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## The European Employment Strategy – local and regional impact in Denmark

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## 1. Introduction

A few years after the initiation of the European Employment Strategy (EES) the Commission started to call for a greater involvement of the local and regional level in achieving the goals of the strategy: employability, entrepreneurship, adaptability to new forms of work organisation and equal opportunities. The background for this is the importance the local and regional level has for implementing decisions from the strategy taken at higher level as well as the for initiating the creation of jobs (EU Commission 2000; 2001).

In Denmark, the local and regional level plays an important role in the employment policy and has done so for a decade or more. It will be argued in this paper that the local and regional, as well as the national, employment policy to a large extent is in line with the intentions and aims of EES, even though some cases of non-compliance can be found. However, the influence of the EES on the Danish policy at national level as well as on regional and local is very limited, both in relation to the form of the policy and the content of it. This is partly because the widespread consensus among the Danish actors makes the policy more or less resistant to external pressures, but most importantly because the main features of the employment policies in Denmark predate EES.

After this introduction follows a short analysis of the influence of EES on the national level policies in Denmark, because this is important to understand the influence at the regional and local level. The third section describes the local and regional employment policy in Denmark with special regards to the institutional set-up, the approaches and target groups, and local and regional variations. The fourth section discusses to what extent the local and regional policies are in line with EES, to what extent the policies have been influenced by EES and how the (lack of) this influence can be explained. The final section contains the conclusions of the paper.

The paper will mostly focus on the part of the employment policy that the local and regional labour market authorities (public employment service and the municipalities) have the main responsibility for – that is, the active social and labour market policies. This choice implies that other aspects of the employment policy – for instance those under the control of social partners or the vocational schools and training centres – will be analysed in less depth.

There are no commonly agreed definition of what is local and what is regional. In Danish employment policy, ‘regions’ most often refer to 13 areas with borders identical to the counties, whereas the ‘local’ refers to the 271 municipalities. The words will be used in these meanings here, knowing that the Danish regions are much smaller and have much less competencies than those found in other EU countries, for instance Spain and Germany. The focus will mostly be on the period up to 2002 - that is the first five years of the EES.

## 2. Who is influencing whom? Danish NAPs and the EES

Active labour market policy on a large scale was developed relatively late in Denmark compared to other Scandinavian countries, such as Norway and Sweden (Hvinden et al. 2001). Since the 1970s, active policies have gradually been developed, but it was only in the early and mid-1990s that a comprehensive and compulsory activation policy was established. Even though influences from international discourses, international organisations and other countries' active policies cannot be denied (Lindsay & Mailand, forthcoming), the Danish policy was fully developed before the Luxembourg-process was initiated. Therefore, the EES has had little influence on the *initiation* of activation policies in Denmark.

The influence has rather been the other way around. The Danish Social Democratic government that came into power in 1992, and individual Danish social democrats have played a role in what has been called 'transnational coalitions' (Johansson 1999) or the 'advocacy coalition' (van Riel & van der Meer 2002) for EES, even though the influence of Swedish governments and Swedish ALMP properly has been stronger than the Danish equivalents. After the EES was formulated the Danish active policy has also been used as a role model by the Commission (Langhoff-Ross 2001; Larson 1999).

Denying EES a role in the initiation of the active policies in Denmark does not exclude the possibility that EES might have influenced the *adjustments* of the policies that had been taking place since 1997 through the repeated processes of NAP-formulations and feedback from the Commission. However, also when analysed in this way, the influence of EES on Danish active policy seems to be limited, even though the official Danish evaluation emphasises that targets and deadlines of the EES have attracted attention to special issues and to the EES as such (The Danish National Institute of Social Research 2002).

The limited influence can be seen in the NAP-process itself. The process has not had a high priority among any of the actors participating and the top-level civil servants are not involved to any notable extent. Moreover, the NAPs are seen as the plan of the government, not the plan of the 'nation' or society as such. The main responsibility of drawing up the NAPs is shared by the International Department of the Ministry of Labour (in late 2001 re-named Ministry of Employment) and Ministry of Economic Affairs, even though also other ministries are involved. The social partners are consulted and formulate joint statements, but also in these organisations the task has not high priority. The low priority is also illustrated by the fact that neither the National Labour Market Authorities, nor the tripartite National Labour Market Board (since September 2003 the multipartite National Employment Board) has any role in relation to the NAPs (Jacobsson & Schmid 2001). The role of the Parliament is even more limited. The Parliament's Labour Market committee and European Committee are consulted only shortly before the NAP is sent to Brussels (Langhoff-Ross 2001). The whole process tends not to be a source of conflicts between the partners or a source of media attention.

