

## **Social Investment or Social Discipline?: Reinforcement of Vocational Education and Training in the Danish Welfare State since the 1990s**

Takeshi Shimauchi

This presentation is going to describe about vocational education and training in Denmark from perspective social policy and welfare state studies. The presentation is in four parts. Firstly, I'm going to discuss historical background of reinforcement of vocational education and training in social policy field of the modern welfare states. In the next section, I want to describe survey of activation policy, which includes previous studies and one good practice. In part three, I'm going to look at case of the Danish activation. Finally, the presentation will give some suggestions for how we can interpret reinforcement of vocational education and training in the context of social policy.

### **1. Historical Background**

After the oil crisis in the 1970s, advanced society changed from industrial society to post-industrial society. At the same time, industrial structure also changed in Western countries. The economic crisis in the 1970s resulted in increasing unemployment. Many unskilled workers became the unemployed, and as many jobs before the crisis was no longer available to those unskilled people. In Denmark, for example lots of textile factories disappeared and many unskilled and low skilled workers lost their jobs. Coming of such post-industrial society has resulted in ongoing need for underlining further vocational education and training for employees and unemployed people because they have needed to upgrade their skills and develop their possibility in order to adapt to post-industrial society.

Focusing on social policy dimension, vocational education and training has increasingly become more important. A lot of unskilled and low skilled worker often became long-term unemployed by coming of post-industrial society. When we are out of job, we would receive unemployment benefit if we have entitlement to the social benefit. However, many long-term unemployed often run out of qualification period for that benefit.

Young people also faced serious unemployment. It has become very hard for them to move school to work. Even though they complete schools, they are not always able to find jobs. Post-industrial society has not needed the unskilled and uneducated young people any more. Those young people could not have even entered unemployment insurance system because of their lack of work experiences. As a consequence, both people in long-term unemployment and most of the young unemployed have been excluded from social insurance system easily. Those issues around high unemployment based on that changing industrial structure has been led to social exclusion.

On the other hand, we can relate tackling social exclusion with vocational education and training. The European Union has seen active labour market policy like vocational education and training as social policy to fight against social exclusion since the 1990s. In the 1997, the EU pointed out social exclusion was structural problem which needs flexible employment, new technologies and new qualifications. That is to say, a new idea about social policy appeared. Traditional social policy as unemployment benefit and social assistance are not good to deal with that structural change of economy. Those policies have been regarded as "passive policy" that means only giving money to people. On the contrary, active labour market policy has been seen as social policy promoting ability to find jobs. Western welfare states have given active labour market policy the high priority. That is why vocational education and training has been much more needed so that we can overcome its structural problem.

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Looking at welfare states, by coming of post-industrial society, welfare states faced question about legitimacy of their traditional social security system. The traditional income security has become not so functional than before. Recipients of social benefits couldn't return to the labour market easily in spite of receiving unemployment benefit or social assistance for a long time. That was big challenge to traditional welfare states and it was criticised by both right wing such as Neo-Liberalism and centre-left. Welfare states needed to change their policy. After that, welfare states have made a point of active labour market policy than passive social policy.

In the context of those historical backgrounds, a new social policy has been introduced in most of welfare states since the 1990s. This is activation or activation policy. This type of policy offer not only social benefit but also vocational education and training. The most important element is that participation in vocational education and training or job placement service is obligation when people demand some kinds of social benefit. If unemployed people reject the obligation, they lose their right to social benefit or they are cut-off the money. Again, participation into vocational education and training has become obligation to the unemployed in modern welfare states. We can also say the unemployed has both right and duty to labour market programme. We could also say public welfare has changed from right to contract. That is big difference between welfare states until the 1980s and that from the 1990s.

