



# Sustainability and transformation in European Social Policy

Valencia 8-10 September 2011

## 9th Annual ESPAnet Conference **Sustainability and transformation in European Social Policy**

Valencia, 8-10 September 2011

### **Stream 6: Labour market policy, activation and beyond**

Stream convenors: Ludo Struyven (Leuven University) and Matthias Knuth  
(University of Duisburg-Essen)

**Universitat de València - ERI POLIBIENESTAR.**  
Edificio Institutos-Campus de Tarongers. Calle Serpis, 29. 46022. Valencia.  
Phone: (+34) 96.162.54.12- C.I.F. Q4618001-D  
Email: [espanet2011@uv.es](mailto:espanet2011@uv.es)



## Inclusiveness of Employment Systems – Finland and Denmark Compared

A paper for the 9th Annual ESPAnet Conference 2011, Sustainability and Transformation of European Social Policy. Stream 6 Labour Market Policy, Activation, and Beyond.

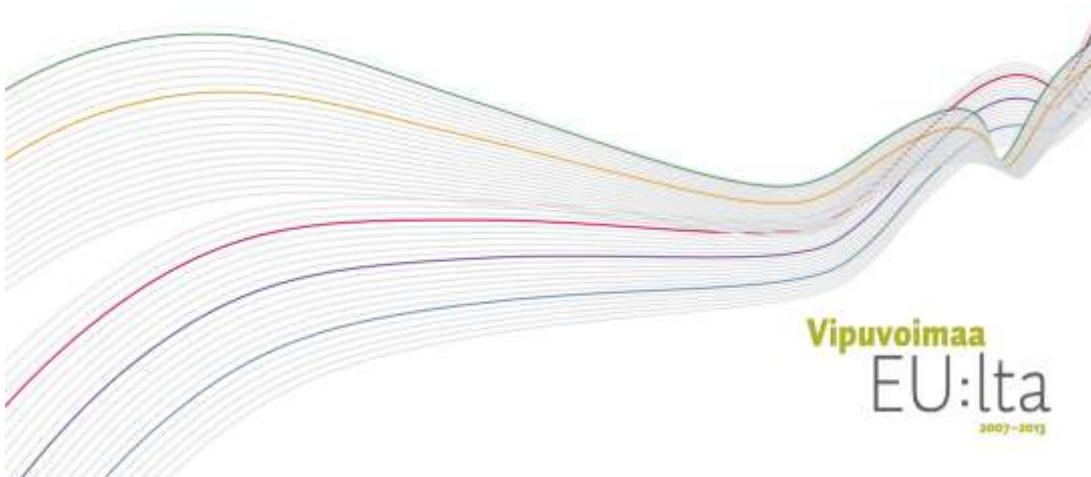
Valencia, Spain 8-10<sup>th</sup> September 2011

**Ari Nieminen & Harri Kostilainen, Diaconia University of Applied Sciences, Finland**

[ari.nieminen@diak.fi](mailto:ari.nieminen@diak.fi) tel. +358 40 4845625

homepage: [http://www.elisanet.fi/ari\\_nieminen/](http://www.elisanet.fi/ari_nieminen/)

[harri.kostilainen@diak.fi](mailto:harri.kostilainen@diak.fi) tel. +358 40 5019394



Phone: (+34) 96.162.54.12– C.I.F. Q4618001-D  
Email: [espanet2011@uv.es](mailto:espanet2011@uv.es)

## Content

Abstract .....	4
Introduction .....	5
1 Inclusion and Exclusion in Employment Systems.....	6
2 Exclusion from Employment in Finland and Denmark 1990-2009.....	7
3 Path-dependent and Path-shaping Policies .....	9
3.1 Investments to Inclusive Employment Policies .....	9
3.2 Path-dependent Finland.....	12
3.3 Path-shaping Denmark.....	14
3.4 Finnish and Danish Employment Systems in the 2000's .....	18
4 Developmental Dynamics of Employment Systems – Towards more Inclusive Policies?..	21
References.....	24

## **Abstract**

Around 5% of Finnish labour force is in weak labour market position. For different reasons these people have severe difficulties in finding jobs in open labour markets. Many studies have concentrated in qualities of individual unemployed or in attitudes of particular employers towards unemployed in weak labour market position. However, structural characteristics and institutional regulation of the employment system have been given much less attention.

The aim of our paper is to concentrate in those political and structural factors that cause exclusion in employment system. First, we will introduce theory of employment system that is able to deal with questions of exclusion in labour markets.

Secondly, we will compare inclusiveness of Finnish and Danish employment systems. This comparison is based on relevant statistical data and policy analysis of the recent two decades. Our hypothesis is the Danish system is more inclusive than the Finnish one. This difference stems from policy choices and structural differences.

Lastly, we will discuss our findings in relation to European policies and the theories of employment system and transitional labour markets. Also, we will discuss policy recommendations for more inclusive employment systems.