The low priority, lack of media attention and lack of conflicts around the NAPs should be seen in the light of the fact that the Danish NAPs are mostly listings of existing initiatives taken within specific policy areas, such as active social policy, labour market policy, educational policy, health and safety, pensions, etc. Prior to the drawing up of the NAPs, most initiatives have already been through processes of consultation with social partners (and sometimes also other actors) and have been dealt with by the government, parliament and civil servants. Therefore, controversial issues have already been dealt with when the NAP-process begins.

Since 1998, the Danish NAPs have mostly been in line with EES. The Danish spending on employment policies is among the highest in EU and the Danish NAPs are among the most ambitious with the highest level of 'target setting, input precision and implementation' (Madsen & Munch-Madsen 2001, p265). A number of the guidelines – such as the guideline that 20 percent of the insured unemployed should be in activation – was already fulfilled before 1998. As a result, the feedback from the EU Commission in the yearly Joint Employment Reports have every year only contained few recommendations to the Danish NAPs.

However, the Danish NAPs contain a number of interesting examples of non-compliance. In relation to the employability pillar there is a fundamental discrepancy between the Danish strategy that has concentrated on activating the *long-term unemployed* and the EES that has prioritised actions to *prevent the movement of unemployed into long term unemployment* via the guidelines demanding activation after 6 or 12 months unemployment. Denmark has not fulfilled this guideline even Denmark were among the strongest advocates to include these guidelines in EES. On this point, Denmark has not received official recommendations, but a so-called 'second order suggestion' to prioritise more the prevention than the treatment of long-term unemployed and to fulfil the demand for activation after 6 and 12 month (Langhoff-Ross 2001).

The official recommendations to Danish NAPs are not found under the employability pillar but under the entrepreneurship and equal opportunity pillars. In several years, Denmark have been asked to reduce the comparatively high level of taxation on labour, especially for low-income groups, and to develop a strategy to implement EUs mainstreaming strategy and to counteract the high level of gender segregation in the labour market. Interestingly, these recommendations have in general been ignored and have not been addressed in the NAPs. Only in 2002 the recommendation on gender segregation/mainstreaming was removed from the recommendations, whereas the recommendation on tax-reduction is still there. A new recommendation on continuing actions to increase the labour supply and take actions to integrate immigrants in the labour market have been added in 2002 (EU-Commission 1999, 2000b, 2001b, 2002).

The lack of legally based sanctions in EES gives the member states the *opportunity* to ignore the EU Commissions recommendations, but does not explain why the recommendations are actually ignored. In the Danish case, the phenomenon might have something to do with the high level of consensus

among the social partners – who produce joint statements to the NAPs – and the government, combined with the perception that Denmark in general is ahead of EES and the other European countries regarding employment policy (Langhoff-Ross 2001). The high level of consensus means that no actors will use the policy recommendations in the domestic debate, as has been the case for instance in Sweden in relation to tax policy and equal opportunity (Jacobsson & Schmid 2001). The perception among the core actors in the Danish labour market that the Danish employment policy is ahead of the rest of Europe's (a perception supported by the EU's celebration of Denmark as a best practice case (for instance Larsson 1999)) has been instrumental in sustaining this consensus.

Another example of non-compliance is found on a more general level and has not been addressed in the Joint Employment Reports. This is the lack of policy co-ordination between the different policy areas. Whereas the co-ordination *within* the different policy areas could be described as extensive, the inter-ministerial co-ordination could not. The NAP-processes are close to be the only formal form of inter-ministerial co-ordination that is taken place between the policy areas related to employment issues. Some would argue that the Ministry of Finance during the 1990s developed such a co-ordinating function vis-à-vis the other ministries, but this has been a form of co-ordination with a narrow focus on costs and economic incentives and without long-term strategies. The Economic Council - set-up in 1963 - is not suited for this co-ordination role and some observers has called for a new council covering labour market, industrial and educational policy (Jørgensen et al. 1999).