### **2. Survey of activation**

What types of activation policies are there in general? It is often said activation has two types. Some scholar says it can be classified workfare which is strict type and human capital development model or Human Resource Development approach which more stress on education and training (Peck, 2001, Lødemel, 2001). Workfare emphasises individuals' duty to work, limits their access to benefits and reduces the levels of benefits and restricts the duration of payments to them. In contrast, human capital development model also emphasises bringing people back to employment but it makes much points of job training or education. Most scholars conclude that the former activation type can correspond to Anglo-Saxon countries such as Australia, USA and the UK, the latter can be apply to Nordic countries. However, I don't agree with such typology to understand activation policy in practice. The reason why I think so is very simple. When we look at each country's activation in more detail, we can find workfare even in Nordic countries. Especially we can find it in the municipality level in Nordic countries. There is coexistence of workfare with human capital development model in every welfare state. That is to say, one specific welfare state does not take only one approach to activation policy but there are two sides of activation in a specific country.

One is demanding side which is strict activation. Another is enabling side (see table 1). On the demanding side, you can see lowering and reduction of each benefit. And you can see about sanction when people reject offer from public authorities. You can see emphasis on duty to the unemployed too. But on the enabling side, you can see job search assistance, job training and subsidised employment. Subsidised employment can offer on-the-job training in public and private sector to the participants. And you can see fiscal incentives to get a job and social services for those who have personal and social problem in addition to unemployment problem. The important point is that you will find both demanding side and enabling side in one country. For instance, it depend on if specific activation is the national level policy or municipal level policy, what kind of people is targeted or ability of employees in public employment offices and so on.

**Table 1. The two sides of activation**

<b>Demanding</b>	<b>Enabling</b>
1. Duration and level of benefits <ul style="list-style-type: none"> <li>● Lowering of insurance or assistance benefits</li> <li>● Reduction of maximum benefit duration</li> </ul>	1. “Classical” active labour market policies <ul style="list-style-type: none"> <li>● Job search assistance and counselling</li> <li>● Job-related training schemes</li> <li>● Start-up grants</li> <li>● Subsidised employment</li> <li>● Mobility grants</li> </ul>
2. Stricter availability criteria and sanctioning clauses <ul style="list-style-type: none"> <li>● More restrictive definition of suitable job offers</li> <li>● Punitive sanctions for non-compliance</li> </ul>	2. Fiscal incentives/make work pay <ul style="list-style-type: none"> <li>● Earnings disregard clauses</li> <li>● Wage supplements granted in case of taking up low-pay jobs</li> </ul>
3. Individual activity requirements <ul style="list-style-type: none"> <li>● Integration contracts</li> <li>● Monitoring of individual job search effort</li> <li>● Mandatory participation in active labour market policy schemes (workfare)</li> </ul>	3. Social services <ul style="list-style-type: none"> <li>● Case management, personalised support</li> <li>● Psychological and social assistance</li> <li>● Childcare support etc.</li> </ul>

Source: Eichhorst et al. 2008

I show you one case of the enabling sides in the UK. This was very famous restaurant, the Hoxton Apprentice at East End in London. A social enterprise managed this restaurant. The Hoxton Apprentice offered training for the young unemployed and homelessness. Part of the trainees was practically employed in the restraint, and the restaurant also offered job-placement service in the field of restaurant business to other trainees. This project is known as best practice in the UK because around 80% of trainees could get a job after the training.

