the Danish and the Dutch total outlay gives statistical problems. When the tax systems are taking into consideration the total Danish outlays is only slightly above the Dutch (Goul Andersen 1996a p.9)

²² Even though a fiscal kick-start was made in 1994 in Denmark.

get a clear picture of a new regulation mode. According to the regulation school, it should be structural innovation policies attempting to increase the structural competitiveness.

In Denmark the national contributions to research in new technologies and selective industrial policy have increased, but it did not immediately become a high policy area. There was an internal disagreement within the liberal-centre coalition. The Conservatives wanted to pursue an offensive industrial policy, whereas the liberals wanted a traditional market strategy, where the state was not to regulate (Greve et al. 1994 p.24). Therefore the large technology programmes were after a few years turned down. Nevertheless, some observers argue that the industrial policy has just taken a more invisible form, where the state help to implement network corporation between branches and between the public and private sector (Torfing 1998b Interview; Nielsen 1991 p.303-307). The Dutch have pursued a more visible policy, where large state financed research centres attempts to improve the structural competitiveness. Furthermore, the government offers "special treatment" to the large multinational companies e.g. Fokker, DAF, KLM and Philips (Kleinfeld 1997a p.29-30).

In all, it is also a matter of interpretation whether the new post-fordist regulation mode has been developed in its full-scale. On the other hand, there seems to be a broad consensus among the policy makers about post-fordism as an accumulation strategy. This will be further elaborated in the chapter about consolidation (see 4.4.1).

4.3.3 Shifts in social security and labour market policy

After dealing with the shift in macro-economic regulation mode during the transitional phase I turn to the micro regulation from social security and labour market policy. Before describing the changes in the individual social security schemes I make a general discussion of the development in the labour markets.

4.3.3.1 General development in the labour markets

As described in the section 4.2 the labour market situation in Denmark and the Netherlands seemed to follow Esping-Andersen typologies when they entered the 1980s. Denmark had a social democratic labour market regime with a large public service sector and a compressed wage structure. The Netherlands had a corporatist labour regime, with very low participation rate and strong protection of the male-bread-winner.

Both labour market regimes suffered from increasing unemployment (see table 4.6), which during the crisis phase had become high politic. The restriction on the general economic policy made the old labour market policies in both countries unacceptable. A further labour force reduction in the Netherlands would put burdens on the public budget and counteract the general economic policy. The same problems would be created in Denmark, if the public service employment were further expanded. Furthermore, a new scientific paradigm even argued that these traditional labour market policies to a large extent even caused the problems.

As a result of this powerlessness of the policy makers the unemployment continued to rise during the 1980s. In the Netherlands the turning point came already in the middle of the 1980s, whereas the unemployment culminated in the early 1990s in Denmark. Since 1984 the Dutch unemployment rate has fallen from 10.6% to 5.8% in 1997. In Denmark unemployment rate fell from 12.2% in 1994 to 7.9% in 1997, according to the national statistic (OECD 1997a p.A26). In the standardised OECD measure, the unemployment rate is 6.9 % in Denmark (1996) and 6.3 % in Netherlands (1996), which is outstanding compared to the general level of 10.9 % in the European Union (OECD 1997a p.A25). Now the question is how did the Dutch and Danes managed to overcome this profound powerlessness in relation to unemployment.

First of all it should be noted that the unemployment rate is not a very good measure of the general inactivity in the society. The participation rate describes the labour force share of the total population (between 15 and 64) and gives a better measure for the real development in the labour market. Therefore I will start out by looking at the participation rate in the following table.

Table 4.8: Participation rate¹ by sex and age in the transitional phase

	General participation						Participation of old-age			
	Male		Female		Both		Male 55-64 years		Female 55-64	
	DK	NL	DK	NL	DK	NL	DK	NL	DK	NL
1983	86.3	77.5	72.8	40.2	79.6	59.0	67.2	54.1	41.7	13.4
1990	89.6	80.7	78.6	52.7	84.1	66.8	69.2	45.8	45.8	16.9
1993	86.9	80.2	78.4	56.2	82.7	68.4	-	-	-	-
1994	84.5	80.6	74.1	57.7	79.3	69.3	63.8	42.3	43.1	18.4
1995	86.5	80.7	73.6	58.5	80.1	69.8	67.9	41.4	40.1	18.6
1996	86.2	80.9	74.0	59.8	80.1	70.5	62.1	42.2	39.5	20.5
Change	-0.1	+3.4	-1.2	+19.6	+0.5	+11.5	-5.1	-11.9	-2.2	+7.1

Source OECD 1997b p.163-165 p.166-172

¹Labour force in relation to total population between 15-64 years in percent

The table shows some clear trends. The Danish male and female participation rates have been stable during the decade, but are still among the highest in the OECD area, and almost 10 % higher than the Dutch (80.1% compared to 70.5% in 1996). In the period since 1993 with fallen unemployment in Denmark, there has also been a reduction in the participation (from 82.7 % to 80.1 % in 1996). A part of this reduction can be explained by the decline in the participation rates among 55-64 year-old. The figures from the Netherlands show a much more dramatic development. The male participation rate has only increased slightly since 1983, but the female participation rate has increased explosive from 40.2 % to 59.8 % (1996). Within only one decade the female participation rate has increased with almost 20 %. On the other hand, the Netherlands has also experienced a dramatic decline in the participation rate among older men (the rate of the old women is influenced by the general input of female workers). Nevertheless, the general expansion of the working force is a truly remarkable development, which fundamentally breaks with Esping-Andersen forecasts for the corporatist labour market regime. This calls for a new theoretical explanation. So how did the Dutch accomplish to reduce unemployment - even in a period with expanding labour force? And how could employment be expanded in the already intensified Danish labour market?

Table 4.9: Part-time jobs and female job position during the transitional phase

	Part-time as % of total employment		Female part-time as % of total female employment	
	Denmark	Netherlands	Denmark	Netherlands
1983	19.2	18.5	34.5	44.7
1990	18.8	28.2	29.3	52.5
1994	17.1	26.5	26.0	54.1
1995	16.7	27.3	25.4	54.2
1996	16.5	29.3	24.2	55.4

Source OECD 1997b p.178

The Netherlands has experienced a high growth in employment during the transitional phase (average 1.7 % per annum from 1984 to 1997²³), but more than 57 % of the new jobs have been part-time jobs (Kleinfeld 1997a p.65). As seen in table 4.9, the share of part-time jobs in relation to total employment has increased from 18.5 % in 1983 to 29.3 % in 1996. This amount of part-time jobs is the largest in the whole OECD area, and is a main characteristic of the Dutch "job miracle". These part-time jobs have been the main way to absorb the female labour force, which in Denmark took place during the 1960s and 1970s. Thus, 55.4 % of the working females are occupied in part-time jobs (see table 4.9). In harmony with the post-industrialism thesis most of the new jobs are created in the service sector - especially the private (Kleinfeld 1997a p.60 p.65). Thus, the Dutch have not avoided the "Baumol cost-disease" by creating the jobs in the public service sector, as in Denmark during the 1960s and

²³ Calculation based on OECD 1997a p.A23.

1970s. Instead the effect has been avoided through low wages and flexibility, which characterise the liberal trajectory. The females are still paid considerable less than the men in the Netherlands (Kleinfeld 1997a p.66 p.70), and almost no one of the part-time workers are members of a labour union. Among all female workers the organisation rate is only around 10 % (Kleinfeld 1997a p.36; Oorschot 1998b interview)²⁴. Furthermore, the part-time jobs are attractive for the employers because of the extreme degree of flexibility, which normally has been short in supply in corporatist labour regime. Around 6 % of the total employment are occupied in so-called flex-jobs, which do not have fixed working hours and a prospect of a regular job (Kleinfeld 1997a p.65; Oorschot 1998b interview). A study shows that in five female dominated service sectors only 27 % of the workers had a regular contract with a full time working week. In contrast, the part-time jobs are rare in the male dominated industry sector. Nevertheless, the flexibilisation of work has spread to other sectors. Flexible weekly working hours and irregular working hours have become common in many branches (Kleinfeld 1997a p.67). The over all picture is a situation with a protected "insider" workforce and an extremely flexible "outsider" workforce.

The job creation in Denmark has been less dramatic, but the already high participation rate should be taken into account. The unemployment fell with around 4 % from 1994 to 1997, which in Danish proportions are about 130.00 persons (Finansministeriet 1996 p.80). This reduction is both caused by real employment growth and the described reduction in the labour force. Nevertheless, almost 2/3 of the unemployment reduction can be explained by real job growth, mainly in the private sector (Finansministeriet 1996 p.80-84). As seen in table 4.9 the importance of part-time jobs have even decreased in Denmark. So in contrast to the Netherlands, the new jobs have not been created in a "second labour market" and liberal wage reductions have not been introduced.

In relation to the marginalisation²⁵ debate the consequences of labour market marginalisation is very most depended on the length of unemployment. From an economic perspective the ability to maintain skills and qualifications is also very much dependent on the length of unemployment. The following table shows the long-term unemployment.

²⁴ The general hourly wage gap between full time worker and part-time worker is estimated to be around 17 % (jobs under 20 hours weekly). Adjusted for job grade the gap is still as high as 11%. For men the adjusted figure is even 17% (CPB 1998 p.39)

²⁵ In general terms, marginalisation may be defined as an intermediary state between full inclusion and full exclusion. For a further definition introduction to the marginalisation debate see e.g. Goul Andersen 1996b p. 4-7)

Table 4.10: *Long-term unemployed (12 months or more), as % of all unemployed*

	1987	1990	1994	1996
Denmark	23.0	28.8	32.1	26.5
The Netherlands	43.6	46.2	49.4	49.0

Source: Eurostat 1997 p.127

The figures clearly indicate that long-term unemployment throughout the period has been much more widespread in the Netherlands than in Denmark. Thus, the share of long-term unemployment in the Netherlands is almost twice as high as in Denmark. The Danes have even been able to reduce the share of long-term unemployment from 1994 to 1996. In contrast the Dutch share has remained stable. Thus, the long-term unemployed in Denmark seems to benefit more from the employment growth than in the Netherlands.

From a marginalisation perspective it is also interesting who suffers most from unemployment. According to my theoretical framework the low-skilled workers should be less attractive in a post-fordist accumulation regime. Unfortunately, I have not been able to find good time series figures, but the following table shows a momentary picture.

Table 4.11: *Unemployment rate by educational level in 1994*

The Netherlands		Denmark	
Primary education	17.1	Primary education	14.2
Lower level secondary education	10.3	Vocational basis education	14.4
Higher level secondary education	6.9	Vocational education with diploma	10.7
Higher vocational education	5.9	Short advanced studies	6.7
University	6.9	Medium advanced studies	4.9
		Long advanced studies	6.3
General unemployment¹	8.5	General unemployment²	11.4

Source: European commission 1996 p.A10; DK-statistic 1996 p.53

¹ OECD standardised

² Commonly used Danish definition

The figures clearly show a correlation between educational level and unemployment rate. The low skilled workers are clearly more unemployed than the high skilled workers. Even though the figures cannot be directly compared it is clear that the effect is present in both countries. Unfortunately, the figures do not indicate whether this effect has been intensified as a result of the new emerging accumulation regime. Nevertheless, figures from Denmark indicate that this is the case (Finansministeriet 1997d ch. 1.3).

In spite of these less optimistic effects, it is clear that both countries have experienced a real increase in employment without influencing the general macro-economic stability strategy. Considering the widespread economic wisdom of structural unemployment²⁶, it is especially

²⁶ Economists argued that in Denmark the cyclical unemployment was already phased out in the middle of the 1980s (Torfing 1998a).

remarkable that the two countries' inflation rate is still among the lowest in Europe. Two explanations can explain this discrepancy. First, the almost hegemonic discourse of structural employment could be widely exaggerating the impossibility of job creation - maybe in order to legitimise the tight economic policy (see e.g. Jespersen 1996 p.62-69). Second, maybe the structural unemployment has actually fallen in Denmark and the Netherlands as a result of new labour market policies. The last explanations emphasis the importance of the shift from passive to active labour market policy, and the changes in individual social security schemes. In the following to sections I will discuss this question by looking at changes in the Danish and the Dutch labour market and social security policies.

4.3.3.2 Shift in social security schemes and labour market policy in the Netherlands

The Dutch social security system has undergone quite a few changes since the early 1980s. Before turning to detailed descriptions of the changes in old-age, unemployment and disability schemes I will make a short general overview. The following table shows the number of claims on the schemes.

Table 4.12: Major indicators of volume of social security in the Netherlands

	Thousands of payments years						
	1970	1975	1980	1985	1990	1995	1996
Old-age	1179	1321	1448	1952	2143	2272	2299
Disability (WAO+AAW)	196	312	605	695	778	755	750
Unemployment	58	197	235	650	539	683	660
Social assistance	164	229	162	206	180	171	266
Total	1597	2059	2450	3503	3640	3881	3975

Source: Calculations based on Kleinfeld 1997a p.87

As already described the number of claimants for social security had rising tremendously during the crisis phase, which in the early 1980s was proclaimed as a serious policy problem. As a result, the Dutch government introduced a price policy, which attempted to keep the system affordable by reducing the duration and levels of benefits. Among other measures the government broke the already mentioned link between the private sector wages and the minimum wage, to which the minimum social benefits were linked. From the early 1980s until the early 1990 the minimum wage was frozen. This reduced the after-tax minimum wage in terms of the after-tax modal wage from about 80% in 1981 to 67% in 1996. Thereby the expenditures to social security benefits were also significant reduced (CPB 1997b p.20). Furthermore, the reconstruction process was also pushed forward by a so-called modernisation, which should make the schemes consistent with the changing role pattern of

men and women. Thus, men and women got equal right in all schemes and the benefits paid to households were individualised (Oorschot 1998a p.2).

Nevertheless, during the 1980s it became obvious that the price policy was insufficient and the modernisation process only made things worse by broadening the entitled population. As table 4.12 clearly indicates did the price-policy not cause a decline in the total number of claimants. Thus, in 1997 the government advisory council states that "*...cutting benefits had not been successful in reducing the number of recipients*" (CPU 1997b p.20). The right-centre coalition responded by trying to reduce the number of entitled by introducing means-testing in some of the schemes, the so-called volume policy. But even these neo-liberal measures did not succeed in reducing the number of recipients (see table 4.12). This also indicates that the employment growth described in previous section did not integrate the already marginalised groups, but only absorbed the incoming female workforce. Therefore the neo-liberal "defensive" strategy was questioned, and in the late 1980s the government embarked on a more "offensive" strategy. The national and collective nature of the universal systems were accused of undermining the individual responsibility and promoting calculative behaviour by all actors i.e. citizens, workers, employers, unions and companies. The critics argued that "*the prevention of unemployment, sickness and disability as well as reinsertion or integration of disabled and unemployed workers has been neglected because it is in nobody's interest*" (Oorschot 1998a p.4). Based on this diagnosis market elements have been introduced in order to face the actors with the real cost for social security. The most famous example is the sickness law from 1997, where employers became obligated to pay sickness transfer for a whole year. Now the firms pay the private insurance companies according to the risk of sickness in the firm. This gives a "natural" incentive for employers to keep people in work²⁷. Furthermore, the diagnosis was the starting point for active labour market policy (Oorschot 1998a p.4; Oorschot 1998b interview; Cox 1997 p.10). These general trends can be illustrated by the changes in the individual social security schemes.