### 3. Local and regional employment policies in Denmark

#### 3.1 Institutional set-up and the actors involved

In Denmark, employment policy has for some years been divided in a '*social policy*' and '*labour market policy*' system. The insured unemployed have been the responsibility of the Ministry of Labour and as such subject to (active) labour market policy, whereas the uninsured unemployed have been the responsibility of the Ministry of Social Affairs and subject to (active) social policy. Even though activation of both groups since late 2001 has been the responsibility of the Ministry of Employment (as the Ministry of Labour has been renamed) there are still two partly separate sub-systems in relation to the two groups.

The two sub-systems show a number of different features in the institutional set-up. The extent and form of *partnerships*, for instance, differs. In relation to active labour market policy, partnerships are well institutionalised and were developed even further during the 1990s. Employers' organisations, trade unions and local/regional authorities have had influence on the policy of the Ministry of Labour (national level) and the public employment service (local/regional level) through tripartite bodies and - on the national level - also through ad hoc tripartite consultations.

Partnerships are relatively less developed in connection to social policy, but a broader range of actors is involved in this. The most important partner for the state in the social policy area has traditionally not been employers or trade unions but the semi-autonomous local authorities. The local authorities are responsible for the administration of social benefits and for the activation of the uninsured unemployed.

At central level, only since the late 1990s the employers' organisations, trade unions, regional and local authorities, and NGOs for disabled have been able to influence the Ministry of Social Affairs through ad hoc negotiations and/or a new national multipartite body set up to advise the Ministry of Social Affairs. The multipartite body guide the municipalities and their associated multipartite consultation committees, which in addition to the above mentioned organisations also have representatives from the general practitioners' organisations and the regional public employment services (PES). These local bodies were set up in the mid- and late-1990s when the trend towards active policy veered from labour market policy to social policy and it became necessary to create a broader dialogue including the labour-market parties.

Also when it comes to the *degree of central control* the two sub-systems differ. Whereas both policies naturally have to stick to their respective legal frameworks, activation policy for the insured tends to be much more centrally controlled (Etherington 1997; Andersen & Mailand 2001). Despite of their competencies to lead the regional employment services, the regional tripartite councils have seen their room for manoeuvre being limited by re-centralisation of competencies and strict quantitative guidelines from the national level. The ministerial control of the local multipartite committees and the municipalities has in comparison been much looser, reflecting a weaker institutionalisation of the active social policy pillar. The national level has in this sub-system been more occupied with providing best practice examples and policy learning.

Despite of these differences between the institutional set-ups of the two sub-systems, it is possible to say something in general about regional and local employment policy in Denmark. Firstly, the employment policy is relatively *decentralised* in that the local and regional level does have some important competencies in design and implementation of employment policies. In a recent Nordic comparative study it was found to be the most decentralised employment policy (Nordisk Ministerråd 2002). Secondly, the policy is not only decentralised, but also *deconcentrated*. Many actors are involved. These include the public authorities of various forms, employers, trade unions, training institutions and to a lesser extent temporary work agencies, consultancies and NGOs. Co-ordination/network-governance between them is important for policy success (Larsen et al. 1996; Mailand 1999; Torfing 1999). Thirdly, formal as well as informal partnerships between public authorities, employers and trade unions are widespread, but more so in relation to policy design than the actual delivery of measures. The trade unions do also take part in the delivery of the meas-

ures, but it is an area where the PES, the municipalities and the public training institutions dominate. Apart from their role the newly established local multipartite bodies, the role of the third sector/NGOs is very limited (Andersen & Mailand 2001; Engender ASBL 2002).

The institutional set-up has since the right-wing government took office in late 2001 been in a process of change. The two target groups are now under the same ministry (Ministry of Employment) and the same legislation and the tri- and multipartite bodies at the central level have been amalgamated. The plan of the government is also at the local/regional to create a unified system, possibly after the Dutch one-stop-shop-model. The aim of this is to create a more simple system and to increase the role of market forces and of new actors, such as temporary work agencies, private training institutions and consultancies.