**Keywords:** Inclusion, exclusion, employment systems, labour market policy

## Introduction

Around 5% of Finnish labour force is in weak labour market position. For different reasons these people have severe difficulties in finding jobs in open labour markets. Many studies have concentrated in qualities of individual unemployed or in attitudes of particular employers towards unemployed in weak labour market position. However, structural characteristics and institutional regulation of the employment system have been given much less attention. The aim of our paper is to concentrate in those political and structural factors that cause exclusion in employment system. We endeavour to shed light to these political and structural factors by comparing Denmark and Finland because these countries have divergent records in inclusiveness of labour markets.

Drafting and presenting the paper at hand is part of the activities the *ASKEL – steps towards more inclusive working life* project. The ASKEL project helps people who are at risk of being excluded from the labour market in moving into working life. The project gathers, analyses, and develops practices and methods that promote the employability of people who have been long-term unemployed or who have disabilities. The project is financed by the European Social Fund, the Finnish Ministry of Social Affairs and Health, and the cities of Espoo, Helsinki and Vantaa. Project partners include: National Institute for Health and Welfare, Diaconia University of Applied Sciences, City of Espoo, City of Helsinki, City of Vantaa, VATES Foundation (see: [www.thl.fi/askel](http://www.thl.fi/askel)).

This paper is divided into four main sections. The first section introduces the notion of employment system that is used as an analytical tool when comparing Finland and Denmark. The second section shows developments in labour market exclusion in Finland and Denmark during the last 20 years. After documenting differences in labour market exclusion, the third section moves on to examine policy differences as an important factor explaining differences in labour market exclusion. The fourth section

summarises comparisons by displaying main characteristics of Finnish and Danish employment systems in the 2000's. Lastly we will discuss developmental dynamics of Finnish and Danish employment systems and ponder what kinds of developmental paths might lead to more inclusive employment systems in Europe.

Methodologically this paper is based on statistical material, institutional comparisons, literature and expert contacts. It is still a work in process, and we apologise its unfinished condition.

## **1 Inclusion and Exclusion in Employment Systems**

We approach inclusion and exclusion to wage work by using the notion or theory of employment system. According to Günther Schmid (2008, 72) "employment system" denotes relatively stable national, regional and transnational (e.g. Nordic countries, EU) configurations that constitute frameworks for employment relations and which regulate inclusion and exclusion to gainful employment. The concept of employment system makes it possible to approach historical institutions and policies of employment without restricting oneself to the abstract notion of "labour markets". As any system also employment system consists of actors, their relations and norms or institutions that regulate interactions among actors. In the case of national employment systems these are:

- Actors: employees, employers and their interest organisations, political parties, diverse state actors (ministries, research institutions etc.), different civic and interest organisations, churches and so on.
- Relations: political, economic, cultural, ideological etc. relations.
- Norms and institutions: formal (legislation) and informal norms, institutional socio-cultural divisions like separation of the realms of economic, employment and social policies, hegemonic and other ideologies.

More precisely, we separate in our analysis economic, employment and social policies from each other and we also take into account two levels of policy making and administration of employment: national and municipal levels of governance (see Table 2).

The point of departure is that diverse employment systems produce diverse employment structures and configurations of inclusion and exclusion.