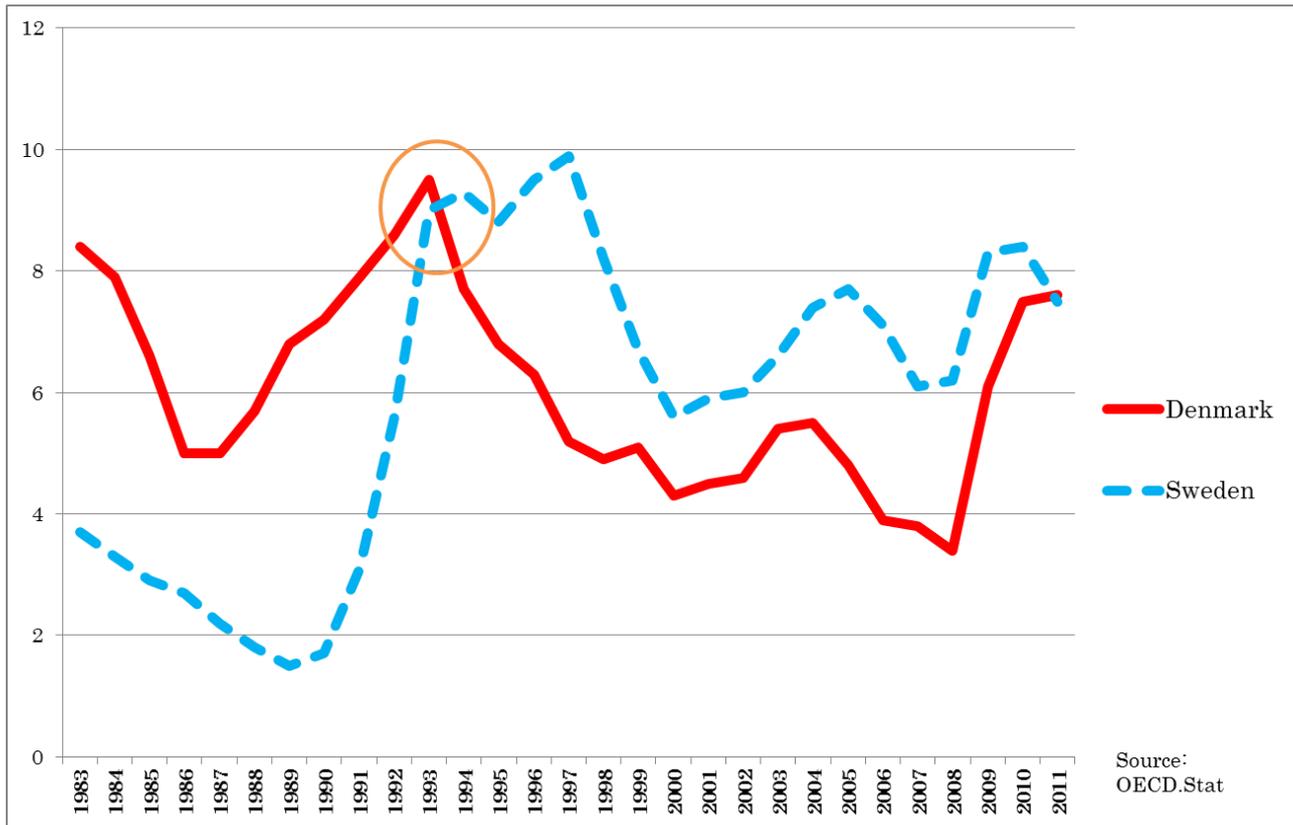
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**3. Case Study of the Danish Activation**

In part three, I explain relation with the Danish vocational education and activation policy. Denmark faced high unemployment since the late 1970s. Unemployment rate in Denmark in the early 1990s recorded around 10%. Figure 1 shows there was big difference with Scandinavian neighbourhood, Sweden. In Denmark, policy-makers discussed that factor of the high unemployment was structural unemployment problem, and there was mismatch between labour demand and labour supply behind this persistent high unemployment.