### 3.2 Approaches and target groups

These above described frameworks oversee the delivery of a range of employment and training *measures*, that since the introductions of reforms of labour market policy (1994) and social policy (1998) are fairly similar for insured and uninsured unemployed, even though the frequency by which the different types of measures used differs between the two pillars. The measures include (Mailing 1999; Rosdahl & Weise 2000; Beskæftigelsesministeriet 2002):

- ‘Individual action plans’: the agreement of individual action plans for each unemployed person is a precondition for the following measures:
- ‘Education and training’: delivered through vocational training or traditional further education institutions. By far the most used measure for the insured unemployed, whereas it is not used to a large extent for the uninsured. Education and training has since July 2003 been part of the wider option ‘guidance and up-qualification’, that also contains job search activities. Clients are paid unemployment benefits/social assistance with no extras.
- ‘Job training’: mostly used for insured clients, and involving subsidised work placements for at least six months with a public or (far less likely) private sector employer. In some cases placements are provided through the celebrated ‘job rotation’ projects, but these are severely limited in number. In July 2003 renamed ‘wage-subsidy’. Wages according to the collective agreements in the private sector. In the public sector the clients are paid unemployment benefit/social assistance, but the number of working hours are reduced.
- ‘Individual job training’: designed to improve the basic personal skills, motivation and job-readiness of participants, and targeted at more disadvantaged clients, mostly those claiming social assistance. Although this provision can take the form of subsidised work placements in the private or voluntary sector, it is most often delivered through ‘employ-

ment projects' run by local authorities. Since June 2003 no longer an opportunity. Clients were paid unemployment benefits/social assistance.

- 'Practical training/workplace-introduction': Introduced July 2003. Shorter training courses targeted unemployed that needs clarification of vocational wishes and unemployed not yet ready for job training. Clients are paid unemployment benefits/social assistance with no extras.
- 'Jobs on special terms and conditions': flexible work placement initiatives targeted (uninsured) unemployed people with a reduced capacity to work. No time limit. The clients are paid a wage-subsidy according to the reduction of their work capacity.

Financial support for unemployed entrepreneurs was until 1997 also an opportunity, but was then gradually phased out because of its low employment effect<sup>1</sup>.

The establishment of these options has been linked to a more aggressive approach to activation, which has impacted all unemployed, but particularly the young. Like the maximum number of years in which insured unemployed can receive unemployment benefits, the number of month before the unemployed face 'the offer you cannot refuse' has since 1994 been diminishing. Now uninsured unemployed less than 25 years old have a 'right-and-duty' to activation after 3 month of unemployment, insured unemployed less than 30 years old after 6 month. Other unemployed people have a right-and-duty to an individual action plan containing the first activation offer before one year of unemployment (Beskæftigelsesministeriet 2002).

Hence, the target group of the Danish ALMP is more or less all unemployed people – which is also indicated by the option 'jobs on special terms and conditions' for disabled. Disability pensions are still an opportunity, but they have been harder to get during the years. However, it should be noted that many disadvantaged people among the uninsured unemployed population are *de facto* protected from activation by the administrative practices of local authorities (Larsen et al. 2001).<sup>2</sup>

### 3.3 The results: evaluations, employment effects and geographical variations

This protection of local and regional authorities and their 'street level bureaucrats' illustrate the well-known phenomenon that policies are not always im-

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<sup>1</sup> However, a number of schemes for entrepreneurs have been introduced since 2001, but these are not specifically targeted unemployed people and are not part of the activation policies.

<sup>2</sup> Larsen et al. (2001) have estimated that between one-third and two-thirds of eligible social assistance clients are not subject to activation. Given their semi-autonomous status, there are no formal procedures for sanctions against local authorities not activating clients. Clients not participating in activation receive 'passive' benefits.

plemented in the way it was intended or as the rules prescribes. This is one reason it is so important to study the local and regional level, even in countries where the larger parts of the decisions formally are taken at the national level.

Another reason to analyse the local and regional level, is that it is often here it can be seen how the policy works. In Denmark, there has during the 1990s developed a widespread *evaluation culture*. Even before that, the Danish Labour Market Authorities did continuously receive detailed quantitative feedback from the regional PES that could be used to adjust the policy. With the labour market reform from 1994 an extensive evaluation-programme was set-up, containing evaluations of both implementation processes and employment effects. All these address the local and regional dimension of the policy, even though some of them also address the policy at higher level. Both the process- and the effect-evaluations were mostly positive, despite pointing to a number of weak points in the policy. Among other things, the effect-evaluations pointed increased effective supply of labour, increased labour market mobility and – despite of lock-in effects – (limited) positive employment effects of both education and job training (as summarised by Larsen & Langager 1998). The process-evaluation at that time were also overwhelmingly positive, emphasising that the tripartite bodies as intended had been able to act as political leaders of the regional PES, that co-operation between the different actors had increased, but that the degree of central control counteracted the commitment of the regional bodies (Winter & PLS Consult 1995; Haahr & Winter 1996; Larsen et al. 1996). Also studies not part of the evaluation programme were often positive, some even talking about a ‘Danish employment miracle’ and pointing to the a role of the reformed labour market policy in preventing bottle-necks and inflation during the economic upturn (Madsen 1999).