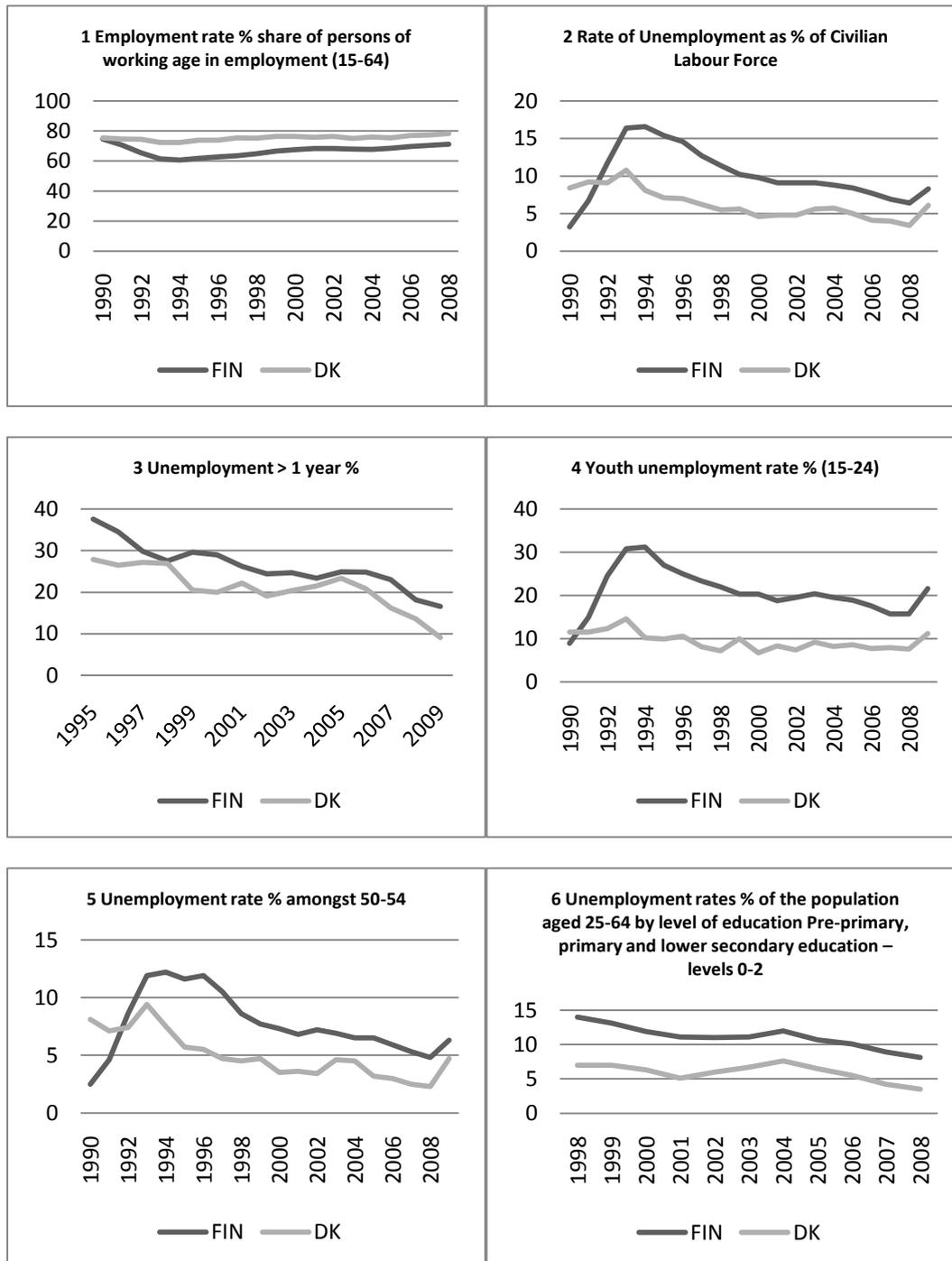
## **2 Exclusion from Employment in Finland and Denmark 1990-2009**

This section presents statistics about labour market exclusion in Finland and Denmark from year 1990 to 2009 (see Figures 1-6).

During years 1990-2008 in Finland and Denmark, labour market participation rates (see Figure 1) were almost equal at the beginning. Because of recession in Finland the labour market participation rate fell rapidly 14%, and did not return to pre-recession level. In Denmark however, the labor market participation rate has been steady at a higher level, and it has grown. In Finland the early 1990s recession caused a massive increase in unemployment. The unemployment rate was highest (17 %) in 1994 (see Figure 2). The recession resulted bankruptcies and layoffs, and accelerated in different sectors and organisations "streamlining", so that when the recession ended, some of the jobs had been lost forever.

Consequence of the recession was that substantial part of unemployment became a long-term and structural unemployment (see Figure 3). In Denmark, unemployment was at a higher level in the early 1990s, but since that the Danish unemployment rate was far below the level of Finland. Long-term unemployment has fallen in both

countries by 2009. However in Finland long-term unemployment has been at a higher level all the time. Youth unemployment in Denmark has been



Sources: OECD 2011, Eurostat 2011.

Figures 1-6 Exclusion from the labour markets in Finland and Denmark 1990-2009

permanently at a relatively low level, while Finland, the recession caused a dramatic rise, and youth unemployment has remained at a relatively high level, even after the recession (see Figure 4). Among older workers (see Figure 5) unemployment in Finland was at a lower level than in Denmark. In the recession the unemployment of older people in Finland increased rapidly. After a recession, it has decreased, but it is far from the pre-recession levels. In Denmark the trend has been similar, but unemployment of elderly people has been an average of 3% at a lower level. In Finland unemployment rate was 5% higher than in Denmark for those who have lower education (see Figure 6).

Figures (1 to 6) lead to the conclusion that the Finnish employment system has been much more exclusive than the Danish. Differences of employment systems can be seen in each variable. In Finland exclusion of employment system is focused specifically on young people. A similar difference appears when examining unemployment of immigrants, which has been in Finland on average 13% higher than in Denmark in years 2000, 2005-2007 (OECD, 2010 (Country statistical profiles Finland & Denmark)). Also the proportion of the workforce, who has not applied for paid work, because these people do not believe to receive work, has been much higher in Finland than in Denmark (2000-2009 in Finland on average 1.02% of the workforce in Denmark and 0.08%) (OECD 2011).