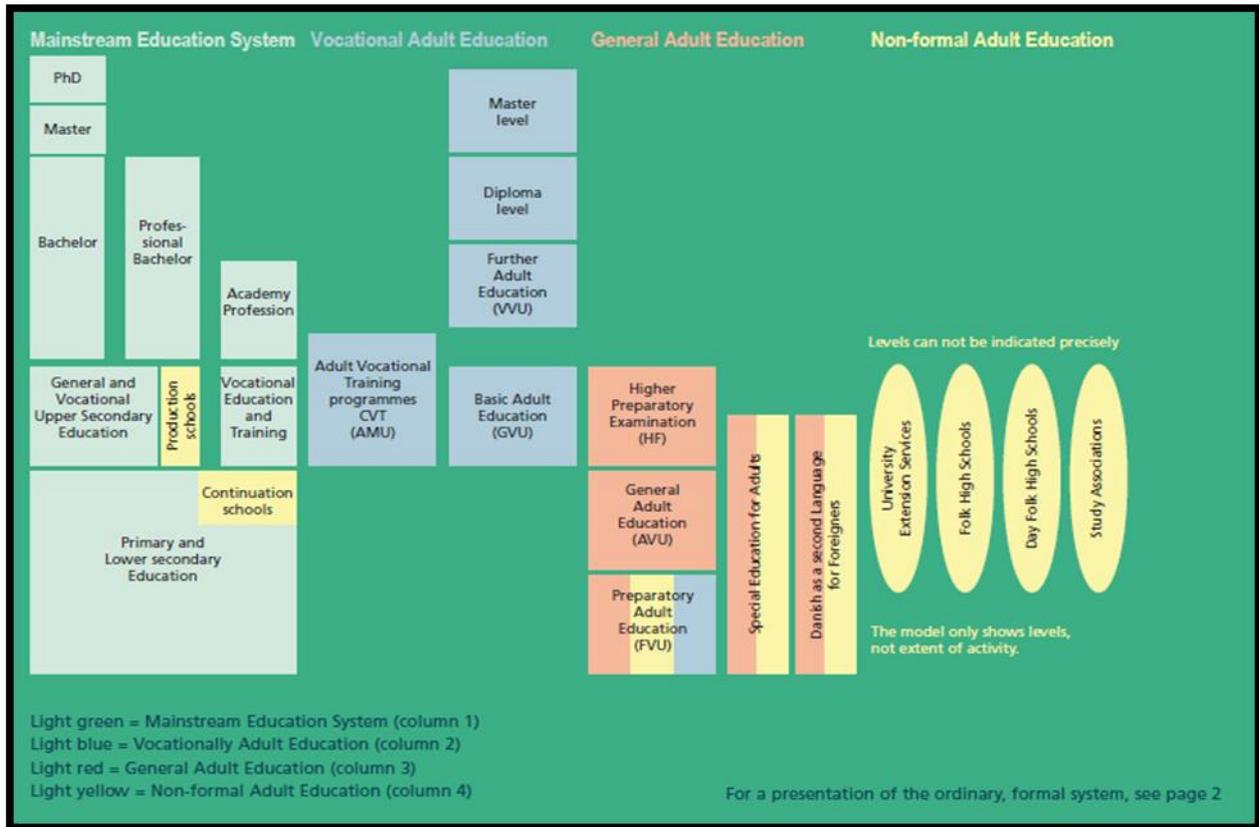
**Figure 1 Progress of unemployment rate in Denmark and Sweden**



In 1990, the Danish government introduced activation policy for young social assistance recipients whose age was 18 and 19 years old. After that, there was a big reform in 1993. The reform forced every recipient of unemployment benefit to participate into labour market programmes which included vocational education and training as a part of their obligations. In addition to that reform of 1993, this obligation has applied to all social assistance recipients in 1997. Social assistance is the last safety net of welfare states. Now all unemployed in Denmark must participate into activation programmes whatever their problems are. Otherwise they lose their right to social benefit.

Activation policy in Denmark can cooperate with its education system. Figure 2 is the Danish education system. We should take notice of AMU here. AMU is a main engine of adult education and continuing training system in Denmark. AMU has about 3,000 courses, and AMU is basically open to every person living in Denmark. It doesn't matter whether you are skilled worker or unskilled worker, employed or the unemployed, have high education or low education. AMU centres and vocational education schools offer the programmes for their participants. Those institutions often collaborate with local jobcentres which mean one-stop centres combining employment office with welfare office in order to offer job-training for the unemployed. But again, AMU is open to employed people as well as unemployment people.