Later studies (not part of the evaluation programme) have been less positive. Without being able to spell out the causal relationship, this development from overwhelmingly positive towards more mixed evaluations is coinciding with a development in the public and political debates on activation policies from a catchall consensus towards increasing scepticism.

Studies focussing on the implementation processes have among other things pointed to an insufficient level of co-operation among the local and regional actors. This has partly been caused by the widespread use of NPM instruments that have been leading to hard competition between the training institutions and lack of incentives to let public authorities co-ordinate the regional employment policy (Mailand 1999; Arbejdsministeriet 1999). Other implementation studies have shown how the choice of measures by the municipalities and the regional PES are not only guided by knowledge about which measures fit a particular target group best. Low administrative costs, for instance, has been said to be the reason that individual job training is not only for the weaker clients as it was intended (see above), but also for the stronger uninsured clients. The missing use of the individual job training for the weaker insured clients is

in the same study explained by the trade unions' dislike of this option (because the clients are paid unemployment benefits/social assistance, not a wage according to the collective agreements) (Jepsen et al. 2002).

Also the effect studies have in recent years become less positive than previously. By including the negative effect of lower search activity during activation and the negative employment effects due to higher taxes (financing the cost of activation policy), The Danish Economic Council found that only job training in the private sector has a positive net employment effect for insured unemployed (Det Økonomiske Råd 2002). Not surprisingly, the Ministry of Labour is less negative than The Economic Council, but newer evaluations from the Ministry also show an increased attention to negative effects. The Ministry's most recent effect-evaluations distinguish between a positive motivation-effect, a positive qualification-effect and a negative job search effects. Among other things, this evaluation shows that all options reduced the clients' dependence on transfer schemes, but job training in the private sector far most so. Moreover, it is argued that the negative job search effect was greatest for activation of short-term unemployed, indicating that activation can be started too early (Arbejdsministeriet 2000).

In the evaluation of the employability guideline, the official Danish impact evaluation of EES draw on this and other studies showing similar generally positive results, also for the activation of the uninsured. About fulfilling the strategy the evaluation is very positive, pointing to reduced unemployment, high overall and female employment rates, and a flexible labour market. At the same time it is acknowledged, that tax-incentives do not sufficiently support employment, that geographical and social inequality exist in relation to lifelong learning, that the gender segregated labour market should be addressed more directly and the gender-perspective incorporated more in the strategy (The Danish National Institute of Social Research 2002).

The results of the employment policy are of course not equal all over the country. The partial decentralised policies are one reason that uneven outcomes can be expected. Another reason is *regional variation* in the pre-conditions that do also have a role to play in Danish active labour market policy (Mailand 1999), even though Denmark do not show the same regional specialisation of production as in neighbouring countries such as the UK, Germany or Sweden.

The relative homogeneity is shown in the unemployment figures. In 1996 the region with the highest level of unemployment had 11.5 percent of the workforce registered as unemployed, whereas the figure for the region with the lowest level of unemployment was 6.4 percent. When unemployment was at its lowest level in 2001 one (small) region had 9.7 percent unemployment, the rest had between 6.5 and 3.6 percent unemployed. Employment rates show similar relative limited regional variation with a regional maximum in 2000 at 79 percent and a regional minimum at 68 percent (Landsarbejdsrådet 2002).

Focussing on content and the results of the employment policy, the regional variation (between the regional PESs) does also seem to be relatively limited. The active policies for the insured are implemented in all 14 regions according to (mostly) quantitative targets, some of which are set unilaterally at the central level whereas others are combined central and regional targets. At present, there are 10 such targets. The reports of the regional PES to the central level illustrate some variation in the strategy chosen and in the results obtained. For instance, the much celebrated measure job training in the private sector is used twice as much in some regions than in others and the reduction in 'independence from transfer income' after activation show a regional variation between 15.4 and 23.2 percent. The 'degree of activation' for long-term unemployed varies between 35.5 and 44.3 percent, whereas the cost of activation pr. activated unemployed vary between approximately 9000 Euro pa and 12000 Euro pa. (Arbejdsmarkedsstyrelsen 2003).