Old-age

The golden age old-age (AOW) scheme from 1957 has so far not undergone large changes. In 1985 the right to the pension was individualised as a result of the general modernisation process. In the new program the male and the female each get 50 % of minimum wage, instead of the previous 100% to the male-breadwinner²⁸. In 1987 the scheme was further

²⁷ Payment for the first six weeks was already introduced in 1994, which had an immediate and large effect. In 1993, 345.00 sickness beneficiaries were paid compared to on 175.000 in 1994 (Oorschot 1998a p.7).

²⁸ In the old systems the male received 100 % of minimum wage even if he reached 65 before his wife. If the female reached 65 before her husband, she would not be entitled to any pension at all.

modernised in order to treat married and unmarried couple equal. The year after a means test was introduced in cases, where one of the partners were younger than 65. Nevertheless, the AOW scheme is still universal in the main structure, which has made the expected future burdens from the "greying" population a hot political issue. (Oorschot 1998a p.5; Kleinfeld 1997a p.101). There are various proposals for reforms e.g. to increase citizens' contributions and/or the pension age. Further means testing has proven to be a political taboo. It should also be noted that most branches have supplement pensions, where both employees and employers contribute, and finally there is also a market for total individual old-age pensions. Thus, in contrast to Denmark, the early Dutch retirement age (seen in table 4.8) is caused by early retirement schemes created by the social partners (Kleinfeld 1997a p.103).

Disability

In the case of disability and long term sickness the Dutch golden age schemes from 1967 and 1976 have been famous for their generosity. The law from 1967 is a worker insurance (WAO), whereas the scheme from 1976 (AAW) is a national insurance. They have both been objects for much criticism and the so-called "modern-carelessness" (Cox 1997 p.9; Oorschot 1998a p.4). The changes follow the same line in both schemes.

In 1985 the WAO benefit was reduced from 80 % to 70 % of the previous wage, which illustrates the pursued price policy. In 1987 another law attempted to reduce the expenses to both programs by giving partly disabled workers only a reduced disability benefit. Before the partly disabled workers could get full benefit (until they were 65 years) if their job chances were limited. In the new system, the "unemployment part" should be covered by the unemployment scheme, which is much less attractive. As a result, the partly disabled experienced a strong reduction in their income. The next law came in 1992. It was a more offensive law, which attempted to create better incentives for employers by introducing a bonus-malus-system. Employers were given a bonus when hiring a person from the disability program combined with a 20 % wage subsidy. On the other hand, employers were fined if the workers got disabled at work (this fine was abolished in 1996 as a result of massive criticism from employers and administrative problems). In 1993 came the next law, which again reduced the attractiveness of the disability program in relation to unemployment benefit. First, the reference standard for the assessment was changed from the ability to continue with a "suitable job" to the ability to continue with a "generally accepted job". In the latter concept education level and former job is not taken into account. Second, every existing beneficiary younger than 50 years should have the case reassessed, which lead to a withdrawal of full WAO in 50% of all cases. Furthermore some of the partly disabled were

giving to the status of full unemployed. Third, the life long benefit was reduced to a maximum of six years (shorter duration for younger people). After this period the case should be reassessed. (Kleinfeld 1997a p.107-109; Oorschot 1998a p.6-7). Finally, a bill was passed in 1998, which again attempted to prevent employers sending the workers on disability programs. This time by making contributions dependent on the risk of disability. Earlier a fixed share of wage was paid. In the new system branches that produces many disability claims have higher costs. On the other hand, preventing disability or hiring already disabled labour force can reduce costs (Oorschot 1998a p.7).

In all, the attractiveness of the disability schemes has been tremendously reduced. The benefits have been reduced, the duration has been shortened, the entitlement requirements have been tightened and the legislation from the 1990 certainly shows a workfare strategy, where even disabled persons are supposed to be reintegrated into the labour force. The history of the disability scheme also illustrates the shift from a defensive strategy during the 1980 to offensive strategy in the 1990s.

Unemployment

The unemployment scheme (WW) from the golden age has also undergone many changes since the early 1980s. As in the disability program (AOW) the level of benefit was decreased from 80 % to 70 % of previous earning, but the real break came in 1987. The new law introduced more stringent work history requirements for both entitlement and duration of unemployment benefit. Under the new law entitlement requires at least 26 weeks of work (before only 13) in the previous 52 weeks, and the duration of the wage related benefit is in principle only half a year. After this half year the wage-related benefit is replaced by a non means-tested flat rate benefit corresponding to only 70 % of minimum wage, which itself has been "frozen". This benefit is available for one year, after which the unemployed has to claim means-tested social assistant. The half-year wages-related benefit can be expanded according to the work history i.e. at least 3 years of employment within the last 5 years. In 1995 the criteria were further tightened. Thus, for basic entitlement is required 26 weeks of work within the last 39 weeks (instead of 52 weeks), and for expanding the wage-related period four years of work within the last 5 years is required (instead of 3 years). The maximum wage-related period is 5 years, which is only offered to workers with over 40 years work history. To get a one-year expansion of the wage related period is required 15-20 years of work history (Kleinfeld 1997a p. 117-120; Oorschot 1998a p.6).

As a result, the generous unemployment benefits have been limited to the workers with regular and longer lasting labour market ties - the insiders. In contrast young people, flex-job workers and people with repeated unemployment spells have difficulties with becoming entitled. A recent study shows that around 45 % to 50 % of the working population cannot meet the combined criteria of 26 weeks out of 39 and four years out of five (Oorschot 1998a p.6). Hence, in case of unemployment these workers will have to rely on means-tested social assistance or after six months with wage-related benefit on the low flat-rate minimum benefit. In that sense the insider workforce has suddenly maintained their traditional privileges in harmony with Esping-Andersen's picture of the corporatist welfare state.

Besides this defensive strategy in the unemployment scheme, the Dutch have also embarked on an active labour market policy in order to fight unemployment in a more offensive manner. The poor result from the defensive strategy and the inquiries from the Scientific Council for Government policy in 1987 laid the basis for the new policy. The organisation principle of the active labour market policy became a corporatist organisation on municipal level, which should co-ordinate activation and guidance for unemployed. Thus, the active labour market policy was handed over to the regional level. The duty of unemployed to participate in these activation programs was written into the new unemployment laws. These regional activation projects ran into much criticism, and an evaluation commission gave new guidelines for the project. The role of the social partners was limited and the local authorities should focus more on the problem group i.e. long-term unemployed, young and disabled people. The so-called creaming effect should be avoided (the best-qualified unemployed are also offered the best activation programs etc.)(Kleinfeld 1997a p.76; Oorschot 1998b Interview). Nevertheless, the activation strategy was also written into the new social assistance act from 1995 (Cox 1997 p.11).

In all, it is clear that there has also been a paradigmatic shift from welfare to workfare in the unemployment and social assistance schemes. It started out as a defensive neo-liberal strategy, but was later accompanied by a more offensive active labour market strategy. It is difficult to get a clear picture of the active regional labour market policy, but there has been a clear legal and discursive shift towards activation and retraining.

4.3.3.3 Changes in social security schemes and labour market policy in Denmark

The social security schemes in Denmark have also undergone changes throughout the last decades, but compared to the Netherlands the restructuring process has been less dramatic. The attractiveness of some schemes has clearly been reduced, but new welfare schemes have also been introduced.

Table 4.13: Major indicators of volume of social security in Denmark

	Thousands of payments years							
	1970	1975	1980	1985	1990	1994	1996	1997
Old-age ¹	475.1	635.3	684.5	672.8	701.4	710.5	709.1	-
Disability	205	259	236	228	251	267	271	272
Social assistance	41	77	107	101	107	157	133	129
Unemployment	24	108	159	204	217	279	204	183

Source: DK-Statistic 1978 p.75; DK-Statistic 1988 p.31; DK-statistic 1997 p.43, Finansministeriet 1997e ch. 3.1
¹Thousands at the end of the year

As described in section 4.2. Denmark also experienced a growing number of public transfer recipients during the crisis phase and the development continued throughout the 1980s, mainly as a result of the rising unemployment. The right-centre government also embarked on a price policy, which slightly reduced to level of benefits, but the number of entitled was not diminished. Thus, in defiance of the bourgeois rhetoric, there has been a real growth in social-security expenditure during the 1980s (DK-Statistic base). The harsh defensive price and volume policy strategy seen in the Netherlands never got foothold in Denmark. As the unemployment continued to rise the right-centre government introduced early retirement provisions and the effort to retrain long-term unemployed was increased. Nevertheless, the real shift in social security schemes and labour market policy came with the labour market reform in 1993. In this reform the offensive activation paradigm replaced the traditional welfare discourse, and as shown in table 4.13 Denmark experienced a reduction in unemployment and social security claimants. In the following I will illustrate this development by looking at the changes the Danish management of old-age, disability and unemployment during the transitional phase.

Old-age and disability

As in the Netherlands, the golden age old-age pension has to a large extent remained intact. A small element of selectivity was introduced in 1984, where a part of the pension became related to the income in order reduce the benefits to the richest part of the group. Nevertheless, the general picture has been an improvement of the old-age pension during the 1980s. In the period from 1981 to 1987 the available real income of typical pensioners rose between four to six percentage and the improvements continued in the late 1980s (Goul Andersen et al 1991 p.86). In 1984 a scheme was introduced, which gave a supplement to the general old-age pension in the case of severe health problems or low income.

Furthermore, various new early- retirement schemes have supplemented the general early-retirement scheme from 1979. In 1987 a part-time retirement program made it possible to

retire more gradually. A compensation was given for every hour the pensioner reduced his / her working week (Torfing 1995a p.223; Goul Andersen et al 1991 p.87). Even the new labour market reform in 1993 introduced a new retirement scheme, where unemployed between 55-59 years could leave the working force. These initiatives help to explain the fallen labour force participation in this age group showed in table 4.8, but the results was less dramatic than in the Netherlands. Furthermore, in the light of the new activation discourse and the discussion of the future financial burden from pensioners the aim of the government is to reduce early retirement schemes. The transitional allowance has already been abolished.

Finally, it should be noted that in spite of the improvement in the universal old-age schemes, Denmark has experienced a tremendous rise in private and branch collective insurance schemes. This development is partly a result of attractive saving conditions (e.g. tax deduction) introduced by the governments in order to solve the constant problems with the current-account-balance. This development reduces the distance to the corporatist insurance system, which could indicate a general shift in the Danish old-age policy (Ploug et al. 1996 p.82).

The schemes for disabled person have not been changed much in Denmark. A simplification in the legislation was made in 1983, but it is still a universal and generous flat-rate benefit. Still compared to the 70 % of previous wage in the old Dutch AOW scheme, the Danish scheme has certainly always been less attractive. Hence, in contrast to the Netherlands the disability schemes have been less questioned in Denmark, and so far the activation strategy has not been extended to this group.

Unemployment

The schemes aimed at unemployed are the ones that have undergone the largest changes compared to the golden age phase in Denmark. As in the Netherlands, the government also embarked on a price policy, where the automatic price indexation of unemployment benefit was stopped in 1983 - leading to stagnation in real income of the unemployed. Furthermore, misuse was combated and the unemployed had to prove that they were seeking job (Greve et al. 1994 p.15). Some measures were also taken in order to embark on a more active labour market policy. Already in 1978 long-term unemployed were offered 9 months of work, and in 1985 unemployed could be allowed two years education or three years help to start own business. In 1990 the government launched a plan to intensifying retraining of the unemployed (Torfing 1995a p.223). However, most of the programmes only aimed at re-qualifying for further unemployment benefit, which was possible in the Danish system. The

unemployed could in fact stay in the unemployment system forever. In all, the effort to activate unemployed was limited during the 1980s. The programmes were motivated by a short-sighted interest in maintaining the right to unemployment benefit and the qualification of the unemployed until the next economic boom (Torfing 1998a p.12-14). In contrast to the Netherlands, the right-centre did not succeed in pursuing a severe price policy. The benefit was still 90 % of previous earnings up to a certain level, which compared to the Netherlands and Germany gave a very good compensation rate for people with low and medium wage (Goul Andersen et al.1991 p.89-90). Furthermore, the maximum two and half year entitlement was in practice made endless by the public programs.

It was the Social Democratic-led government that broke with the passive Danish labour market policy, which kept unemployed on public transfers. As already mentioned the labour market reform in 1993 was the turning point. However, the policy discourse between the policy makers had changed long before. Already in 1986 and 1987 the Ministry of labour argued for more education and flexibilisation in the labour market in order to meet the new demand from new technologies and production systems. Measures should especially be taken to "protect" the vulnerable groups such as young, women and immigrants. In 1988 the Economic Council also argued for a more active labour market policy. Only a year after came a white-paper discussing structural problems within the labour market. Finally, a so-called labour market commission (Zeuthen Report) and a Social commission created the foundation for the labour market reform in 1993 (Goul Andersen 1993 ch. 13; Torfing 1998a p.14-15). As in the case with the general macro-economic regulation it was scientific elite network, which dominated the early stages in the policy cycles.

The unemployment benefit was not reduced, but the effort to "get people of the hook" and integrated into the labour market was increased. The connection between activation and right to further unemployment benefit was abolished and the maximal duration was set to seven years. The so-called first period (benefit period) lasted four years and the unemployed had a right and a duty to be activated 12 months. The second period (activation period) lasted three years and here the unemployed had a right and a duty to be activated at least 20 hours a week. In 1994 the activation became permanent in the second period, and the year after the first period was reduced to 2 years. As a result the total duration for unemployment benefit was reduced to 5 years, which is still a long time compared to the Netherlands (and other European countries). Furthermore, the required 26 weeks of work during the last three years was expanded to 52 weeks. The same year unemployed under 25 was paid special attention. After 6 months unemployment during the last 9 months they had a right and an obligation to 18 months of education (Finansministeriet 1996 p.92; Torfing 1998a p.18)²⁹. On the

²⁹ The benefit for young unemployed was also reduced.

organisational level the administration of the active labour market politic was handed over to corporatist regional labour market council, where both social partners and the local government were represented.

As already mentioned, the labour market reform also introduced some measures to reduce the labour force. Besides the extended early retirement scheme, paid leave for child carrying, education or Sabbath was introduced. Parental leave was a right for both parents the first 6 months and further 6 months could be accepted by the employer. Sabbatical leave was possible for one year, but had to be approved by the employer. Both these leave schemes offered 80 % of full unemployment benefit. The educational leave scheme could last up to two years, but had to be approved by the employer. In return 100 % of full unemployment benefit was paid (Ploug et. al. 1994 p.34-35). This was a new way of fighting unemployment in Denmark. The schemes became very popular, but the replacement rates were rather low and in some sectors the leave schemes even cleared the market of specially-trained talent e.g. the nursing staff. Therefor the government has attempted to phase the schemes out again. As already mentioned, the transitional allowance was abolished in 1995. The sabbatical and parental leave schemes were restricted and made less attractive³⁰. Only the educational leave managed to survive³¹.