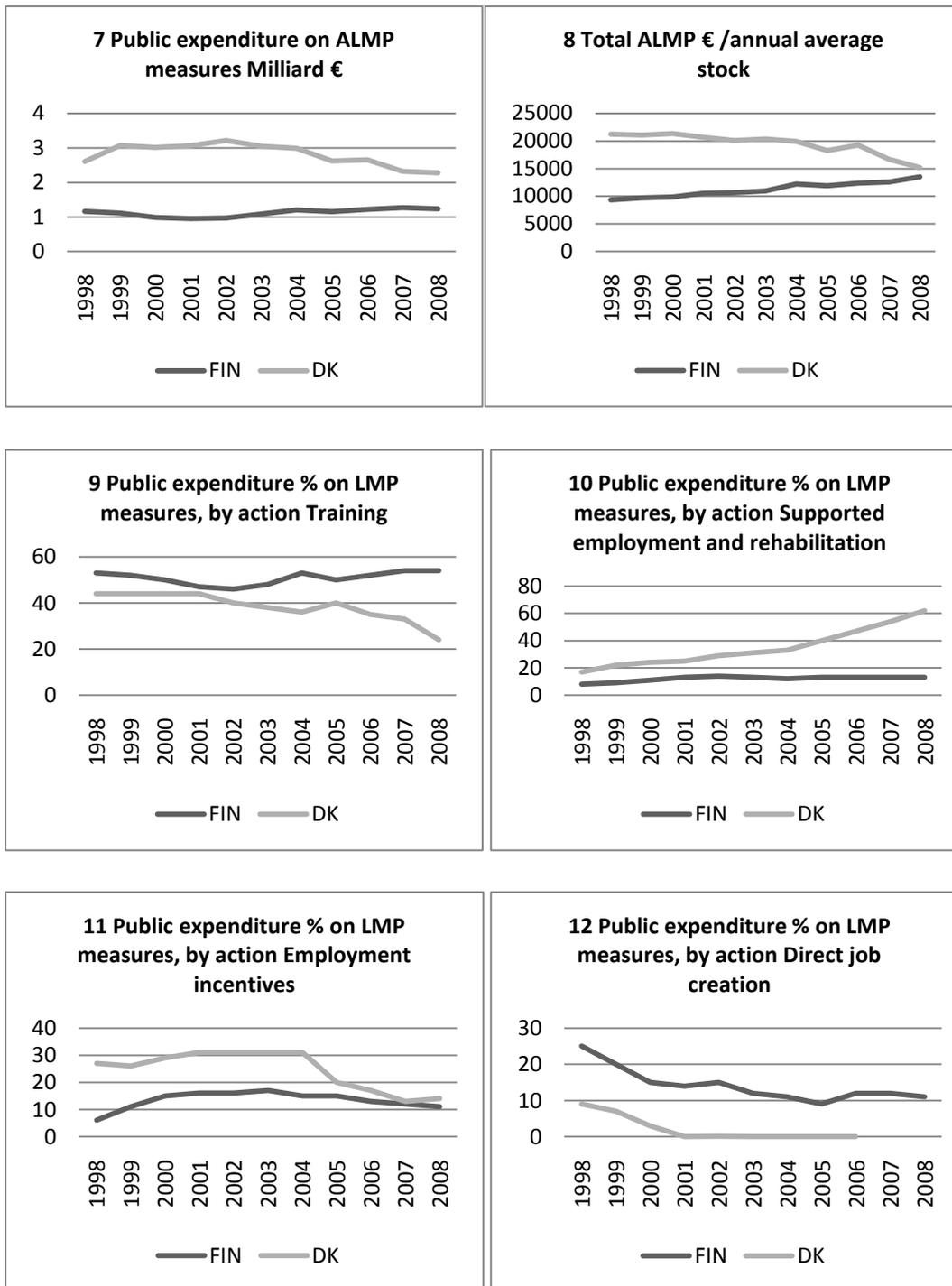
To explain the above observed differences, the next section handles investments to inclusive labour market policies and national employment policies.

### **3 Path-dependent and Path-shaping Policies**

#### ***3.1 Investments to Inclusive Employment Policies***

In this section we will briefly describe Finnish and Danish policies in relation to inclusion to gainful employment. First, we will take a statistical look at investments in

active labour market policies (ALMP) (see Figures 7-12). Secondly, we will describe briefly Finnish and Danish policy lines in relation to inclusive employment policies.



Source: Eurostat 2011.

## **Figures 7-12 Labour market policy investments in Finland and Denmark 1998-2008**

Denmark has invested in active labour market policies significantly more than Finland. Finnish investments in 1998-2008 were around one milliard whereas the Danish investments ranged from two to three milliards (see Figure 7). Also the average investments per person were at a significantly higher level than in Finland. However, this difference has narrowed considerably entering 2008 (see Figure 8).

There are some interesting differences in investments on different active labour market policy (ALMP) measures. In Finland exists strong believe in education. Active labour market investments are targeted in Finland for training (approximately 50%), while in Denmark training has been a clear decline (over 40% to almost 20%) (see Figure 9).