The *local level* (the municipalities' part of the employment policies) shows much greater variation. For instance, some municipalities use the measure job training in the private sector for more than 30 percent of the activated while other do not use it at all (DA 2001). Likewise, evaluation of the newly established multipartite bodies established to assist the employment policy of the municipalities show huge differences in the roles of these bodies and in the quality of their work (Caswell et al. 2001; Andersen & Torfing 2002). The general perception is that among the municipalities some have far better employment policies that even the best regional PES, but other perform clearly worth than the worst performing regional PES.

The greater variation in the strategies and results in the social or municipal activation policies is of course partly due to the larger number of municipalities than regions, but also the greater degree of autonomy and less institutionalised system, are part of the explanation.

#### 4. The impact of EES on the local and regional policies

##### 4.1 Have the local and regional policies been influenced by the EES?

The hierarchical control and co-ordination of the regional PES secures that the influence from EES on the national level policy is - at least to some extent - trickling down to the regional level.

Beyond this top-down influence via the national level the influence of EES on the local and regional level is even more limited. To my knowledge no research has been made in Denmark with a special attention to the role of EES at the local and regional level. Nevertheless, one study points out that there in the regional PES offices '...is very little knowledge about the NAPs, and that they do not perceive the NAP processes as affecting their work at all' (Schmid & Jacobsson 2001, p13). Publications from the regional PES confirm this im-

pression. For instance, the monthly newsletters from the largest region (Greater Copenhagen) contain from mid 1998 to mid 2003 not a single reference to EES and only one reference to the European Social Fund (ESF). However, some few cases of influence can be found. Six municipalities have been involved in a project - connected to the EU Commission initiative 'Acting locally for employment' - with the aim of increasing the knowledge on EES at local level (EU Commission 2002). A stronger example of influence is that since 2000 the equal opportunity work has been reformed in line with the EU mainstreaming strategy (Arbejdsmarkedsstyrelsen 2002a).

There are, however, other ways that the EES can influence the local and regional policies. The Commission sees the European Social Fund (ESF) as an instrument for EES and has called for co-ordination of the two. The influence of the ESF on the local and regional level is therefore also worth to consider. The ESF is better known in Denmark than the EES, but a number of barriers to the influence of ESF exist:

Firstly, the amount of money distributed by the fund in Denmark is relatively limited; in 2002 it was around 65 million Euros ([www.socialfonden.dk](http://www.socialfonden.dk)). This should be compared to around 1300 million Euros allocated for active employment policies in the state budget (not including education & training for employed). Secondly, at the national level, the Ministry of Labour has, as mentioned previously, the main responsibility for the NAPs, while the National Labour Market Authority has no role in this regard. In relation to ESF, however, it is the National Labour Market Authorities that is the responsible body for the ESF<sup>3</sup>. On the regional/local level, it is the counties and not the regional PES that are the responsible authority. This is close to be the counties' only competence in relation to employment policy. The co-ordination can hardly be more fragmented than this.

Thirdly, there were found 'financial mess' in all the four Danish ESF projects chosen for screening by the EU Commission in 2002 to an extent that it was decided to 'freeze' all projects temporarily. In the following screening of 138 projects there was found reasons to make 'more than marginal corrections' in 25 percent of them (Arbejdsmarkedsstyrelsen 2002b; 2003). This has not improved the low status these projects have in the eyes of the policy makers and the general public.

In sum, the impact of the EES on the local and regional employment policy seems to be rather weak, even though the 65 million Euro for ESF projects of course represent some influence. Because EES is supposed to work at least partly in a top-down manner, the explanation for the limited influence has partly to do with the same factors mentioned in relation to the influence at the national level. These explanations were that an employment policy generally in line with

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<sup>3</sup> Since spring 2003, however, ESF activities are seen as industrial policies and not employment policy and the administrative responsibility have been moved to the Ministry for Economy and Industry.

the EES was developed before 1997 and that a widespread consensus on the policy prevents influence from EES in those areas where the employment policy is not in line with EES.