It was the activation strategy that survived and leads the policy discourse today. It was only the educational leave that was combinable with this new paradigm. The activation strategy has even spread to the social assistance system. Already in 1990 the municipalities had to give young people under 25 an activation offer after only 13 weeks, and elderly an activation offer after 12 months. The new social assistant act from 1997 follows this strategy and emphasises the duties of the clients. The aim is to activate almost every client - also those who have other problems than unemployment. The 25-year rule is extended to 30 years and all claimants are entitled to individual actions plan. If the clients do not follow the activation plan the benefit can be reduced up to 20 %. As a result of a great deal of criticism of the bill in the first stages the final law contains a complain system and emphasises that activation most never replace treatment. Activation offers should correspond with the needs and capabilities of the social clients (Torfing 1998a p.18).

In all, the changes in unemployment and social assistant schemes illustrate a move away from the classic welfare paradigm towards a new workfare paradigm. Nevertheless, the level and duration of the benefits have not been remarkable reduced. Thus, the welfare rights have

³⁰ The level of benefit was reduced form 80% to 70% of maximum unemployment benefit. The right to parental leave was diminished from 26 to 13 weeks (for parents with children over one year). For sabbatical leave the worker has to be replaced by a long-term unemployed (Finansministeriet 1997e ch.5).

³¹ In 1996 educational leave could no longer expand the duration of the unemployment period (Finansministeriet 1997e ch. 5).

not been dismantled by the workfare strategy. Denmark has avoided a defensive workfare strategy and instead embarked on an offensive workfare strategy.

4.3.4 Changes in the political system during the transitional phase

Above I have described how the socio-economic "objective" problems originating from the crisis phase (level 3) were transformed into the discourses of structural unemployment and structural competitiveness. Furthermore, I have described the actual changes in the labour market policy in both countries (level 1). In this section I discuss the changes and conditions in the political system during the transitional phase that made these policy shift possible (Level 2). Looking at the political system I will keep the three theoretical dimensions expressed in figure 3.1 in mind - politics, polity and organised class interests.

4.3.4.1 The Danish political system during the transitional phase

The question is, which changes and conditions within the Danish political system can explain the relative maintenance of the golden age social security schemes and the shift towards an active workfare strategy?

Looking at the politics dimension some points is relative clear. As already mentioned the new right-centre government started the restructuring process. Inspired by the neo-liberal restructuring process in USA and Britain the new government intended to challenge the Social Democratic welfare hegemony and embark on a profound restructuring process. So the question is actually, why the centre-right government not succeeded in fulfilling this intention. As described in section 4.3.2 the shift in economic policy was rather profound, but section 4.3.3 clearly showed that most of golden age social security schemes were maintained. The modernisation/privatisation of the public sector also turned out to be much more modest than intended (Greve et al. 1994 p.23).

The conservative-led government was in office until 1992, which was much longer than the Social Democrats expected when they handed over the power in 1982. The re-election of the government shows that a policy program of retrenchment can be supported. The stabilisation in the public-budget also shows that the politicians were capable of controlling expenditures - in contrast to the theoretical prediction, especially found in the public-choice school. On the other hand, the moderation of the intended restructuring plan also indicates that the bourgeois government ran into many barriers.

First of all, the right-centre government never held a majority in the parliament. Thus, the government had to negotiate with the small centre parties, which were in favour of a broad co-operation with the Social Democracy. Also the right-centre government had to adapt to the traditional conditions in the Danish parliament. This is certainly of great importance when explaining, why the neo-liberal strategy never got implemented in Denmark.

Second, the coalition was also marked by a continuous internal disagreement between the conservatives and the liberals. They agreed in the break with the Keynesian regulation, but they disagreed on the new accumulation strategy and the future role of the public sector (the state strategy). The liberals wanted a full "marketisation strategy", whereas the conservatives wanted industrial policy and a so-called "responsive state strategy"(Greve et al. 1994 p.24).

Third, there has been a large continuous public support for the Danish welfare state (Goul Andersen 1995a). This support can be explained in different ways. The classic thesis is that universal welfare states create a large group, which have self-interest in maintaining the system. Following Esping-Andersen the citizenship status influences the "natural" class status and create a support class that prevents welfare backlash. Empirically the self-interest thesis has been contested by Goul-Andersen, who shows that "way of life" may offer a better explanation, which points to a more cultural explanation (Goul Andersen 1988). Whether explained by self-interest or culture there was clearly a public barrier for a neo-liberal policy.

Fourth, the neo-liberal intentions also clashed with the organised interest of trade unions, bureaucrats and professionals within the state. In the polity dimension the government attempted to break with the golden age corporatism. Especially the already mentioned intervention in the collective bargaining provoked the trade unions. Nevertheless, after minor incidents the government avoided to clash with the strong trade unions and corporatist bargaining was never abandoned (Greve et al. 1994 p.23-27).

Some of the same factors originating from the political system also help to explain why the Social Democratic-led government from 1993 maintained the social security schemes. But how did the Social Democrats-led coalition managed to implement the fundamental shift towards an offensive workfare?

First of all, the new coalitions from 1993 had majority in the parliament - for the first time in 20 years. This majority was used to pass the labour market reform and a major tax reform within few years. The other side of the parliament only got very little possibilities of influencing these major reforms. Thus, the Danish consensus policy was out of the running for a while.

Second, a strong discourse of marginalisation and the new discourse of a so-called dependency culture helped to legitimate the workfare strategy. The integration of unemployed into the labour market was proclaimed as a new way of solidarity. In other words, it was a way to implement the new accumulation strategy in a social acceptable manner. It was clearly also a way to prevent misuse and fraud in the social security system, which according to Goul Andersen is the very Achilles' heel of the legitimacy and the public support (Goul Andersen 1995a). In that sense the offensive workfare strategy fitted the public opinion

Third, the offensive workfare strategy did not clash with the trade unions. Even though the state has been the main player the social partners were also given a role in the new workfare strategy. Furthermore, the corporatist bargaining also remained unaffected. In all, the strategy gave some kind of renaissance to corporatism - at least corporatism was no longer seen as a major problem. Nevertheless, it is indeed a limited corporatism, where the labour market partners do not have an exclusive access to the policy making process (Torfing 1998a p.24-26; Torfing 1998b Interview). The break in the previous very tight relationship between the trade unions and the Social Democracy is also a good indicator of this shift in corporatism.

Finally, an institutional explanation from Desmond King could be mentioned. The point is that in countries with an integration between the employment exchange system and the administration of the unemployment benefit the bureaucrats will tend to give low priority to job placement, training and education. Instead high priority will be given to repressive surveillance and control with the willingness of the unemployed to work. If the two institutions are separated, the civil servants at the employment exchange can be fully occupied with active policies. The conclusion is that the unemployed will be disempowered by the liberal residual regime and empowered in the social democratic regime as a result of institutional differences (King 1995). This argument could hold for the Danish case, where there is a total separation between the two institutions - the so-called Gent-system.

In all, politics, polity and organised interest help to understand the way post-fordist regulation modes were introduced and implemented in Denmark. The defensive neo-liberal strategy met many barriers and the offensive workfare strategy had a lucky birth in the political system. In Jessop's terms one could call it a process of selectivity. Thus, the post-fordist strategies are "selected" in relation the former hegemonic social democratic project.

4.3.4.2 The Dutch political system during the transitional phase

The new Dutch right-centre government also planned a profound neo-liberal restructuring of the Welfare state (Cox 1993 p.198). As in Denmark the situation was a neo-liberal inspired government in an institutionalised comprehensive welfare system. Thus, the Dutch neo-liberal strategy also met some of the described Danish barriers. Even though the intentions of the Lubbers governments were moderated during the 1980s, section 4.3.3 clearly showed that the neo-liberal strategy gained much more influence in the Netherlands than in Denmark.

First of all, it matters a great deal that the right-centre government had majority in the parliament during the 1980s. Moreover it was a stated discourse in the Lubbers government that there was no obligation to the traditional corporatism and consensus policy - the "primacy of politics" should for the first time come to the Netherlands (Kleinfeld 1997a p.50). As in Denmark the re-election of the Lubbers government illustrates that it is possible to get public support for a strategy of reducing the public outlays. Internally, the co-operation between the liberal and the confessional centre party was not without its problems. As in Denmark they both agreed to abolish the Keynesian macro-economic regulation, but differences in perceptions of the future role of the welfare state remained.

As a result of an institutional change the liberals forced the confessional party to take a clear position to the restructuring process. During the crisis phase the attitude of the confessional party had been blurred. The Dutch government formation process falls in two stages. In the first stage the parliamentary fractions arrive at a government agreement (Regeerakkoord), which outlines the issues the parliamentary fractions wish the government to address. In the second stage, the government outlines its program (Regeringsprogram). Traditionally the government program has had a more important status than the government agreement, which has enabled the government to act very autonomously in relation to the parliament. Thereby the government could place greater emphasis on the negotiations conducted in the corporatist bodies than the negotiations in the parliament. The parliament, however, have since the sixties tried to strengthen its position by making the government agreement more detailed and specific. Thus in 1982 the liberals fraction succeeded in making retrenchment a part of a binding government agreement (Cox 1993 p.170-180).

This strengthening of the parliament was a part of a general break with the golden age corporatism, where the state only was a kind of junior partner - at least in the field of social security. The strong golden age Dutch corporatism has been a subject for both professional and public criticism during the transitional phase. The Dutch corporatism was accused of the problems in the crisis phase and the mentioned "modern carelessness". Especially the role of the social partners in relation to the disability programs was at discussion. The trade unions

used the disability scheme to defend the insider workforce and the employers used the scheme to get rid of less productive workers. This also partly explains the historical extreme high productivity in the Netherlands compared to other European countries (Kleinfeld 1997a p.34-40; Cox 1993 ch.6).

The criticism of the Dutch corporatism did, however, not bring an end to the role of the social partners. The right-centre government had to embark on negotiations with the social partners, which in fact got influence on the Dutch policy during the transitional phase. The first major agreement came in 1982, which in the literature often is seen as the starting point of a new kind of corporatism. The trade unions were in defensive and did not have any clear answer to the problems from the crisis phase. It should also be noted that the labour unions do not have the same strength as in Denmark. The Dutch organisation rate was in 1994 only 28 % compared to 76 % in Denmark (Kleinfeld 1997a p.38; DK-statistic base). The Dutch labour unions accepted low wage increases and higher profits to the employers. On the other hand, the employers promised to reinvest in the Netherlands and state promised to keep taxes low. Furthermore, the social partners should get more autonomy in collective bargaining process, which also should be more flexible in relation to different branches. This can also be seen as a stroke to the Dutch trade unions, which, in contrast to Danish unions, traditionally have tried to involve the state in the negotiation process in order to strengthen their weak position. About the agreement in 1982 the government advisory council states that "*... the main factor behind wage moderation was the weak bargaining position of organised workers due to rapidly rising unemployment*" (CPU 1997b p.19). Thereby the state also got more freedom in the field of social and labour market policy (Kleinfeld 1997a p.49).

The next major agreement came in 1986, where the social partners, without the state involvement, took responsibility for reducing the youth unemployment with around 150.000 persons. The employers showed their social side and the trade unions marked that they would not be bound by the co-operation with the Social Democracy (Kleinfeld 1997a p.47). Thus, as in Denmark the relation between trade unions and the Social Democracy was loosening - even though the relationship in the Netherlands never reached the level as in Denmark.

In the 1989 election the future of the retrenchment policy became a hot issue. Before the election there had been disagreement about the issue within the confessional centre party, and during the election campaign the position of the party was once again blurred. The attitude of the Liberals was also blurred and during the election they even advocated for rising social expenditures in order satisfy the electors. The liberal party, however, became the great loser and a new centre-left government was created - still with Lubbers as Prime Minister. Even though some Social Democrats were in favour of "boosting" employment (Cox 1993 p.182)

the government continued the stable macro-economic policy - led by the Social Democratic Minister of finance Wim Kok (Kleinfeld 1997a p.8). This government started the described shift to an offensive active labour market policy.

This strategy was strengthened in 1994, where the Social Democrats for the first time in 20 years filled the Prime Minister post. The former Minister of finance Wim Kok became the new leader. The coalition partners were a small social-liberal party (Democrats '66) and the liberals. For the first time in Dutch history the religious centre parties were not in the government. At first sight this coalition seems rather odd and its possibilities for a full period were considered as being low. The liberals still wanted a neo-liberal deregulation and a key issue was the abolishing of the last corporatist bindings. Wim Kok agreed on the liberal economic policy, but demanded in return an offensive workfare strategy to supplement the neo-liberal defensive workfare strategy. The concern for the social consequences of the flexibilisation in the labour market was one of major arguments (Kleinfeld 1997a p.10-12). As in Denmark the Social Democrats agree on a new post-fordist accumulation regime, but tried to make it social acceptable through an offensive strategy. In fact, the coalition stayed in office a whole period.

In all, the three dimensions in the political system - politics, political and organised interests - also help to explain the way post-fordist regulation modes were introduced and implemented in the Netherlands. Compared to Denmark neo-liberal influence has been greater. The liberals were members of a majority government and the unions have been comparatively weak. As in Denmark an offensive workfare strategy was launched in the 1990s by a Social Democratic-led government. It seems, as has the process of selectivity been less visible in the Netherlands. This could be explained by a larger discrepancy between a corporatist regime and a post-fordist welfare regime than between a social democratic regime and a post fordist regime. Thus, the more profound break in the corporatist regime gives more "room" for different strategies.

4.3.5 Summarising the transitional phase

The Keynesian macro-economic regulation was abolished in both countries in the early 1980s and even the new Social Democratic-led governments have more or less followed the same general macro-economic policy. Thus, the frontiers of Keynesian macro-economic regulation has certainly been rolled back. The picture of a new structural economic policy are more blurred, but initiatives have even been taken in both countries - most clearly in the Dutch

research and development strategy. However, on the discursive level a post-fordist state strategy has certainly emerged.

After a period with relative high unemployment both countries have experienced increased employment - especially during the 1990s. The development has been dramatic in the Netherlands, where the female participation rate has increased tremendously, the part-time job in the service sector has expanded and a general flexibilisation has taken place. Thus, a neo-liberal route seems to be followed for half of the labour market, whereas the corporatist labour market regime is maintained in the other half. In Denmark the participation rates were already high and the increased employment was created within the frames of one labour market.

In the field of social security both governments intended in the early 1980s to embark on a neo-liberal strategy. The influence was largest in the Netherlands, where many of the golden age social security arrangements were made much less attractive, which also indicates a neo-liberal defensive strategy in the field of social security. Furthermore, the Dutch schemes also had to be adapted to the new family structure. In Denmark the results of the bourgeois policy was more modest, and most of the golden age schemes were maintained. From the late 1980s both countries embarked on offensive workfare strategy, which has been significant intensified during the 1990s. One could say that in Denmark welfare and offensive workfare are living together, whereas neo-liberal defensive and social democratic offensive workfare are living together in the Netherlands.

In the political system both countries had a relative stable period with right-centre government during the 1980s, which in fact managed to be re-elected on a policy program of retrenchment. Nevertheless, in the 1990s the Social Democrats came into office in both countries. During the transitional phase there has been an attempt to break with the golden age corporatism, which was most profound in the Netherlands. Thus the break has also been most profound in the Netherlands, whereas the Danes only loosened the organised interest access to the policy making process. I will call this a neo-statist development. Nevertheless, the influence of the organised class interest has not vanished during the transitional phase and the future of corporatism remains unclear.