Instead of training the Danes have significantly increased focus on supported employment and rehabilitation as a key measure (from 20% to over 60%), while in Finland investments for supported employment and rehabilitation was below 20% (see Figure 10). In the case of employment incentives there is clear convergent between countries. In Denmark share of employment subsidies has fallen by more than 30% to below 15% (see Figure 11). Denmark has not invested in direct job creation in the 2000's virtually at all. In Finland, the direct job creation has fallen from 20% to near 10% (see Figure 12).

In conclusion we can say that at the turn of the 2000's Denmark has invested in the active labour market policies much more than Finland. Investments have focused in Denmark on supported employment, rehabilitation and direct employment subsidies, while in Finland have been entrusted with the training and employment incentives.

The differences in investments can be largely explained by divergent policies. The next subsections deal with these policy developments. In accordance with our sketch of employment systems (see section one) policy descriptions are divided into three parts: inclusive policy measures, administrative structures of employment policies and relations among economic, employment and social policies.

### **3.2 Path-dependent Finland**

In the 1990's Finland experienced its worst recessions since the 1930's. The gross national product fell drastically 1990-1993, its growth was negative and unemployment grew up to 17% in 1994 (see figure 2). This caused problem in public finance and the state lend substantial sums in order to be able to finance its activities. In the area of employment and social policies centre-right and subsequent centre-left governments cut benefits of unemployed and those receiving diverse social benefits. In 1997 it was stipulated that after 2-5 months of unemployment an employment plan should be done for unemployed and the same applied to long-term unemployed whose unemployment had lasted over 500 days. Labour unions resisted successfully attempts to cut benefits from those unemployed that belonged to the unions and unemployment insurance funds managed by unions.

In general the recession did not lead to structural renewal of social and employment policies and national politico-economic elite did not actually feel that unemployment around 10% was especially severe problem as long as public budget was in balance and economic success of the private sector was ensured. (See Kosonen 1998, 346-351.)

In 2002 a new law obliged state's labour market authorities and municipal social workers to draft activation plan to long-term unemployed and unemployed that are less than 25 years old and receive either lowest unemployment benefits (työmarkkinatuki) or income support (Laki Kuntouttavasta työtoiminnasta

2.3.2001/189). However, the realisation of this law has remained partial. Attempts to create alternative road to employment by establishing social enterprises or sharing jobs remained marginal.

Administrative structures of employment policies include Ministry of Labour, from year 2008 The Ministry of Employment and the Economy, Ministry of Social Affairs and Health and municipalities. The Ministry of Employment and the Economy is an amalgamation of the former Ministry of Trade and Industry, the Ministry of Labour and the unit responsible for regional development within the Ministry of the Interior. The division of power and labour among these actors is partially unclear. The newly established Ministry of Employment and the Economy concentrates in supporting competitiveness of firms and in relatively well positioned unemployed and it aims to transfer those unemployed that are in the weakest labour-market position to the responsibility of social authorities, in effect the Ministry of Social Affairs and municipalities. There are joint service centres of labour market authorities and municipal social services targeted to the long-term unemployed and excluded, but their main aim is to rehabilitate their clients not to integrate them into labour markets.

The end result of the above-described policy and administration is that those people whose labour market position is the weakest tend to be excluded from the services of labour market authorities and included to the services of social authorities who have poor contacts to labour markets and whose main interests lies in social rehabilitation and not in employment.

The last element of the description of Finnish policies of exclusion concerns relations among economic, employment and social policies. Traditionally Finnish economic policy prioritises interests of exporting industries and competitiveness of national economy; thought in recent years some concern of domestic markets have also found their place in economic policy making. In a way the Finnish membership to the European Union (2005) and participation to Euro continues this traditional policy line

because market liberalisation was seen as advantageous to the exporting industry the EU's economic policy suits to politico-economic elite. The labour market and employment policy stress the supply of effective and well educated labour force. Education and training as a general solution to unemployment problems fits to many actors: for capital it means increased supply of effective labour force, for employees it offers possibilities for social advancement. In principle education and training brings advantages for all; in practice it excludes those unfit to it or those excluded from core employees. In Finland the economic policy plays the first violin, labour market and employment policies accompany it and social policy steps into arena in cases when the market and labour market policy fails.

### ***3.3 Path-shaping Denmark***

Let us now move on to the description of the Danish employment system, its policy measures, administrative structures of employment policies and relations among economic, employment and social policies. In the 1980's and by the beginning of the 1990's Danish economy and society suffered from low economic growth, public deficit and growing unemployment (see Figure 2). In 1980's the Conservative coalition government attempted to reform the Danish welfare state by introducing a more market liberal policy. In employment policies it stressed the importance of activation instead of distributing passive benefit to the unemployed (Kosonen 1998, 336-339.) Government's endeavours to reform the Danish welfare state failed by and large, but interestingly its activation policy was continued and strengthened when the Social Democratic government took power in 1993.