#### 4.2 Is the policy in line with the EES?

As on the national level, the regional and local level employment policy are in general in line with the EES – even though the EES do not have any guidelines particular targeted at the local and regional level. Especially for insured - but increasingly also for uninsured unemployed people – policies aiming at increasing the employability of the unemployed have been developed. After the winding up of the support for entrepreneurs, this guideline is not supported by any measures on the local and regional level. Equal opportunity has been part of the regional PES work for some years now and each of the regional PES have a number of equal opportunity consultants. Moreover, since 2000 the equal opportunity work has as mentioned been reformed to meet the demands of the EU mainstreaming strategy (Arbejdsmarkedsstyrelsen 2002a).

The weak co-ordination between the different policy areas relevant for the employment policy at the national level is also found at the local and regional level. The gradual amalgamation or co-ordination between the active social policy and the active labour market policy is a move in the direction of greater degree of policy co-ordination, but there is still a long way to a co-ordination between social/labour market policy, educational policy and industrial policy, as might be optimal for a successful EES and for meeting the Lisbon targets. The plans formulated in the regional tripartite bodies cannot be considered local employment plans, because they do not contain actions in relation to education of employed and in industrial policy or any co-ordination with these policies. In other words, there are no real regional or local employment pacts as those found in for instance in some regions of Spain and in Germany. The question is, if the strong institutionalisation of the different policy areas all the way down to the local and regional level constitutes a barrier for development of new initiatives across these policy areas<sup>4</sup>.

Despite of the missing pacts, policy co-ordination across the different policy areas do take place to a certain extent, but it is counteracted by the use of New Public Management that puts the actors in direct and indirect competition with each other (Mailand 1999; Arbejdsministeriet 1999). One example is the so-called taximeter-system, allocating money to the schools on the number of students. This has led to cancellation of courses (because all schools want to supply the most popular courses and therefore, to sew students sign up per school), large budgets for advertisements and low quality of information for students. As a director from a regional PES is describing the insufficient level

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<sup>4</sup> The institutional set-up of vocational training and education can be traced back to the 1930s (Mailand 1999).

of co-ordination between the education and training institutions and the regional PES:

*The aims of the training institutions are not to a sufficient degree to take part in the development of the region they are part of. The reality of the training institutions is very much that they are production units that have to deliver a product....they are very pre-occupied with the quality of those they educate, but not very conscious about or interested in how this might influence the local community they are part of.*

## 5. Conclusions and perspectives

The analyses of the influence of EES on Danish employment policy show that the Danish employment policies are generally in line with EES, but that this influence neither on the national level nor on the local level can be said to be profound.

Firstly, at national level the NAPs is neither a high priority issue of the actors nor a controversial one, most of all because the NAPs mostly contain initiatives that have already been through bargaining and consultation processes. Secondly, the origin of the specific policies of the NAPs is rarely found among the EU institutions, but EES might have had some limited influence on the adjustment of these policies. Thirdly, despite of the general compliance with EES there is also found a number of cases of non-compliance. Activation with a focus on curing rather than preventing unemployment, high income taxes, the gender segregated labour market and the lack of integration of immigrants have all been noted by the EU Commission, while the lack of co-ordination between different policy areas at national as well as at regional/local level, has not. The widespread consensus of the employment policy between the Danish actors – supported by the ‘role model status’ in Europe – have prevented or slowed down the influence of EES in the areas of non-compliance.

Similarly, the local and regional employment policies show high level of compliance and low level of EES influence and – because the local and regional employment policy to some extent is working in ‘the shadow of hierarchical co-ordination’ - also the same cases of non-compliance. The local and regional actors do not pay much attention to EES, and ESF is administratively separated from EES. Moreover, the ESF is financially of marginal importance in the Danish employment policy when compared to the state budget. The take-up of the mainstreaming strategy in the regional PES is one of a few examples of a development that might have its origin in EU.

However, it is not given that the ‘high compliance-low influence’ pattern will prevail, because both EES and the Danish employment policy change. First of all we now have now a new EES with three broads goals and 10 partly new guidelines. Even though there on the face of it is nothing in the new EES that should make it more difficult for Denmark to fulfil the it then before, some of them might represent a challenge to th Danish employment policy. Enlarge-

ment might also cause some changes in the EES which cannot at the moment be foreseen. Also the employment policy in Denmark has changed, but the process of change has just started. Whereas the amalgamation of active social and labour market policies are in line with EES, the tendency to cut on expenditure on active policies are not. At the regional and local level there is a reform of the administrative structure of the local and regional level from 1973 in the political pipeline – a reform that will most likely lead to larger administrative units and new division of competencies. This will also influence the local and regional employment policy.

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