In relation to the three narrow questions in part I, I find strong evidence to the thesis that the policy shifts during the transitional phase (level 1) have followed the logic of rolling back the fordist regulation mode and pushing forward new forms of post-fordist regulations modes (level 3). The shift in macro-economic regulation has been rather uniform, but the micro-regulation in the field of social security and labour market policy has differed. In the

Netherlands a defensive/offensive workfare policy has been adopted, whereas a welfare/offensive-workfare policy has been implemented in Denmark. This variation can be explained by differences in the political system - politics, polity and organised class interests (level 2). This could be labelled a process of selectivity. The effect seems to be most intense in social democratic regimes, whereas the profound breaks in the corporatist regimes gives more room for alternative strategies. The further stability and further implications of these regulations shift will be discussed in the next chapter.

4.4 The consolidated phase

I will now turn to the last phase in figure 3.4. - the consolidated phase. It is clear that both countries during the transitional phase have moved a long way towards a Schumpeterian workfare regime, but have the countries reached a consolidated phase or are they still in transition? Has the policy shifts made the countries ready for a new golden age period or do the policy shift only indicate the beginning of the end for the Dutch and the Danish welfare state? As described in part III, the last interpretation can still be found in the literature of pension-bombs, globalisation and europeanisation.

This discussion is naturally rather speculative and based on intellectual experiments. I will, however, make some general comment on the basis of conditions in the Dutch and the Danish welfare states. In doing so I leave the three narrow labour market questions in the problem formulation and turn to the more general question about social democratic and corporatist regimes adaptation and reaction to the post-golden age period.

The chapter will be divided into three sub-sections, which once again follows my three levels of analysis. The first section discusses consolidating in relation to the post-fordist accumulation regime (level 3). The second section focus on the stability of the present social security and labour market policy (level 1). Finally, I elaborate on the consolidation of the political system (level 2). To keep this huge discussion within the limits of this project I will only make some general statements, and the argumentation will be more superficial.

4.4.1 Consolidation and the post-fordist accumulation regime

I will start this section by looking at the changes in the accumulation regime. Have the Schumpeterian workfare regime been followed by the post-fordist accumulation regime, where the industrial sector has lost its dominating status? Some statements can be made by looking at the distribution of the labour force on the different sectors. The following table gives a rough overview.

Table 4.14: *Civilian employed by sector from 1976 to 1996*

	1976	1982	1996	Change
Denmark (% of labour force)				
Agriculture etc.	8.3	7.5	4.0	- 4.3
Industry	33.5	28.3	27.0	- 6.5
Service	58.3	64.2	69.0	+ 10.7
The Netherlands (% of labour force)				
Agriculture etc.	5.6	5.0	3.9	- 1.7
Industry	33.6	28.7	22.4	- 11.2
Service	60.8	66.3	73.8	+ 13.0
Denmark (thousands)				
Agriculture etc.	193	177	103	- 90
Industry	773	673	700	- 73
Service	1344	1524	1788	+ 444
The Netherlands (thousands)				
Agriculture etc.	261	249	271	+ 10
Industry	1563	1440	1562	- 1
Service	2829	3321	5150	+ 2321

Source: OECD 1997c p. 226-227, p.378-379

The table certainly shows that the relationship between the sectors has changed during the three decades. In Denmark the share of employment have decreased with 4.3 % in the primary sector (agriculture etc.) and 6.5 % in the industrial sector, whereas the share of the service sector has increased with 10.7 % (percentage points). The development has been a bit more dramatic in the Netherlands, where the share in the industrial sector has decreased 11.2 % and increased with 13 % in the service sector (percentage points). So far Daniel Bell's post-industrial thesis seems to be true. Nevertheless, the picture gets a bit more detailed, when looking at the actual job increase and decrease in thousands of persons. The fluctuation between the sector's share of the labour force can mainly be explained by a tremendously job increase in the service sector, and not by a large decrease in jobs in the industrial sector. In the Netherlands the number of employed in the industrial sector has even remained stable.

Whether these figures indicate post-fordism or not is a matter of interpretation. One could argue that the sector classification is too rough. The service sector could be divided into "real" post-fordist services and services related to the traditional industry (see e.g. Esping-Andersen 1992). Nevertheless, the expectations of large employment losses in the industrial sector seem to be largely exaggerated in the early post-industrialism discussion. The numbers of employees has remained almost stable. On the other hand, it is clear that the increase in the service sector is responsible for the absorption of the expanded labour force during the decades. Thus, relatively the industrial sector has become less important. Furthermore, the regulation school argues that there has been a shift towards a post-fordist production mode within the industrial sector.

It is almost impossible to find good statistic measures for such a change in production mode, but one could argue the late industrialisation and the so-called flawed fordism during the golden age (see 4.1) have made the transition to post-fordism smoother for the Netherlands and Denmark. The presence of many small and medium size companies are a good starting point for a flexible network production. Furthermore, the small countries history of open economies might also have made the adaptation to the global and European market smoother. Especially the Netherlands seems to have followed a post-fordist trajectory with an extremely open economy and a tradition of serving the "global players". The Dutch has a long history of surplus on the current account balance, e.g. in period from 1980 to 1996 the average surplus was 3.5 % of GDP³². The transformation process has been less marked in Denmark, and a large share of the export revenue still comes from the traditional agriculture production. In contrast to the Netherlands, Denmark has long history of deficit on the current account balance. The average deficit in the period from 1980 to 1996 was 1.6 % of GDP³³. Therefore further adaptation in the Danish production structure could be foreseen in relation to globalisation and europeanisation. According to Eurostat the Danish research and development expenditures in relation to GDP has increased with 48 % in the period from 1986 to 1996, which could indicate an intensified restructuring process.

The conclusion is that Denmark and the Netherlands in the starting point could have some advantages compared to the large fordist countries, where the restructuring process is more profound, and will take longer time (Pedersen 1988). Open economy and competition has been "everyday life" in Denmark and the Netherlands - also during the golden age phase (see 4.1). Nevertheless, it is difficult to find good measures for the actual changes in the accumulation regime, but at least as an accumulation strategy, post-fordism has had a breakthrough among Dutch and Danish policy makers. Thus, globalisation, europeanisation and post-fordism is not so much seen as an economic treat, but more like a new strategy to secure growth and prosperity³⁴.

Now the question is whether this new post-fordist accumulation regime can be combined with the present welfare state in Denmark and the Netherlands, or the welfare states will come under further pressure. In other words, is a further transition towards a neo-liberal residual welfare state the only way to secure growth and jobs in the new accumulation regime? This is naturally also impossible to answer, but I will argue that the future of the present welfare states do not look that black and white. First of all, it should be noted that economic growth in an open economy laid the very foundations for both the Danish and the Dutch welfare states. Neither of the countries had large "natural" prosperity. Therefore

³² Calculation based on OECD 1997a p.A54

³³ Calculation based on OECD 1997a p.A54

³⁴ See e.g. Erhvervsministeriet 1997 p. 41-69; Erhvervsministeriet 1995; Finansministeriet 1997c, CPB 1998.

further trade possibilities can also be seen a foundation to maintain and even improve the welfare state. The recent economic success in both countries could indicate that this is the right interpretation of the future. It is also noteworthy that the stable macro-economic policy in the Maastricht treaty from 1991 already in the beginning of the 1980s was implemented in Denmark and Netherlands. On the other hand, it is also clear that the welfare states can be put under pressure from the demand for flexibility within the new accumulation regime. In this context, the corporatist and social democratic welfare states are accused of creating already mentioned institutional rigidities. I will discuss this issue in the next section, where I look at social security schemes and the labour market policy.

4.4.2 Consolidation and social security and labour market policy

Before turning to the so-called institutionalised rigidities I will briefly discuss the "pension bomb", which has been one of the most discussed socio-economic challenges to the present welfare state. As described in part III the "pension bomb" should be caused by demographic changes. As shown in the section 4.3.3 it is exactly in this field that the golden age schemes have undergone less change in Denmark and the Netherlands. Thus, is the old-age scheme consolidated or will the universal pension also be transformed to fit into the "New World".

First of all it is important to notice that the calculations are based on extrapolations of recent trends and thereby very uncertain. The demographic estimates are dependent on fertility and expected average lifetime. The pressure on the public budget is further dependent on labour force participation rates among different groups, employment, development in GDP, productivity, medical conditions and level of benefits etc. Nevertheless, OECD has on the assumptions of "other things being equal" estimated the demographic change and pressure on public budget from public pensions. The results from the famous 1990 inquiry are shown in the following table.

Table 4.15: Share of population over 65 year and public pension expenditures (% of GDP)

	1950	1980	2000	2010	2020	2030	2040
Denmark (share over 65 year)	9.1	14.4	14.9	16.7	20.1	22.6	24.7
Netherlands (share over 65 years)	7.7	11.5	13.5	15.1	18.9	23.0	24.8
Denmark (% of GDP)	-	10.1	9.5	10.8	13.5	16.2	18.7
Netherlands (% of GDP)	-	12.1	13.4	15.0	19.6	25.7	28.5

Source: Goul Andersen et al. 1991 p.224

The figures indicate that the share of the population older than 65 year will increase during the next 50 years in both Denmark and the Netherlands. The situation will remain stable in Denmark the next 20 years, whereas the share of old-people will increase soon in the

Netherlands. The effect on the public expenditures to public pension will naturally also increase, but the pension age and compensation level is more important than demographic (Goul Andersen et al. 1991 p.225). In Denmark the high pension age (official 67 years) and the relative high participation rate of older people (see table 4.8.) will keep the pension cost down to 18.7 % of GDP - an increase of 8.6 % (percentage points). This figure is presumably exaggerated, and based on new assumptions the Danish ministry of finance has predicted an 4.7 percentage point increase from 1995 to 2030 - included increased health expenditures (Finansministeriet 1996 p.425). One could add that in 1993 the public expenditures increased by 3.0 % of GDP in one single year (Goul Andersen 1996a p.16), which is more than half of the expected pressure from demographic changes the next 35 years. The pressures on continental European countries look more serious, and the Netherlands is no exception. Especially the low retirement age and the general low participation rates causes the increase in public pension expenditures - in the Netherlands by OECD expected to be 16.4 % of GDP in the period from 1980 to 2040 (percentage points). Nevertheless, this figure is presumable also to high, partly as a result of the described reduction in the Dutch old-age schemes (see section 4.3.3.). In 1996 OECD predicts only 6.1 % increase in the period from 1995 to 2040 (OECD 1996 p.18).

In all, the demographic threat to the welfare state seems to be largely exaggerated - especially in the Danish case. The important variables for the pressure on public budgets are participation rates and retirement age, and not uncontrollable external socio-economic changes. If the female participation rates continue to rise and the large share of potential old-workers are mobilised we might end up without rising expenditures to old people (OECD 1996 p.17-18; Goul Andersen et al. 1991 p.208-226)³⁵. Therefore I see no "external" reason for not maintaining the universal pension in the consolidated phase. The real effort is to bring the potential labour force into work, which leads me to the discussion of the unemployment scheme.

As mentioned in the previous section the question is, whether the present unemployment schemes have to be further changed or they can be maintained in the consolidated phase. The argument for further transition can be summarised in the so-called institutionalised rigidities, which corporatist and social democratic regimes create in the labour market. These rigidities are said to clash with the demand for flexibility in the post-fordist accumulation regime. In examining this argument I will start by distinguishing between different kinds of flexibility.

³⁵The Dutch advisory council writes in the 1997 inquiry that *"the necessary adjustment to ensure sustainability is quite small because a number of alleviating factors are expected to largely offset higher costs of old-age benefits and healthcare due to ageing"*(CPB 1997a p.22). These alleviating factors are mainly an increase in the participation rate (CPB 1997a p.21).

Following Pinch (1997) we can distinguish between functional and numerical flexibility. The first refers to the ability of firms to adjust the skills of their employees to changing tasks in the workload. Numerical flexibility refers to the ability of the firms to adjust their labour inputs over time to meet fluctuations in output. This distinction could also be labelled internal and external flexibility. One could add wage flexibility, which refers to the possibility of firms to pay workers in relation to the productivity. Are these flexibility demands combinable with the welfare state?

At first glance the Danish welfare state should represent some kind of worst case scenario for institutionalised rigidities in the labour market. The unemployment benefit is generous, the duration is long and the income taxes are high and progressive in order to fulfil the equality objective. Furthermore, strong trade unions have pursued a wage policy of solidarity. However, these points all refer to the wage flexibility, which probably has been the most widespread perception of flexibility. The economists argue that the low income groups have no incentive to work as a result of high social provision, and the high income groups have no incentive to work as a result of the high marginal income tax.

Looking at the empirical data the results do not follow the clear economic reasoning. From a macro perspective I have already shown that the Danish labour force participation rate is among the highest in the world. Thus, on the overall level the economic predictions are wrong. Nevertheless, turning to micro-level it is clear that the generous unemployment scheme has implications. First of all, the unemployment benefit create a so-called "reservation wage" among the unemployed. If they foresee a wage lower than the unemployment benefit the unemployed are not willing to work, and the wage setting on labour market is presumably also affected by this reservation wage. On the other hand, the actual difference between unemployment benefit and the expected wage do not have significant impact on the willingness to work among the unemployed (Goul Andersen 1996a p.24). The same seems to be the truth for the low-income workers. A recent study has showed that about 25 % of the employed receive a net gain of less than 500 D.kr. per month (about 70 US\$), when taxes, transportation and savings on child-care are taken into consideration. That they still work must be explained by the many non-economic reasons for taken a job, which, in spite of the generous welfare system, secure the labour supply (Goul Andersen 1996a; Torfing 1998a p.22; Sørensen 1998). On the other hand, it is obvious that many low-paid jobs are not established in Denmark, and a reduction in the unemployment benefit would presumably increase employment. Different macro-economic models predict a 1 % employment increase by a 10 % reduction in the unemployment benefit (Finansministeriet 1997a p.178). The Dutch unsuccessful attempt to decrease number of claimants by the neo-liberal policy in the social security schemes also indicates that a half-

hearted neo-liberalism do not have large effects. The prise of a full-hearted American strategy is polarisation.

Furthermore, one could argue that the small wage flexibility is counterbalanced by increased numerical flexibility. Compared to other European countries the Danish workers have an unusually bad job-security, which makes it easy for employers to hire and fire staff³⁶. Thus, the employer can send the employees home or on part-time in a period with low demand, and the state almost pays the whole bill. This flexibility can be explained by the generous unemployment benefits, which have prevented job security from being a high priority in the collective bargaining. Furthermore, the active labour market policy - and maybe also the relative high wages in Danish firms - might also increase the functional flexibility within the company. At least it is clear that compared to other countries many of the expenditures traditional paid by the employers are handed over to the state - financed by income tax, and not contribution from employers (Finansministeriet 1997a p.169-204; Goul Andersen 1996a). One could even argue that the universal comprehensive welfare state is very suitable to complement the Danish production structure with small and medium size companies, which do not have the capacity to pay for retraining and social security. This advantage for the firms might even become more favourable in a new post-fordist accumulation regime.

The demand for flexibility from employers has also been a major issue in the transitional phase in the Netherlands. In traditional corporatist labour markets the numerical flexibility is very low. The insider male breadwinner has to have a long and full-time work history in order to support and entitle the other family members. This was also the case in the Netherlands until the transitional phase in which the labour market has undergone a profound flexibilisation. As already mentioned the core insider work force still enjoy high security, but the development in part-time and flex-job increase the numerical flexibility tremendously. One could even argue that the general accept of flexibilisation - also among the core workers - is partly a result of the (previous) generous universal welfare state. The universal old-age pension and the individualisation of the schemes make the benefits less dependent on the work history, and therefor easier to accept flexibility. At least this is a common point among German observers, when they explain how the Dutch succeeded in breaking with the corporatist labour market regime (Kleinfeld 1998). Furthermore, the increasing number of female workers might start a good circle, which further break down the dependency on the male work history, and thereby extend the foundation for numerical flexibilisation among the insider work force. Figures from a European Union survey could indicate such a shift in recent years (Finansministeriet 1998 p.194).