Based on several reports, that were also supported by the representative organisations of capital and labour, labour market policies were reformed in 1993. This reform included the following elements (Torfing 1999, 15):

- A connection between the continued right to unemployment benefit and participation to diverse activation measures was made more tight.
- A needs-oriented individual activation plan had to be made and signed by an unemployed person and an authority.
- Based on an individual action plan, flexible offers to counselling courses, subsidized job training, individual job training (for those unable to work on normal wage and conditions), education or subsidized self-employment were to be given earlier.
- In case of long-term unemployment, the unemployed is entitled and obliged to take part in 12 months activation during the first four years on unemployment and in the following three years he/she should be activated for at least 20 hours / week on average.

During the 1995 this legislation was tightened by reducing the maximum length on unemployment benefit from seven to five years, by stipulating that a rejection of a fair offer of activation leads to the loss of the unemployment benefits for four weeks and in cases of continuous rejection the benefits would be lost completely. In addition, special stress was given to the activation of the young and a number of jobs were created in the public sector for the unemployed in the field of environmental protection, culture and day care.

In 1996 social legislation was restructured as income transfer and employment topics were integrated into the Law on Active Social Policy and social service was separated from these. This reform aimed to enhance the activation of all recipients of social assistance. It is noticeable that the legislation aims explicitly to avoid work-for-the-sake-of-working activation by stating that activation offers must improve the possibilities of employment for the unemployed. (Torfing 1999, 16, 18.)

During the 1990's the objective of "activation" had hegemonized labour market policy and large parts of social policy. The partial merging of these policy fields got its

organisational expression when the Ministry of Employment was grounded in 2001. (Damgaard & Torfing 2010, 250.) The new activation policy restricted citizens' rights' and freedom and due to criticism a new law establishing a unitary complaint system for all decisions made by social authorities was given in 1997. (Torfing 1999, 17; on critical view of activation and rights of individual citizens, see Aerschot 2011.)

After stepping into power in 2001, a liberal-conservative government has somewhat changed the content of the activation policy by stressing the role of ordinary job placement, lowering benefits for some groups, notably immigrants and refugees, down-scaling the use of active offers of training and education and tightening the control of the unemployed. However, these changes have not removed the main contents of the Danish activation policy (Damgaard & Torfing 2010, 250.)

When it comes to the administrative and organisational structures of Danish employment policy, these can be characterised as a state-centred system of multi-level governance that also involves organisations of capital and labour as well as other relevant actors or "stakeholders" (Damgaard & Torfing 2010, 248-249, 251-252; see also Torfing 1999, 18 and Madsen 2006, 8-9). It was already mentioned above that the Ministry of Employment that largely merged labour market and social policies and was grounded in 2001.

The Ministry of Employment and a National Employment Agency administer four Regional Employment Agencies which looks after 91 Local Job Centres that are responsible for the realisation of employment and activation policy. Some years ago Municipal amalgamation reform reduced radically the number of municipals and contributed to the administrative concentration. The method of administering this system is not the one of bureaucratic setting of norms but management by objectives and performance measurements.

These official structures are completed by corporatist organs at each administrative level. At the level of the Local Job Centres the composition of the corresponding corporatist organ (Local Employment Council) is regulated by law: The Local Employment Councils have representatives from the municipality, local employer organisations and labour unions, the Association of Disabled People, the Association of General Practitioners and the Local Council for Integration of Immigrants. Additionally, the Local Employment Councils may appoint two further members.

In sum, the Danish governance and realisation of activation policy is based of centralised but flexible multi-level governance that integrates crucial actors into its machinery. Damgaard and Torfing (2010) regard the Danish governance system as “network governance” but in our view “multi-level governance” is a better label for this since it is quite tightly regulated by the state and not a result of free networking of diverse actors.

The third part of the description of the Danish model involves assessment of the relationships among economic, social and employment policy. As in the case of Finland, also in Denmark a hegemonic policy discourse defines Denmark as a small, export-oriented economy that is dependent on its international competitiveness. Also as in the case of Finland it seems that all important political actors share this view.

However, Danes seem to have drawn somewhat different conclusions from this state of affairs. Unlike in Finland, the central Danish actors, including organisations of labour and capital, share the view that the strengthening of the competitiveness of the national economy and financing of the social security requires as inclusive labour markets as possible.

In addition, even if the politico-economic rationale behind the above-described reforms was largely economic it also stressed that those in employment should take responsibility of those in unemployment; labour market insiders should not get unfair

benefits in relation to the outsiders (unemployed). A part of the financing of the unemployment expenditure came from a new earmarked labour-market contribution (in effect a new tax) which was tied to the level of unemployment. (Torfing 1999, 14-16.) It seems that in Denmark economic, employment and social policies are seen and they function as complementary policy fields.

### ***3.4 Finnish and Danish Employment Systems in the 2000's***

The above descriptions of Danish and Finnish employment systems is summarised below. Institutional structure of realisation of employment policies is summarized in Table 1 and diverse policy areas of employment systems in Table 2.