³⁶ Research even indicates that the Danish labour force also is very flexible compared to the other Nordic countries (Engelund 1992).

The wage-flexibility has normally been less problematic in the corporatist labour regime - at least compared to Scandinavia. The lower paid female part-time workers have made the wage dispersion even larger, which made it possible to overcome Baumol's cost disease. Combined with the low flat-rate unemployment benefit in the second period (70 % of minimum wage), one could argue that unemployed would be motivated to take the "junk-jobs", which the Danish unemployed refuses. The typical costs for such a neo-liberal strategy is polarisation and marginalisation. Nevertheless, according to Oorschot one could not call the part-time and flex-job workers the "working poor" - referring to American conditions. The legal minimum wage secures a "reservation wage" (as in Denmark) and in most cases both family members do not work in the low-paid flex-sector. The wage of the female part-time workers only supplements the husbands' high insider wage. Hence, in a family context the part-time workers do not make up a group of working poor (Oorschot 1998b interview). Thereby the gender division in the labour force might so far prevent the typical polarisation caused by the neo-liberal trajectory. As mentioned in part 4.3.3, however, it was the new labour force that got the jobs, and not the persons in social security schemes. Therefor the neo-liberal defensive strategy in the social security schemes could lead to marginalisation³⁷.

The new offensive Dutch labour market policy might help to decrease polarisation and increase the functional flexibility within the firms. The welfare state payments for companies social security cost has always been less dramatic in the Netherlands, but the criticism of this effect has been much larger, especially concerning the social partners abuse of the disability program. Thus, the strategy of the Dutch government has been to hand the cost back to firms in order to reduce the "modern carelessness". The already mentioned obligation of firms to paid one year of full sickness payment has been the most dramatic step, but some of the same trends are also seen in the disability program. This might reduce the public expenditures and limit the abuse of social security schemes, but the economic burden of the small and medium size companies are not insignificant. In relation to the international competition this might turn out to have a negative influence on the Dutch position.

In contrast to Denmark, the Dutch labour market still seems to be in a transformation phase. The joker is the participation of the female in the future. In Denmark the female also started in part-time jobs, but during the last decades these has be turned into ordinary full time jobs. Will the Dutch experience the same development or will the female continue to make up a flexible second labour market? If the Dutch females follow the Danish trajectory much of the gained flexibility will vanish. In relation to the reduced unemployment scheme it could be a

³⁷ Measured by the OECD poverty rate (less than 50% of average national expenditures) the Dutch marginalisation is a bit higher than in Denmark, but still among the lowest in Europe. Nevertheless, a difference in poverty among unemployed can be observed. In Denmark only 2.7% of households with unemployment live below the poverty threshold, whereas the rate is 9.3% in the Netherlands (Eurostat 1996 p.212-213).

question how long time the Dutch female will be satisfied with the combination of low wage, low job security and low social security.

In all, I see no external "objective" pressure from the post-fordist accumulation regime that makes existing social security schemes impossible - in objection to the "crisis literature"³⁸. The Danish golden age social security system combined with an offensive workfare strategy could even have some comparative advantages in the post-fordist accumulation regime - at least compared to the traditional corporatist welfare regime, found in most other member states of the European Union. The Dutch have also defeated the extreme corporatist labour regime and moved towards more flexibility - the comprehensive social security schemes might even be part of the explanation. Nevertheless, in doing so, the Dutch have both followed a defensive and offensive workfare strategy, and the outcome is not yet to clarify. Especially the future of the female participation rate could expand the duration of the transitional phase in the Netherlands. In all, a post-fordist accumulation regime does not "necessarily" lead to a neo-liberal deregulation. Even though there seems to be no such direct functional coupling, the political systems could create its own discursive problems and solution. In the next section I will discuss the consolidation of the present accumulation and state strategies in relation to the political system.

4.4.3 Consolidation and the political system

The above discussion asserts that the present social security and labour market policy - from a functional point of view - could be more or less consolidated. In this section I discuss consolidation in relation to the political system (level 2).

By looking at the politics dimension in Denmark the present welfare state seems to be consolidated. There is still a broad public support for the golden age welfare state (Goul Andersen 1995a), and among the policy makers there is no real threat to the welfare discourse. There also seems to be agreement about the new post-fordist regulation modes. The stable bourgeois macro-economic policy was not questioned by the Social Democratic-led coalition e.g. has the fixed currency strategy not been a political issue for almost 20 years. The politicians also more or less agree on the new offensive workfare strategy, and according to Torfing there is no return to simple welfare (Torfing 1998b interview). Many policy makers see the offensive workfare strategy as the mean to maintain the golden age welfare

³⁸ This conclusion is based on the impact on the labour market. The problems with collecting taxes for a comprehensive welfare state in a globalised economy are another discussion. In my opinion the argument is exaggerated. First, the income tax base (labour force) is still rather immobile. Second, capital and company taxes have never been above OECD average in Denmark. Third, there are possibilities for broaden the immobile tax base (se e.g. Finansministeriet 1997b, Økonomiministeriet 1996).

and secure the integration of the losers of the new accumulation regime. In 1998 the Social Democratic-led government was re-elected and Torfing predicts that workfare in the coming years will be spread to other social security schemes e.g. the Danish disability scheme (see also Lykketoft 1998). Nevertheless, the broader public support for the workfare strategy seems to be less stable than the general public support for welfare. Opinion polls have showed that there is a discrepancy between the strategy of policy makers and the solutions preferred by the public opinion. Job-sharing is in the public seen as more effective than activation and retraining, which illustrates that there is no public pressure for further workfare (Goul Andersen 1995b). In official inquiries the offensive workfare strategy is judged to be relatively successful in order to increase job-possibilities and decrease structural unemployment (Torfing 1998a p.23). Nevertheless so-called "creaming" is also a problem in Denmark and it can sometimes be difficult to find appropriate activation offers. Furthermore the trade unions fear a second low-paid activation labour market, which will squeeze wages and regular employment. These problems are according to Torfing only minor policy problems, which can be solved through institutional learning processes and political negotiations (Torfing 1998a p.24). This might be the right interpretation, but eventually the expansion of workfare strategy will clash with the problem of activating the groups with severe social problems³⁹. At a certain point the workfare strategy might even become counterproductive in order to reduce marginalisation, which the traditional welfare strategy to a large extent have prevented in Denmark (Goul Andersen 1996b)⁴⁰

In the Netherlands there also seems to be political consensus about the new regulation modes. As in Denmark the new Social democratic-led government did not question the stable bourgeois macro-economic policy and the policy makers also seem to agree on the new offensive workfare strategy. The support for the golden age universal welfare state is more difficult to grasp. It is clear that the Lubbers government to some extent followed a neo-liberal trajectory, and the development even continued during the Social Democratic epoch. Hence, even the Social Democrats seem to have adopted a negative attitude towards the Dutch golden age welfare state. It is hard to guess how profound this attitude is, and the good economic conditions could create demands for improvements of the present welfare state⁴¹. On the other hand, it could also be the case that the Dutch welfare state already has become so selective that the crucial middle class support has vanished⁴². In that sense the Dutch welfare state could stand at a crossroad. The election 6 May 1998 was a large victory to the

³⁹ The first results from an ongoing research at the Danish Institute of Social research indicates that around 50.000 unemployed never will have a chance in the labour market - no matter retraining and activation (Jyllands-Posten 3 September 1998).

⁴⁰ This is also the point in a new debate book from a social worker (Reintoft 1998)

⁴¹ Up to the election Wim Kok has been criticised from the Social Democratic support base for mowing too far to the right and deserting the weakest (Information 9 May 1998; Politiken 8 May 1998).

⁴² Oorschot states that "the conclusion from the Dutch case could be that it is possible to transform a universal welfare state into a selective welfare state" (Oorschot 1998b Interview).

Wim Kok government⁴³. Now the liberals and the Social Democrats themselves have majority in the parliament. Therefore the mix between defensive and offensive welfare elements will probably continue during the next election period. On the other hand, one could argue that the consensus about a break with the corporatist welfare state only for a limited time is able to keep the liberals and the social democrats together⁴⁴.

Turning to the polity dimension it is noteworthy that corporatism has not been abolished in either of the countries. Even though the fight against golden age corporatism has been on the political agenda during the transitional phase it never came to profound deregulation as pursued by Thatcher. The Danish unions were simply too strong to challenge. Even though the political attempt was made in the Netherlands the social partners managed to "stay a live". On the other hand, the politicians have gained power - especially in the Netherlands - and the access of interest organisations to the policy making process is not so exclusive as during the golden age. Will this corporatism be a drag on the welfare states in future?

During the 1980s the answer in the policy maker discourse was "yes". Corporatism was seen a problem for the adaptation of the Keynesian welfare state to the "New World". Nevertheless, in the 1990s a delayed "maybe" has almost turn into a "no". In the Netherlands criticism became more and more silent as large number of "model country observers" praised the Dutch corporatism (Kleinfeld 1997a p. 34). In the comparative literature the term "competitive corporatism" has be launched in order to explain the recent success in small open economies (see e.g. Rhodes 1997). It is a break with the well-known U-curve model of Calmfors and Driffill, which claims that either highly centralised systems of bargaining or highly decentralised systems or bargaining are capable of delivering the desirable result in terms of low inflation and unemployment. Countries in the middle will have problems in achieving these results - they will have a bad score on the so-called misery index. According to Rhodes these high score systems are undermined by the new accumulation regime, and the new "optimal" institutional arrangement will be competitive corporatism. This refers to a centralised-decentralised bargaining system and the state involves the social partners in pragmatic and flexible social pacts (Rhodes 1997 p.5).

There has certainly been a trend in both countries towards such a competitive corporatism. The bargaining system is still centralised in many accept, which secure the traditional possibility for negotiated macro-economic stability. On the other hand, there is also a

⁴³ Mandates out of 150: Social Democrats from 37 to 45, Liberals from 31 to 38, Social liberal from 24 to 14 (Dutch Foreign Ministry).

⁴⁴ The government negotiations have not finish yet, but the situation seems to be difficult. In response to criticism from the support base Wim Kok has promised social improvements and less tight financial policy. On the other hand, the Liberals want to use the good election result to continue the harsh economic policy. In fact the left-wing parties also have a majority in parliament (Information 9 May 1998; Politiken 8 May 1998).

decentralisation, which gives the branches and local companies larger freedom to act. This centralised-decentralised system attempt to adopt the best from both sides of the golden age U-curve - macro-economic stability and flexibility on the micro-level. Nevertheless, Denmark and the Netherlands approach centralised-decentralisation from different sides of the U-curve. In Denmark the starting point was a strong and highly centralised union system, which during the 1980s introduced a decentralisation in order to meet the new demand for flexibility (Ibsen 1995 p.72-76). In the Netherlands, the starting point was a weak and divided union system as a result of the pillarisation. In contrast to Denmark, the problems has been to create a centralised labour union, but one more attempt to merge the four peak organisations will be made in 1998 (Kleinfeld 1997a p.36). In general the Dutch unions have had a hard time during the 1980s, but the number of members have started to increase in the beginning of the 1990.

The relationship between the state and the organised interests has also moved towards competitive corporatism in both countries. As already mentioned did the politicians in both countries limit the direct asses of the organisation to the policy making process during the transitional phase. The new corporatism is practised through a more pragmatic and flexible relationship. Tthe mentioned theoretical shifts from corporatism to policy-network concepts in social science (see 3.1.4) could only reflect a real shift in the political system⁴⁵. The incorporation of the labour market organisations in the active labour market policy is a good example of this new practice. In the political discourse the social partners did not have a self-evident position in the program, but were incorporated by the state for practical reasons. Thereby the detailed knowledge of the labour market organisations with regard to local problems and solutions on the labour market is exploited, and the organisations are kept responsible for in the implementation process of the new offensive workfare policy.

In all, collective bargaining structure has changed in both countries and the state has disengaged from the tight golden age corporatism. On the other hand, this neo-statist strategy has also managed to maintain a neo-corporatist strategy, where the labour market organisations are incorporated on functional areas. The point is that this institutional arrangement in the political system might prove to be more suitable for a post-fordist accumulation regime than neo-liberal institutional deregulation, which during the 1980s was seen as one the core measures in the fight against the problems form the crisis-phase. This U-turn is also emerging in the political discourse in both countries. In that respect also the present institutional arrangement could be consolidated.

⁴⁵ This could lead to a huge discussion of the term corporatism. If corporatism means total exclusive right of the labour market partners to the policy progress (see 3.1.4), Denmark and the Netherlands have broken with corporatism. On the other, it is that the labour market partners still have a special position.

4.4.4 Summarising the consolidated phase

The discussion of transformation or consolidation is still a matter of interpretation. Concerning the stage of the accumulation regime the Netherlands seems to be ahead of Denmark, which still to some extent rely on low-technology exports revenues. The current account problems certainly call for further transformation in the Danish production structure.

In regard to the social security schemes I have argued that the pressure from the demographic changes have been largely exaggerated in the welfare debate. From a functional point of view the present universal old-age scheme do not necessarily have to be transformed. I have also argued that the golden age Danish unemployment social security could be perceived as consolidated. The system does create wage rigidities, but generate other forms of flexibility and prevent marginalisation. One could even argue that the universal welfare state is suited to support the production structure of a small country. The unemployment system has been changes more in the Netherlands and flexibility has certainly been introduced. It is difficult to tell whether is neo-liberal elements of the unemployment scheme are consolidated or will be transformed. The joker is the development of the female labour force and a pressure for improvements of the schemes could be foreseen. On the other hand, the schemes could already have lost so much of their universalism that the important middle class support has vanished. Transformation or consolidation - the corporatist welfare regime seems to stand at a crossroad.

The new regulation modes towards the accumulation regime also seem to be rather consolidated in the political system. There are broad political consensus on a stable macro-economic policy and a workfare strategy - this could almost be labelled a new hegemonic discourse. In the Denmark the support for the golden age welfare state is still high - both in the public and among the policy makers. The Social Democratic-led government was re-elected in 1998 and the welfare/offensive-workfare strategy will be continued. In the Netherlands the new elected Liberal-Social Democratic government still wants to reform the welfare state. Where the new government is heading is also difficult to tell, but the common denominator between the liberals and Social Democrats seem to be the will to further modernisation of the old corporatist welfare regime.

Nevertheless, the present institutional arrangement could be in a consolidated stage. The golden age corporatism has to some extent been transformed into a new "competitive corporatism". This situation seems to be accepted by the politicians and it could even turn out

to be a competitive advantage for Denmark and the Netherlands. The attractiveness of a neo-liberal institutional deregulation has also diminished among policy makers in both countries.

In all, the post-fordist accumulation regime and regulation mode seems to be rather consolidated - at least as accumulation and state strategies. Naturally, the interpretation is a matter of more or less change. No modern West European society will be in stagnation, but some general shift can sometimes be observed. According to my interpretation Denmark and the Netherlands are already beyond such a shift. Furthermore, I have argued that the neo-statist and neo-corporatist elements in Denmark and the Netherlands also can be seen as consolidated. I have even argued that the Danish golden-age-welfare/offensive-workfare strategy - both from a political and a functional point of view - can be perceived as being consolidated.

5 Conclusion (Part V)

In this last part of the project I will answer the questions in part I by using the main conclusions from the analysis. First, I will answer the three narrow labour market questions. Afterwards I will turn to the more general level and answer the broad question about the reaction and adaptation of social democratic and corporatist regimes to a post golden age period.

The first narrow labour market question was; *why do the labour market policies in Denmark break with the strategy of job creation in the public sector?*

First of all, it should be noted that the job-creation in the public-sector was rather successful in overcoming Baumol's cost disease and absorbing the female labour force in the last period of the golden age phase. Nevertheless, during the crisis phase the policy became intensified in an almost desperate attempt to fight unemployment. It was a part of the general Keynesian crisis policy, which by macro-economic regulation attempted to combat the regression in the fordist accumulation regime. New accumulation and state strategies was not develop, so the old labour market policy was simply intensified. The results were a tremendous growth in public outlays and debt.

In the end of the crisis phase new economic discourses of structural unemployment and competitiveness were slowly developed in an economic elite network. The Keynesian regulation mode was found useless and alternative post-fordist accumulation and state strategies were created.

During a transitional phase the Danish centre-right government succeeded in abolishing the Keynesian regulation mode and embarking on a stable economic route. Thereby a stop was also made for the Keynesian job creation in the public sector. In the political system the golden age corporatism was changed and the bourgeois government also managed to stay in office on a program of retrenchment. Nevertheless, institutional and political barriers prevented the weak bourgeois government from implementing the neo-liberal accumulation and state strategy. During the 1980s the Keynesian crisis policy was stopped, but no new strategy was fully implemented. In harmony with the passive labour market policy the social security schemes remained generous and universal.

The second narrow labour market question was; *why do the labour market policies in the Netherlands break with the strategy of labour reduction?*

Low participation rates and traditional family structures have been an integrated part of the Dutch corporatist labour market regime. During the crisis phase the Dutch intensified this policy and embarked on a labour reduction route. As in Denmark no alternative accumulation and state strategies had develop, and the rising public outlays were only part of the general Keynesian attempt to regulate the fordist accumulation regime. Also in the Netherlands this intensifying of old labour market policies led to huge public deficit and debt.

In the Netherlands the discourses of structural unemployment and competitiveness also develop in an elite network, which through different inquiries influenced the early stages in the policy process. The Keynesian regulation mode was found useless and new post-fordist accumulation and state strategies developed during a transitional phase. Furthermore, the changed status of the females laid pressure on the corporatist labour market regime. In the political system it was a new centre-right government that implemented the break with the labour reduction route. This centre-right government also loosened the golden age corporatism and managed to be re-elected on a policy program of retrenchment. As in Denmark, the Keynesian regulation mode was abolished, and the Dutch bourgeois government even succeeded in implementing a neo-liberal inspired accumulation and state strategy. In order to stop the labour reduction the social security schemes were transformed from generous and universal schemes towards residual and selective schemes. There was a shift from welfare policy towards a defensive workfare policy. In the labour market the incoming female workforce, wage-moderation and flexibility created new "neo-liberal" jobs. The result has been a segmented labour market with a protected insider group and an extremely flexible outsider group.

The third narrow labour market question was; *why do both Denmark and the Netherlands make a shift from passive towards active labour market policy?*

As already mentioned did the Danish bourgeois government not succeed in embarking on a defensive neo-liberal workfare strategy. Unemployment continued to rise during the 1980s and even the new Social Democratic-led government accepted the stable bourgeois macro-economic policy. Guided by the discourses of structural unemployment and marginalisation the Social Democratic-led majority government embarked on an offensive workfare strategy in the early 1990s. This new regulation mode attempts to make a social acceptable supply-side management by upgrading skills and integrating recipients of social transfers into the labour market. Thereby welfare and offensive workfare is living together in Denmark.

The defensive Dutch workfare strategy created a number of jobs, but the numbers of recipients in social security schemes did not decrease at all. The employment growth only

absorbed the incoming female labour force. Therefore the Social Democratic-Liberal Wim Kok government implemented a more offensive workfare policy. As in Denmark, the Social Democrats see this strategy as a social acceptable supply-side management towards the post-fordist accumulation regime. The Liberals accepted this supplement to the defensive workfare strategy. Thereby defensive and offensive workfare are living together in the Netherlands.

After answering these three narrow questions I will turn to broad question; *Why do social democratic and corporatist regimes not adapt and react in the post golden age period as described by mainstream welfare state theory?*

The conclusions will only be based on the cases of Denmark and the Netherlands, and the methodical limitations discussed on part II should be kept in mind.

I find strong evidence to the thesis that the above policy changes (level 1) can be explained by a general shift from fordist to post-fordist regulation modes. In this context Esping-Andersen predictions of the reform process in social democratic and corporatist regimes only have limited validity. The social democratic job creation in the public sector and the corporatist labour reduction were most of all desperate policy responses to the crisis in the fordist accumulation regime. As a result of the profound crisis phase in Denmark and the Netherlands, the economic limitations for intensifying the old labour market policies were reached relative early.

During a transitional phase both cases illustrate that it is possible to break with this regime logic. In the economic elite network new post-fordist accumulation and state strategies were developed, which significantly influenced the early stages in the policy process. Furthermore, the right-centre governments were able to control expenditures and be re-elected on retrenchment programs - contrary to the mainstream theoretical expectations. They also succeeded in loosening the tight golden age relation to the labour market partners, which according to Esping-Andersen's theory is one of the motive powers behind the strong regime logic.

By focusing to narrowly on political system explanations (level 2) mainstream comparative welfare research has overlooked the dynamic relationship between a new post-fordist accumulation regime and the development of the old Keynesian welfare regimes. This dynamic effect should not be perceived as a straightforward external pressure from the socio-economic system (level 3 explanation). Instead post-fordism is emerging as a result of a complex interaction or dialectic between "real" external changes and post-fordist

accumulation and state strategies created in elite networks. These post-fordist elite strategies have especially got impact by influencing the early stages of the policy process (level 1). Hence, post-fordism is also "carried" by actors. In Giddens' terminology, post-fordism could be seen as a structuration process, which generates a both enabling and constraining structure in relation to the welfare state.

Therefore I have certainly found convergence in the restructuring process in Denmark and the Netherlands. Nevertheless, mainstream comparative welfare state theory is not useless, and Jessop's hollowed out Shumpeterian workfare regime is not able to fully describe the new regulation modes and state strategies found in Denmark and the Netherlands.

The general shift from a Keynesian to a Shumpeterian macro-economic regulation can clearly be found in both the Dutch and the Danish case. This new Shumpeterian regulation mode even seems to be rather consolidated in both countries. On the other hand, the shift from welfare to workfare is less clear. The Dutch case certainly indicates a shift away from welfare, but the workfare strategy has taken different forms. It started out as a neo-liberal defensive strategy, but has in the 1990s been combined with an offensive social democratic workfare strategy. The Danish case illustrates that the social democratic regime seems to be resistant to a neo-liberal defensive workfare strategy. Instead golden age welfare has been maintained and offensive social democratic workfare has been implemented. The prediction of an institutional deregulation is also unclear in relation to Danish and the Dutch case. The offensive workfare strategy contains many neo-statist and neo-corporatist elements. This variation in ways of implementing post-fordist regulation modes can to a large extent be explained by mainstream theories about the political system in different regimes (level 2 explanations). One could perceive it as process where old hegemonic projects "select" the way new post-fordist accumulation and state strategies are implemented. This effect seems to have large impact in social democratic regimes, whereas the more profound break in corporatist regimes in relation to post-fordism creates more "room" for different strategies.

On the other hand, one could argue that it is only a matter of time before my cases transform into real hollowed out Shumpeterian workfare regimes. In objection to this statement, I have showed that the neo-static and neo-corporatist elements in Denmark and the Netherlands seem to be rather consolidated. I have even argued that the Danish golden-age-welfare/offensive-workfare strategy - both from a political and a functional point of view - could be consolidated. This illustrates that there is also room for dissimilarities and political choices in the post golden age.

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7 Appendix

I forbindelse med projektet har jeg foretaget to interview til at understøtte min generelle kvantitative og dokument orienteret analyse. I første afsnit redegør jeg for nogle metodiske overvejelser i forbindelse med interview. I de næste to afsnit ligger de udskrevne interview.

7.1 Metodiske overvejelser i forbindelse med interview

Jeg har foretaget to interview. Det første er med Jacob Torfing fra Roskilde Universitet Center. Det andet er med Wim van Oorschot fra Tilburg Universitet i Holland. I forhold til generel kvalitativ metode skal disse interview rubriceres under ekspertinterview.

Samtalen med Torfing var et telefoninterview, der blev optaget med en diktafon. Interviewet falder i kategorien løst struktureret. Jeg havde i forvejen lavet nogle spørgsmål samt en struktureret rækkefølge af disse spørgsmål. Det var dog absolut ikke et fuldt struktureret interview, da svarkategorierne var åbne og tillægsspørgsmål og diskussion var mulig. Interviewet med Oorschot blev foretaget i forbindelse med hans korte visit på Aalborg Universitet og var langt mindre struktureret. Det skyldes først og fremmest, at jeg faktisk havde fået afslag på et interview pga. et presset skema. Det lykkes dog alligevel i en pause at få en kort samtale med Oorschot. De få minutters forberedelsestid gjorde, at interviewet stort set blev ustruktureret. Yderligere blev interviewet ikke optaget på diktafon, hvilket gjorde notatskrivning nødvendig. Det gjorde absolut interview situationen sværere og i forhold til interviewet med Torfing blev resultatet knap så godt.

Ekspertinterviewet har en lidt perifer status i forhold til det almindelige kvalitative interview, hvilket giver anledning til nogle videnskabsteoretiske overvejelser. Begreberne gyldighed (validitet) og pålidelighed (reliabilitet) er centrale i forbindelse med vurdering af ens datamateriale. Generelt antages det ofte, at den kvalitative metode har høj gyldighed, dvs. man har en rimelig sikkerhed for, at man "måler" det, man gerne vil "måle". Det er også gældende for ekspertinterviewet, da man under forløbet har mulighed for præcisere spørgsmål og uddybe svar. Problemet ved det kvalitative interview har været den manglende pålidelighed, dvs. hvorvidt udsagn er generaliserbare, og hvorvidt nye undersøgelser vil give samme resultater.

Fortalerne for den kvalitative metode har traditionelt afvist denne kritik ved at henvise til et fænomenologisk / hermeneutisk videnskabsideal. I kontrast til det positivistiske paradigme

opererer fortolkningsvidenskabernes videnskabsparadigme ikke med en objektiv givet virkelighed, som pålideligheden kan "måles" i forhold til. I stedet for at forklare, forsøger fortolkningsvidenskaberne at forstå den enkeltes livsverden. Dermed afviser man positivisternes "pålidelighedskritik" ved anlægge et nyt sandhedskriterium. Dette er meget godt udtrykt i det berømte Thomas-teorem - "if men believe ideas are real, they are real in their consequences" (Kristensen 1996; Andersen 1994 p. 153-163). Sandhedsværdien af et interview skal altså ikke måles i forhold til en givet virkelighed styret af lovmæssigheder. I stedet vurderes sandhedsværdien i forhold til respondents subjektive opfattelse af situationen.

Denne snedige tilbagevisning af positivisternes kritik er dog ikke umiddelbar brugbar i forhold til ekspertinterviewet. Jeg er jo ikke interesseret i Torfing's og Oorschot's subjektive opfattelse af deres livsverden. Mine spørgsmål går derimod på forhold i en udenforstående objektiv virkelighed. Dermed bevarer jeg i interviewende et klassisk positivistisk videnskabsideal, hvilket gør "pålidelighedskritikken" relevant. Man kan løse dette problem ved at definere sine respondenter, som "virkelige" eksperter, dvs. de gengiver den objektive verden objektivt. Dermed når man frem til det klassiske argument, at pålideligheden af ekspertinterview ikke bliver større ved at interviewe flere eksperter.

Med denne argumentation går den metodiske øvelse ud på at finde de "virkelige" eksperter. Her har jeg udvalgt Torfing, da han via hans Phd-projekt netop har forsøgt at introducere reguleringsteorien i det danske videnskabelige miljø. Endvidere indgår han i et forskerteam på Roskilde Universitet, der via et komparativt perspektiv undersøger velfærdsstatens udvikling. Bob Jessop er delvis tilknyttet dette forskerteam. Udvalget af Oorschot har været langt mere tilfældig. Men også Oorschot er tilknyttet et forskerteam, der beskæftiger sig med komparativ velfærdsstatsteori. Dette er således argumenter for, at jeg har fundet nogle "virkelige" eksperter i forhold til min problemstilling. Det er med denne videnskabsteoretiske status, at jeg anvender de to interview i min analyse.

Denne form for blind "ekspertobjektivisme" kan problematiseres på forskellige. I den kritiske form kan man begynde at antaste ekspertens bagvedliggende interesser. Udfra en videnskabsteoretisk tilgangsvinkel kan man konstatere, at forskeren nødvendigvis selv er en del af det undersøgte sociale felt. Her kunne man anvende Giddens's begreb om dobbelt hermeneutik. Dette gælder ikke bare om at fortolke de foreliggende data, men også om at fortolke respondenternes fortolkning af verden, dvs. man kunne forsøge at fortolke eksperternes fortolkning af verden.

I et sådant tankeeksperiment kunne man antage, at den videnskabelige verden er præget af en kamp mellem forskellige diskurser. Med henvisning til mine teoretiske antagelser om det

politiske system i projektet (se afsnit 3.4) kunne man hævde, at også det videnskabelige system var præget af diskursive hegemoniske kampe. I henhold til Thomas Kuhn kunne man også kalde det paradigmatisk kamp. En sådan kamp bryder netop ud, når det gamle paradigme ikke længere kan forklare den faktiske udvikling. En kamp, der handler om forskerkroner og faglig prestige.

Ud fra en sådan tankegang kan man anfægte mit valg af Jacob Torfing. Meget firkantet kunne man sige, at mit teoretiske forsøg på at udfordre den klassiske velfærdsstatsforskning naturligvis bliver "verificeret" når jeg henvender mig til en forsker, der har studeret under Bob Jessop. I et sådan kritisk postmoderne syn på videnskaben kunne man (med henvisning til min metode afsnit 2.4) også kalde interviewdelen "*historien* om den postmoderne velfærdsstater".

7.2 Interview med Jacob Torfing

Fra Roskilde universitet center. Telefoninterview d. 27. april 1998

Indledning:

Jeg har delt mine spørgsmål således op, at jeg har først har nogle teoretiske spørgsmål, og så lidt uddybende spørgsmål til den danske udvikling, og til sit nogle spørgsmål vedrørende dit syn på den fremtidige udvikling.

Teoretiske spørgsmål:

Hvad er den største teoretiske forskel mellem Esping-Andersen og en reguleringsteoretisk approach?