**Table 1 Institutional structure of employment policy in Finland and Denmark in the 2000's**

<b>Policy implementation</b>	<b>Finland</b>	<b>Denmark</b>
Funding	Several sources, complex system	One main funder (Ministry of Employment)
Objectives	Several objectives, competing objectives, lack of coordination and consensus of objective(s)	Clear objective, Consensus on objective between different stakeholders
Steering	Differentiated control, steering and interpretation of objective(s)	A clear and unified framework for steering, control and the interpretation of objective
Implementation	Local employment offices, municipalities, "Joint employment service centres" for segmented unemployed groups, exclusive intermediate labour markets	"Jobcenters" (a clear division of labour), inclusive intermediate labour markets, private companies (corporate social responsibility)
Monitoring	A number of information systems, metrics are incompatible, accessibility is difficult	A single compatible system, metrics are compatible, accessible
Reporting	Plenty and complex, not single frame for reporting, to draw conclusions from results of the whole is difficult	Centralised management, conclusions are possible
Evaluation	Decentralised, no co-ordination, management decisions are difficult, development of the system is random, short sighted and not evidence based	Centralised coordination, management decisions are possible, the development of the system is systematic and evidence based

**Table 2 Employment systems in 2000's (economic, labour market and social policy)**

	<b>Economic policy</b>	<b>Labour market policy</b>	<b>Social policy</b>
Denmark	Competitiveness in the globalizing economy, inclusion as a part of competitiveness	Increased labour supply, inclusive consensus of the social partners	Inclusive welfare state as a competitive advantage, work-based social benefits
Denmark, municipals	A big structural reform in 2007, changes in tasks, Result oriented programme management, State – municipalities frameworks	Employment tasks concentrated to "Jobcenters" controlled by municipalities, State have strong performance management and incentives	municipalities are tied to agreed frame and funding of the state
Finland	Competitiveness in the globalizing economy, exclusion as a part of competitiveness	Increased labour supply, exclusive consensus of the social partners	Corporatist / universal, Inclusive?
Finland, municipals	Economic independence, budget constraints	The Ministry of Employment and the Economy and local employment offices responsible for employment issues however: several experiments (Paltamo) New Government (Summer 2011 -> changes)	The Ministry of Social affairs and Health, municipal autonomy selecting priorities (other than employment issues e.g. rehabilitation)

When speaking about employment systems at different levels of administration and policy making, a crucial conceptual distinction should be made. In nationally organised and regulated employment systems “labour markets” often refer to national institution of labour markets that includes informal and formal norms and practices that direct and regulate inclusion and exclusion to wage work. Yet, it is not “labour markets” that actually employ people but singular “work organisations” in private and public economies (firms, public and third sector organisations). National institution of

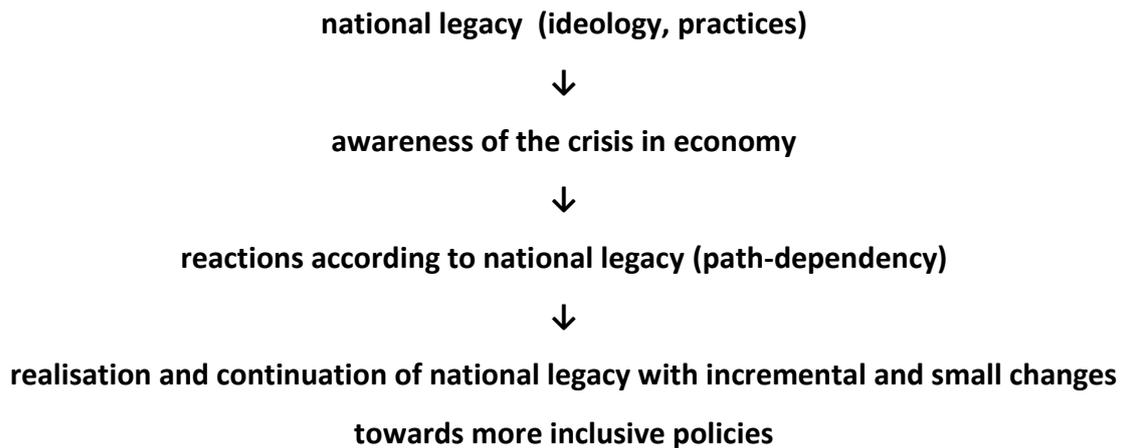
labour market does affect the functioning of inclusion and exclusion but it does not stipulate it.

In 2008 and 2009 when economic situation worsened also in Denmark some firms took initiatives to use work-sharing arrangements to avoid redundancies. The number of work-sharing cases grew from 27 (2007) to 500 (2009, first two months). It seems that the general inclusive mood in Danish employment system (labour market institution) affects also singular firms (work organisations), though fears of employment shortage have certainly also have their affect (Eiro 2011). In Finland this kind of activity is practically non-existent.

All in all, it is clear that the Danish employment system is more inclusive than the Finnish one. Nevertheless, this difference should not be exaggerated because these countries belong to the most equal national societies in the world, we may have painted a bit too rosy picture of Denmark and the recession in Finland was especially harsh in the 1990's.

#### **4 Developmental Dynamics of Employment Systems – Towards more Inclusive Policies?**

In order to be able to draw more general conclusions from the above descriptions of Finnish and Danish employment systems and their policies of inclusion, their developmental dynamics must be characterised in more general terms (on path dependent developmental dynamics see Torfing 1999). In the Finnish case this dynamics can be formulated as the following figure:



In other words, central Finnish politico-economic actors followed their national developmental path by reacting according to the national legacy to the economic crisis of the 1990's. The changing of governments has not altered this line substantially.

The Danish development diverged from the Finnish one:



Unlike in Finland, the Danish legacy of economic and labour market policy made it possible to define the crisis as both economic and employment crisis. The new policy line was formulated in several reports and corporatist actors, notably centralised labour market parties, took part in drafting these reports. In this way Danish succeeded to reshape the development path of the Danish employment system. It is a sign of institutional strength or inertia that this new path has been formulated and followed by governments of different political constituents.

One way to interpret these national development paths is to use a French historian's differentiation between different spans of historic time (see Braudel 1980, 27-34). Institutional paths reflect the historical time of institutional cycles and the history of events seldom breaks institutional limitations.

Danish and Finnish societies and economies do not function in a vacuum but they are affected and they affect Europe and broader global configurations. In large their policy lines fit to those of the European Union and especially the Danish model of employment regulation has affected the EU policy making. They are also both instances of European and Nordic models of capitalism that includes elements of regulation of the economy in favour of vulnerable people that have poor changes to survive in free markets. In this broader context it is necessary to raise the question what kinds of models of action or path-shaping policies could lead to more inclusive employment systems? How to enhance this kind of social innovations? At least two modes of action are available.

First, the Danish example could be followed. This means that central politico-economic actors (political parties, representatives of labour and capital) should together formulate a new more inclusive policy line. A prerequisite for such a policy line is that it includes a positive sum agreement of which all actors benefit something. If the benefits are clear and long-lasting it is possible that actors adhere to the new policy and it will institutionalise itself. A new institutional cycle is created.

A second option would be based on incremental experiments and initiatives. Experiments, social innovations and best practices could be started relatively easy and if they succeed they might persuade relevant actors in favour of a new inclusive policy. At the end this developmental path would most likely also need an explicit consensus and agreement about the content of the policy. A part of the policies of the European Union follows this ideology since the EU is keen to spread new "best practices".

These two options are probably not the only ones, what elements might third and fourth alternatives include?

## References

Aerschot, Paul van 2011. Activation Policies and the Protection of Individual Rights: a Critical Assessment of the Situation in Denmark, Finland and Sweden. Burlington, VT: Ashgate.

Braudel, Fernand 1980. On History. Chicago: The University of Chicago Press.

Eurostat 2011. Eurostat databases in  
[http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search\\_database](http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database)

Damgaard, Bodil & Torfing, Jacob 2010. Network Governance and Employment Policy: the Danish Experience. *Journal of European Social Policy* 20, 248-262.

Eiro (European Industrial Relations Observatory on-line) 2011. Economic Crisis Leads to Extensive Use of Work-Sharing. Retrieved from  
<http://www.eurofound.europa.eu/eiro/index.htm> on 13th July 2011.

Madsen, Per Kongshoj 2006. Flexicurity. New Perspective on Labour Markets and Welfare States in Europe. Background paper for presentation at the DG EMPL Seminar on flexicurity in Brussels on May 18, 2006. CARMA Research Paper 2006:03.

Kosonen, Pekka 1998. Pohjoismaiset mallit murroksessa. Tampere: Vastapaino.

Laki kuntouttavasta työtoiminnasta 2.3.2001/189.

Schmid, Günther 2008. Full employment in Europe: managing labour market transitions and risks. Cheltenham: Edward Elgar.

Torfing, Jacob 1999. Workfare with Welfare: Recent Reforms of the Danish Welfare State. *Journal of European Social Policy* 9, 5-28.

Torfing, Jacob 2001. Path-Dependent Welfare Reforms: The Contribution of the New Institutionalisms to Understanding Evolutionary Change. *Scandinavian Political Studies* 24 (4), 277-309.

OECD 2011. OECD databases in <http://www.oecd.org/>

**Universitat de València - ERI POLIBIENESTAR.**  
Edificio Institutos-Campus de Tarongers. Calle Serpis, 29. 46022. Valencia.  
Phone: (+34) 96.162.54.12– C.I.F. Q4618001-D  
Email: [espanet2011@uv.es](mailto:espanet2011@uv.es)