Ja.. altså på et plan, hvad angår drivkræfterne bag velfærdsstaten, der synes jeg da, at der er nogle lighedspunkter. Ja, fordi både reguleringsteorien - også i Jessop's variant - og Esping-Andersen snakker jo i en eller anden forstand om samspillet mellem politik og institutioner. Hvordan eksisterende institutioner, de kan ligesom bryde mere eller mindre sammen ikke.. og blive problematiseret, og der kan komme kriser osv. Og så er der så politiske strategier og alliancer osv., der kan etablere et nyt sæt af institutioner osv. Så på det plan, mener jeg, at der er nogenlunde overensstemmelse. Der hvor jeg så ser den afgørende forskel er i fokuset. Hvor man kan sige, at Esping-Andersen og hele den der velfærdsregime tradition fokuser meget på velfærdsstatens form. Hvor udgangspunktet var velfærd i form af forsørgelse og velfærdsservice, der kunne leveres forskelligt. Udgangspunktet var staten, men blev senere problematiseret, ikke? Der lå også regimer, hvor man hældte mere til markedet, og senere også diskussionen om, hvorvidt civilsamfundet også bidrog - hele diskussionen om velfærdsmix'et. Men det ser jeg egentlig lidt som en diskussion af velfærdsstatens form - en diskussion om forskellige måder at levere velfærd i en mere traditionel forstand ... dvs. transfereringsydelse eller service i en traditionel forstand. Det som reguleringsteorien, Bob Jessop og vores projekt er interesseret i, det er jo egentlig nogle mere dybtgående ændringer i selve velfærdsstatens indhold... Det er ikke bare et spørgsmål om velfærd bliver henholdsvis leveret af marked, stat eller civilsamfund, men selve indholdet i velfærdsstaten ... hvad er det, der leveres, der ændres .. og som jeg lidt ser det, kan man godt sige, at den der velfærdsregime diskussion har "lullet" en masse velfærdsstatsforskere i søvn, med at rende rundt om skændes om ... om det her land nu skal rubriceres på den ene, anden eller fjerde måde. Hvor man havde gået ud fra, at velfærdsstaten stadig havde som sin primære opgave at

levere "welfare provisions", og så måske også i tilgift til at regulere økonomien ud fra sådan en keynesiansk tankegang. Og der er vores påstand så, at den diskussion må vi altså sætte lidt parentes om i øjeblikket, for det vi kan se er en anden udvikling i selve indholdet af, hvad der leveres.

Kan man ikke sige, at reguleringsteorien på en eller anden måde mangler en klassesdimension. Når man tænker på, at Baldwin og Esping-Andersen kunne forklare velfærdsstatens opståen via klasser og klasseinteresser. Det er som om, at den omstruktureringprocess man beskriver i øjeblikket mangler en klassesdimension. Reguleringsteorien giver jo ikke nået bud på, hvilke klasser, der er interesseret i at lave ny regulering ?

Øhh.. nej. Men der kan man sige, at både Jessop's og min egen elaborering i form af diskursanalysen osv. forsøger jo at omgås det ved at sige, at politik og politiske strategier er noget, der bæres af politiske aktører, men de aktører er selv nogle der så at sige konstrueres i processen - ikke? Hvor Esping-Andersen, og den der tradition om klassemobiliseringstenen, ligesom er gået ud fra, at der var en arbejderklasse, der havde en objektiv interesse i velfærdsstaten, dvs. man har udladet hele forklaringen på konstitutionen af arbejderklassen, som en klasse med bestemte interesser. Det er det ene. Og det andet er, at Esping-Andersen osv. derudover ofte skyder sig selv i foden - og det de jo også blevet kritiseret for af bl.a. Baldwin, ikke? For, at det simpelthen ikke holder, den der koalition mellem stærke arbejderklassepartier og bestemte former for velfærdsstat holder jo ikke historisk - både med Holland, Danmark og flere lande.

Du skriver jo også, at diskursanalysen sikrer mod funktionalisme, men er der ikke en tendens til, at man lidt simpelt godtager den ændringer der sker i akkumulationsregimet?

Jo.. det er så lidt min anke i forhold til Jessop, at .. - jeg er med på, at han selv er varsom for de problemer osv. - men hvis man skal læse ham lidt firkantet - især nogle af de tidlige skrifter om det her, ikke, der ligger det snublende nært at sige, at der er både økonomisme og funktionalisme. Men det jeg så argumentere er, at diskursanalysen vil jo så gå ind og se på, hvad det er for nogle begivenheder i form globalisering, ny teknologi osv, som dislokerer eller underminerer hele det nexus, forbindelse eller kompleks af fordisme og den keynesianske velfærdsstat. Og den dislokation eller sammenbrud der så sker pga. disse begivenheder - det åbner så op for et politiske terræn for kamp, hegemoniske kampe osv. Om, hvad er det så for en indretning eller akkumulationsstrategi, hvad er det for en statsstrategi, der nu skal kobles sammen.

Men du godtager så stadig at europæisering og globalisering er sådan en eksogent givet ting, som foregår. Kunne man ikke spørge, hvem har interesse i det akkumulations regime. Der er måske nærmere udtryk for en akkumulationsstrategi?

Jo.. jeg vil sige, at ny teknologi, globalisering osv. det er i forhold til fordismen og den keynesianske velfærdsstat, er det begivenheder. I den forstand, at fordismen og keynesiansk velfærdsstat antager sådan en strukturkarakter på et tidspunkt, ikke? Efterhånden som den sådan ligesom er blevet frosset fast ... og i forhold til den struktur er det her i sandhed begivenheder - noget der ligger udenfor strukturen. Men de begivenheder er selvfølgelig også produceret af noget, ikke? Og de er både intentionelle og non-intentionelle. Men set med fordismen og den keynesianske velfærdsstat øjne, er det her begivenheder, for det er ligesom nogle ting, der sker. Men pointen er jo så, at de her hegemoniske kampe .. der ligesom forsøger at skabe en ny orden efter den gamle "post-war-settlement" er brudt sammen.... at de hegemoniske kampe også forsøger ... ja de konstruerer også ... policy-problemer, policy-løsningerne og sammenhængen mellem disse. Det er alt sammen noget, der konstrueres i og igennem disse her diskurser, strukturel konkurrenceevne og strukturel arbejdsløshed osv. Det er så mit forsøg på at sige, at diskursanalysen kan komme ind og tilbyde politik, hegemoni osv. Som et forsøg på at undgå både økonomisme og funktionalisme.

Omstruktureringen i Danmark

Jeg vil nu gå over til processen i Danmark. I phd-projektet fokuser du meget på Shlüter perioden, mens din nye artikel fokuserer på Nyrup-perioden. Hvis du skal karakterisere de to politiske perioder - Shlüter / Nyrup - i forhold til en reguleringsteoretisk approach, er der så tale om brud eller kontinuitet?

Altså jeg mener, at der med den her nye workfare linien, er et brud i og med arbejdsmarkedsreformen. Men jeg er da med på, at man kan spørge sig selv om ikke Shlüter regeringen - hvis ikke den var blevet sat ud af tamil-sagen osv - ikke ville have gennemført noget af det samme. Det er jeg da villig til at tror, men de gjorde det ikke, kan man sige. Og I den forstand er der i hvertfald på policy-planen et skifte. Hvor op til arbejdsmarkedsreformen er det stadigvæk opretholdes af forsørgelse, som er det primære, hvor det efter arbejdsmarkedsreformen ligesom bliver sagt, at nu er det ligesom aktivering, der er i højsædet. Det ser jeg egentlig som det største skifte.

Hvis vi tager Jessop's begreb om en transformationsfase. Kan man så lidt firkantet sige, at Schlüter var den, der afskaffede den fordristiske regulering, mens Nyrup var den der iværksætter en post-fordristisk regulering?

Nej... Det er lidt svært, for hvis du nu ser på det samlede skifte fra den keynesianske velfærdsstat til det shumpeterianske workfare regime, så var der jo nogle af de der nybrud på det industripolitiske og på det økonomiske politiske område, de fandt jo sted allerede under Schlüter. Midt i firserne, hvor man har hele den her oprustning af industripolitikken, som så blev kvalt af Venstre. .. så allerede under Schlüter sker de først ny-orinteringer i retningen af skifte fra keynesianisme til shumpeterianisme. Shumpeterianismen overlever så, men i en lidt anderledes form end den startede. Den startede som de der store teknologi-programmer og "pick the winner" osv., men ender jo så med at lægge meget vægt på at skabe netværk og udviklingskontrakter mellem det private og offentlige... altså sådan nogle mere skjulte former for industripolitik. Men så sandelig ligeså virksomme. Men stadigvæk styret af et nyt paradigme. Men bruddet på social politikken kommer jo så først rigtigt under Nyrup-regeringen. Der var nogle tilløb til det tidligere, men der jo så nogle politiske forhold der så gjorde, at det brud i hvert tilfælde ikke kunne komme under Schlüter-regeringen.

Hvorfor kommer dette skifte i det du kalder macro-struktur mixet markant tidligere end skiftet i welfare-workfare mixet.

Ja... på en eller anden måde var skiftet fra keynesianisme til shumpeterianisme ikke helt så kontroversielt. Og der kan man sige, at der var der jo på sin vis en alliance mellem Konservativ og Socialdemokratiet, og så var det så Venstre, der fik slået bremserne i - med den der industripolitik.... Og der skønner jeg nok, at på det social politiske område var der meget større bindinger på den borgerlige regering. Også fordi, at de havde jo nok ønsket, hvis de skulle lave sådan en reform, samtidig at skære i dagpengene - og det havde været helt uspiseligt for socialdemokratiet. Så jeg mener, at det der havde været muligt under Schlüter, havde været en noget mere defensiv workfare strategi, men det tillod de politiske styrkeforhold ikke på det tidspunkt. Og der kan man så sige, at Socialdemokratiet gennemfører - en for arbejderbevægelsen - mere spiselig form for aktiveringsreform, som jo netop har den primære egenskabe, at den er forenelig med opretholdelse af meget af forsørgelsespolitikken, om end fokuset skifter.

Kan man ikke sige, at arbejdsmarkedsreformen fra 1993 nærmest er en idealtypisk case for en post-fordristisk policy program?

Jo.. i Danmark. Det er det jeg argumenterer for. Men det interessante er jo så, at workfare kan se ud forskelligt - på forskellig måde. Det er jo ikke givet, at der kun findes den form for workfare, der findes i USA og England.

Den her "hollowing out", som Jessop beskriver, kommer den til udtryk i regionalisering af arbejdsmarkedspolitikken?

Altså det er jo det skifte vi prøver at indfange med skiftet fra "state" til "regime" ikke? Hvor man kan sige, at politikken i højere grad implementeres i netværk i stedet for gennem staten. Men det skal man holde lidt udenfor det med "the hollowing out of the nation state", som mere går på nationalstaten. Og der er det vel sådan .. er det min tese, at den der "hollowing out of the nation state" ikke er så tydelig på det arbejdsmarkedspolitiske område, som på mange andre områder. Altså, der er ikke så meget der reguleres af EU, og der er ikke så meget der forskydes ud af i sådan nogle "cross-border network". Altså den decentralisering har mere karakter af en netværksstyring end egentlig decentralisering. Det er også noget med den måde, de der regionale arbejdsmarkedsråd fungerer på. Man kan måske nok tolke det lidt forskelligt, men min tolkning peger i virkeligheden imod, at det stadigvæk er et statsligt system, der har åbnet sig i en netværksretning, snarere en ren korporativ løsning. Der er jo utrolig meget statsstyring stadigvæk i systemet.

Mener du, at socialpolitikken er blevet underlagt sådan en produktions tankegang, som Jessop mener - eller er aktivering snarere en udvidelse af Marshall's medborgerskab. Det fjerde medborgerskab kunne være retten til arbejde?

Nej... men der er jo også vægt på pligtsiden. I forhold til Marshall vil jeg sige, at på sin vis er det måske i udgangspunktet lidt tale om en neglitation. Fordi Marshall's medborgerskab kan jo på en eller anden måde omsættes til de-commodification. Og her er jo egentlig tale om en form for re-commodification, uden at det går decideret udover forsørgelsesdelen af velfærdsstaten. Der jo tale om, at lykken er ikke bare, at folk kan leve uafhængigt af markedet. Lykken er at komme tilbage på markedet. Så på den måde mener jeg, at der er lidt af et brud med ideen om det sociale medborgerskab. Men på den anden side kan man jo så også argumentere for, at ved at fokusere på pligter, så er man jo i virkeligheden med til at styrke et socialt medborgerskab, i en meget udvidet forstand. Et eller andet sted er det jo et problem at definere socialt medborgerskab udelukkende gennem rettigheder. Det er jo det liberal medborgerskab, der altid har fokuseret meget på rettigheder. Spørgsmålet er om en forøgelse af den republikanske pligt side ikke også vil styrke det sociale medborgerskab. Så jeg synes ikke, at det er lige let at sige, hvordan det forholder sig til Marshall.

Aktivering hænger sammen med skift i markesfæren. Vil det kapitallogisk ikke være bedre at bruge penge på højproduktiv arbejdskraft - altså bruge pengene på at videreuddanne de produktive?

Jo... men det er også der, jeg siger, at politik og hegemoniske kampe kommer ind. Fordi det viser sig, at reformerne styres ikke bare af sådan nogle objektive begivenheder som globalisering og ny teknologi og post-fordisme. Så det er ikke udelukkende sådanne objektive pres, der ligesom dikterer, at nu gør vi det på en ny måde. Det interessante er jo, at de der problemer konstrueres jo diskursivt på forskel måde, og i de diskurser kan der lægges vægt på forskellige hensyn f.eks. argumenterer jeg for, at i Danmark har der været mere vind i sejlene til snakken om marginalisering og udstødning end strukturel konkurrenceevne og sådan nogle ting. Og det er der, hvor jeg mener, at når vi får den form for workfare vi får, så er det udtryk for nogle politiske kampe, som foregår på det her diskursive niveau, hvor problemer tolkes og konstrueres på en bestemt måde og løsninger så kommer til at stemme overens med de konstruktioner.

Man kan kalde den danske strategi offensiv. Men kan man ikke på sin vis sige, at orlovsordninger, overgangsydelse og antallet af førtidspensioner nærmere minder om et en defensiv kontinental europæisk "labour reduction route"?

Jo.. det er mere sådan en keynesiansk forsørgelse tankegang - det er det helt sikkert.

Men den har så også spillet ind i arbejdsmarkesreformen?

Jo.. men det interessante er jo så også, at meget af det der diskuteres i dag med skåne-jobs netop går på, at man skal undgå, at folk bliver førtidspensioneret - altså finde på alt muligt for at undgå, at folk bare bliver langtidsparkeret på offentlige ydelser. Det vidner jo om, at den nye produktivistiske integrationsdiskurs har vind i sejlene.

Du roser det danske - "welfare-workfare mix". Men er der ikke tale et meget elitistisk projekt. Goul Andersen har vist, at der er ingen større folkelig basis for denne workfare trend?

.... Sådan som jeg lidt ser det, så har den her nye aktiveringslinien gjort det muligt at fortage overgangen fra welfare til workfare uden af kompromittere den velfærdsstat, som der er folkelig støtte til. Sådan ser det ud. Jeg vil vende det om. Jeg mener, at det er pga. af den store folkelige tilslutning til velfærdsstatens forsørgelsessystem, at det har været naturligt at lægge vægt på en offensiv strategi, som er forenelig med opretholdelse af meget af den gamle welfare. Jessop - og mig selv - snakker også om, at workfare kan have to effekter på welfare

- enten en "conservation" eller en "disolution" effekt. I Danmark er det i høj grad en "conservation" effekt dvs. workfare kommer til at sameksistere med welfare, hvorimod hvis du tager i USA har workfare fuldstændig fortrængt welfare. Og der kan man så sige, at den offensive workfare strategi har mere en konserverende effekt end en opløsende effekt.

Dit paper beskriver ikke den europæiske dimension. Hvilken rolle har den europæiske integrationsprocess spillet i dansk omstrukturering?

... i en tidligere version af artiklen havde jeg noget med om det til sidst. Min ene pointe er, at fordi europæisering spille så relativ en lille rolle, så er arbejdsmarkespolitikken i øjeblikket et af de områder man kan regulere nationalt uden de store problemer. Og det kan give noget af forklaringen på, hvorfor arbejdsmarkedspolitik er gået fra at være low-politics til high-politics. Men det andet er så, at det er helt klart, at EU og OECD har spillet en rolle. Men det har i højgrad været sådan på kampagne-planen. Hvor man kan se i Hvidbogen og nogle af de andre ... altså Job Studies osv. .. der anbefales noget i retning af en dansk aktiveringspolitik. Men sådan som de også selv opfatter det i arbejdsministeriet, så går påvirkningen i ligeså høj grad også den modsatte vej. At det er Danmark, der påvirker EU til at mene det her.

Kunne noget ikke tyde på, at den keynesianske macro-økonomiske politik kunne få en renæssance i europæisk dimension?

... jo det har der været snakket meget om, men indtil nu er det jo blevet ved snakken. Der har jo været Delors osv. osv. Det har været en "strategy opportunity" i mange år, men det har jo ikke været realiseret, det virker jo som om, at EU landene ikke kan blive enige om det. Det bliver nok svært overfor tyskerne, at man indenfor EU skal føre en ekspansiv linien, så jeg tror, at man anser det som et blå-lys - eller som noget, der ikke kan realiseres.

Fremtiden?

Nu vil jeg gå lidt mere over til fremtiden. Jessop har denne her distinktion mellem en transformationsfase og en fase, hvor regimet er konsolideret. Mener du, at der tegner sig et stabilt system eller er Danmark stadig i transformationsfase?

... jeg tror da, at man vil gå længere end man er i øjeblikket. Det er jo også planerne, at man vil skære dagpenge perioden yderligere ned osv., man vil måske også supplere med nogle skattereformer, som hindre incitamentsproblemer. På den måde vil man nok gå videre. Men jeg tror, at det er stabilt på den måde, at jeg efterhånden mener, at vi nu har et sporskifte i velfærdsstaten. Hvor jeg har lidt på fornemmelsen, at vi allerede er "beyond".... I den

forstand, at alle problemer osv. nu behandles udfra en grundlæggende accept af det nye aktiveringsparadigme. Jeg tror Karen Jespersen sagde fornyelig, at det interessante er, at man taler om "hvorvidt alle kan aktiveres og ikke om, hvorvidt man overhovedet skal aktivere", det har folk allerede accepteret. Så i virkeligheden er der allerede nu en ny sporafhængighed - eller "path-dependency" - og det interessante er at skifte fra den gamle "path-dependency" - altså det gamle forsørgelsesparadigma - til det er nye aktiveringsparadigma, det skete jo over en forholdsvis kort årrække - altså i midten af halvfemserne. Uden de store politiske sværslag. Ikke desto mindre tror jeg ikke, at der er nogle muligheder for at vende tilbage nu. Men jeg vil da sige, at der kan godt komme en åben kamp om i hvilken retning man skal gå ... altså balancen mellem det offensive og det defensive mener jeg ikke er stabil. Omvendt kunne jeg heller ikke forstille mig en borgerlig regering ville sadle fuldstændig om og nedtone uddannelse, og alt det der, og bare ligge vægt på dagpengereduktion - det tror jeg ikke.

Man kan ikke sige, at skiftet i det du kalder macro-struktur mix'et er mindre markant. Det virker som om, at vi har aflivet den traditionelle keynesianske økonomiske politik, men en ny post-fordistisk strukturpolitik er ikke blevet implementeret?

.... Der skal du prøve at læse en artikel af Ove Kaj Pedersen m. fl. Her snakker de om - ligesom jeg var inde på tidligere - at det er lidt et spørgsmål om stilen i den der strukturelle politik. Hvor den er meget synlig når man vedtager de der store teknologiske udviklingsprogrammer osv., men mit indtryk er jo nok, at der foregår utrolig meget af den slags idag, men det foregår på nogle mindre synlige måder f.eks. gennem offentlige udviklingskontrakter, hvor man f.eks. i forbindelse med Storebæltsbroen, så udbyder så noget innovationsarbejde til danske virksomheder. Så det er ikke så synligt, men meget effektivt. Man kan også se det på administrative ændringer. Der skete jo det, at industriministeriet blev spist af erhvervsministeriet. Og det nye erhvervsministerie har jo fået sådan en projekt kultur og de søger at afvikle mange af de gamle subsidieordninger til fordel for alle mulige netværksstrategier, hvor man samler en type virksomheder og så investerer i informationsudvikling - så giver man dem måske nogle udviklingskontrakter osv. i den branche - som de så kan slå om. Det er en mere subtil form, men stadig meget aktiv form for Shumpeteriansk industripolitik.

Er den nye accumulations- og statsstrategi blevet et nyt "one-nation-projekt" fuldt af en hegemonisk discourse?

.... Der jo stadigvæk forholdsvis stor konsensus også om den nye linie på trods af de der diskussioner om, hvorvidt alle kan aktiveres osv. Men intentionerne er jo at gøre det til et one-

nation-project. At man sige, at man vil blive ved at målrette indsatsen mod alle grupper, så alle på en eller anden måde kan komme med i aktiv linien, selv de allermost hårdt belastede, som der er problemer med. Så ambitionen er da helt klart at lave et nyt one-nation-project.

Den deregulering man frygtede i forbindelse med den europæiske integration og økonomisk globalisering - specielt for de skandinaviske lande - er det et overstået kapitel?

.... Tjaa... man ser jo det her workfare regime blive iværksat på ret forskellige måder i forskellige lande. Under Thatcher/Major lavede man også workfare, men det var ikke bare defensivt - det var også neo-liberalt, f.eks. har de store problemer med nogle arbejdsmarkedsuddannelser på linie med vores AMU. Der satte de arbejdsgiverne til at styre i fuldstændige decentrale netværk - det gik helt a hækken-felt til. Der var stor nedgang i antallet af arbejdere, der brugte disse uddannelser. Det var faktisk et stort tilbageslag. Men det kan så måske pege på, at ny-liberal strategier i virkeligheden ikke er optimale. Men i USA, New-zeland osv., der ser man jo workfare strategier koblet med deregulering. Det jeg så mener der er helt hovedrystende, det er så når danske forskere som f.eks. Ivan Hornemand Møller farer meget firkantet ud - meget tidligt i debatten - og siger, at aktivering i Danmark er bare sådan et ny-liberalt påfund, som skal til for at spare penge på velfærdstaten og sådan noget. Det mener jeg er skudt langt ved siden af virkeligheden.

Man ikke sige, at det danske projekt bliver anfægtet af Nina Smiths og Rockwoll fondens "kan det betale sig at arbejde diskurs"?

.... Ja nu har jeg ikke læst den endelige rapport - det ved Jørgen Goul sikkert mere om, men noget af det jeg fik refereret i Samfundsøkonomen, der kunne resultatet jo tolkes fra forskellige sider. Den tolkning var jo også åben, at man gik på arbejde, selvom de ikke fik det store ud af det - alt incitamentsstrukturerne ikke spiller den store rolle. Det er den modsatte tolkning. Det har Nina Smith jo selv været ude med tidligere i rapporten om enlige mødre. Der er jo endelig det problem, at selv om løn og skat betyder noget, så bliver der jo nødvendigvis ikke flere jobs af større forskel.

Her til sidst. Kan man sige at den skandinaviske model foran en renæssance i den internationale debat efter en lang årrække med kritik?

.... Det tror jeg. Min artiklen er jo også skrevet til en anglo-amerikansk publikum. Tricket er lidt at sige, hør her vi laver også workfare i Danmark, men vi gør det på en helt helt anden måde, som I kunne lære noget af. Og der er debatten allerede. Man kan simpelthen ikke

komme i USA og sige, at nu skal vi have noget mere welfare reform, man kan ikke snakke om welfare mere - det er helt dødt. Men der er en mulighed for at progressive i USA kunne sige; ok, fint nok med workfare, men lad os lave en anden form for workfare. Jeg kan da fortælle dig, at jeg er blevet ringet om canadiske journalister osv. Der er stort internationalt bevågenhed omkring de danske resultater.

Hvis vi til sidst skal brede emnet endnu mere. Kan man ikke sige, at det specielt er den kontinental europæiske velfærdsstat, der står overfor de største tilpasningsproblemer?

I Holland mener jeg, at der allerede er sket meget i den her retning. Tyskland er nok et af de steder, der skal ske mest. Uden at være ekspert i Tyskland har jeg haft indtryk af, at Tyskland meget langt hen af vejen ikke rigtig har lavet nogle reformer - og har satset meget på sådan en førtidspensioneringsstrategi. Der kan man så sige, at for dem er der så et stort spring. I nogle länder sker der noget, men så er der jo bla. den begrænsning på det, at A-kasser i Tyskland er fuldstændig private, der er i hvert fald ikke det samme pres. Argumentet i Danmark har jo også været, at offentlige midler kunne bruges bedre aktivt end passivt. Det argument tæller jo ikke rigtig i Tyskland. Der har man jo simpelthen selv sparet op til sin understøttelse, der er det ikke et spørgsmål om at bruge de offentlige midler på den ene eller anden måde - det er sine egne midler dvs. der er måske nogle institutionelle betingelser, der gør, at man ikke har helt det samme pres i Tyskland for aktiv arbejdsmarkedspolitik.

Ja, for den danske diskussion har jo været præget af tesen, at de skandinaviske velfærdsstater kommer under pres pga. integrationsprocessen. Kunne man ikke omvendt hævde, at de skandinaviske velfærdsstater faktisk er meget godt rustet, mens det er de kontinental europæiske velfærdsstater, der står overfor tilpasningsproblemer?

Jo... og nu kan man jo også se, at Blair regeringen har tænkt sig at sadle meget om i workfare politikken, og laver noget, der stort set ligner den danske model. Så på den måde, mener jeg, er der da, meget fremtid i det der sker i Danmark. De økonomiske resultater vidner jo også om en rimelig succes.

Helt til slut. Hvor Holland i Tyskland bliver brugt som et modelland, kan man så sige, at Sverige står overfor den samme slags udvikling, som i Danmark?

... jamen Sverige har allerede lavet meget af det samme, som man har lavet i Danmark. Men diskussionen er jo om man altid har haft workfare i Sverige. Det mener jeg nu altså ikke, man har. Man har nok haft aktiv arbejdsmarkedspolitik, men det har været underordnet et keynesiansk paradigme, og et supplement til den macro-økonomiske politik. Men der sker så

også en ny-orientering af social- og arbejdsmarkedspolitikken de seneste par år i Sverige. Hvor man i højere grad lægger vægt på konkurrenceaspektet og globalisering, og sådan.

Man tak for interview.

7.3 Interview with Wim van Oorschot

From Tilburg University. Interview at Aalborg University 20 April 1998

In your introduction you explained the job growth by the good competitiveness created by low wage demands. But many of the part-time and flex-jobs are created in the domestic service sector, which is not depended on international competitiveness?

Basically there are two ways of creating jobs; through international competitiveness and though the so-called American route - which you are referring to. In the Netherlands it is a mixture. The part-time and flex jobs are not only limited to the domestic service sector. These jobs have actually become common in a lot of different branches - it is not only burger bars.

How are the social security conditions for these part-time workers?

Actually only a few of these workers are entitled to the workers insurance schemes. Therefore in many occasions the employers prefer them. It is a group of workers without to most trouble.

How many of these workers are members of a labour union?

Almost no one. The union participation rate is very low.

Could you talk about a class of working poor?

No, the term does not fit very well. As already mentioned it is not only Mac Donald jobs. It is very important that the minimum wage legislation secure a certain wage. The ones, who are not earning so much as a minimum wage are entitled to supplementary social assistance. Furthermore, the part-time jobs are normally taken by women living with a full time working husband. Thus, the part-time job is only a supplementary income. It is not the basis for living. Therefore most workers cannot be called working poor. Actually most of the women prefer a part-time job.

What was the background for the activation policy in the Netherlands?

As mentioned in my introduction it was the crisis of the old systems, which created the background for the activation policy. Before we only paid an amount of money - and the problem was solved. Now, the systems by all means try to re-integrate the recipients into the labour force. The slogan of the new government has been "work, work, work". The idea is that the social problems will disappear if all are working. It can be asked, whether activation is made for the sake of the clients or for the sake of the system.

Was it a case of policy borrowing from other countries e.g. Sweden?

Yes, I would say so. The politicians were looking for new possibilities. To prevent, instead of only solving the problems. However, the activation policy creates a tremendous pressure on the administration. They are not prepared to meet the new demands. They know how to paid a check - not to make activation. It is an almost impossible task. In practice one can see a so-called creaming-effect in the administration. This is also an argument for the plans of a new centralised social administration - instead of the very chaotic situation at the moment.

How is the attitude towards job-sharing?

Investigations show that the public is much more pleased with income distributions compared to direct sharing of jobs.

How would you describe the general restructuring of the social security system?

It is quit obvious that we are heading towards a more selective welfare state, and thereby risking to create a bigger distance between the recipients and the contributors. The conclusion from the Dutch case could be that is possible to transform a universal welfare state into a selective welfare state.

What was the general political background for the restructuring of the welfare state.

The agreement from 1982 between unions, employers and the state are normally seen as a starting point. The unions promised low wages demands, the state promised low taxes and the employers promised to reinvest in the Netherlands. This was an important consensus. The Germans are often looking jealousy at the Netherlands. They want to know how this restructuring process could be implemented. Often we refer to them the tradition of consensus politics. The pillarisation of the society was the basis. The elite from each pillar learning to

co-operate in order to keep the society together. This tradition can not be found in Germany, where the labour unions are in a fighting position.

How big is the influence of the social partners in this restructuring process?

Their role has been very strong, and they have legitimated what has happened. It is important that the consensus policy has been highly institutionalised. There are corporatist boards for economic policy, labour market policy and social policy. In the Netherlands legislation cannot be made without asking these boards, where the social partners are represented. And if the politicians do not follow the given advises the policy will be impossible to implement.

So there has been very little opposition to the changing welfare state?

In general there has been a consensus in the political system. Also the population have reacted rather quietly. The general opinion seems to be that it was necessary. When I have asked the public in my research - this is the statement. Inquiries of the abuse of the social security schemes have help to spread this opinion, and thereby legitimise the steps taken.

So the restructuring process was not caused by a shift in the general public opinion?

Unfortunately, my research can not explain changes in attitudes over time. Nevertheless, it is my impression that the policy-makers have tried to manipulate with the public opinion. TV-sessions showed, how the disability and sickness schemes were abused. In some policy fields there are a clear discrepancy between public opinion and the pursued policy e.g. the policy towards widows and single mothers.

Thank you very much for the interview.