Figure 2 The Danish Education System

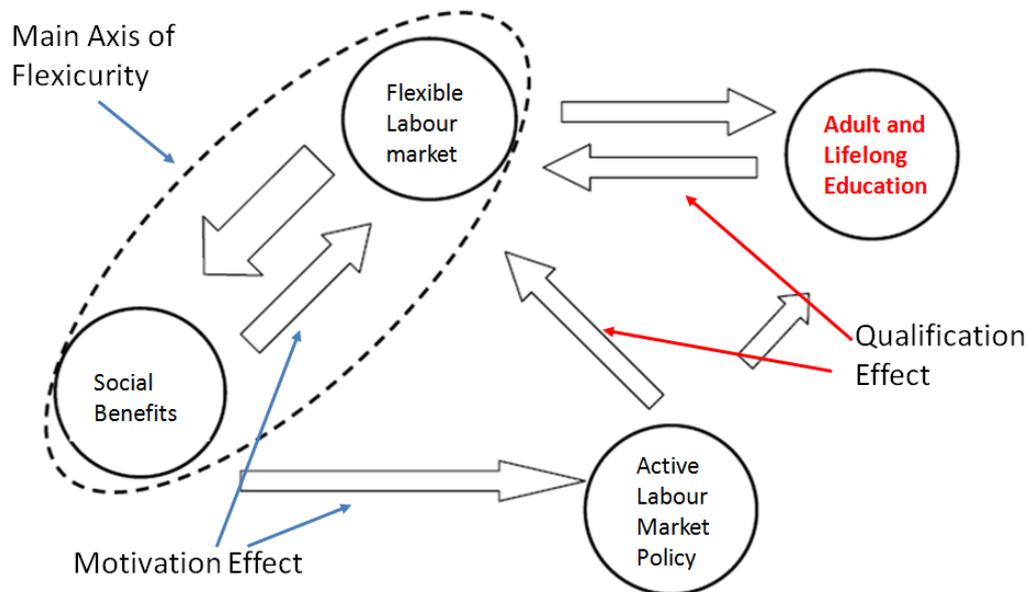


Source: The Danish Agency for Universities and Internationalisation, 2011

AMU was formally established in the 1960s. In the early years, AMU's missions were the transformation of the Danish economy from an agricultural society to an industrial society, and promoting female worker towards labour market. There was a huge need for re-training, re-education and ensuring workers' skills required from changing labour market. Now Denmark has entered information society or knowledge based economy. There is still great need of AMU (CEDEFOP, 2012). AMU has possibility to change structure in the present Danish labour market. AMU may be needed for a sustainable welfare state too.

Figure 3 represents the Danish flexicurity model. The Danish economist Per K. Madsen, professor in Aalborg University suggested this model. The model has been regarded as a model for the success of high employment performance in Denmark since the late 1990s. The term of "flexicurity" is a new word that is combined flexibility with security. European Commission used the term of flexicurity in their employment strategy in 2007. Denmark was a role model in this strategy. Arrows in the figure mean movement of people. First, Denmark has traditionally very flexible labour market. 30% of all employed person get a new job every year in Denmark. And employment regulation is not so tight in Denmark. Next, Denmark has relatively generous social benefit system, specially unemployment benefit. Then looking at ALMPs, as I mentioned before, participation into active labour market programme is duty of all social benefit recipient. Finally, those labour market programmes have relation with adult vocational education and training system. So, AMU can be included in the circle of "adult and lifelong education". What I mean here is AMU is one of the key factors constructing good performance of the Danish welfare state.

**Figure 3 The Danish Model of Flexicurity**



Source: Madsen, 2011, p. 43

Let's get back to the topic of activation policy. The Danish activation having relation with AMU has been seen as the Human Capital Development model by lots of scholars studying political science, economics and political economy. They have spoken highly of the Danish success story such as implementing HCD-model. The Human Capital Development model focuses more on the development of human resources and opportunities. This presupposes a wider understanding of social rights than simply as entitlement to economic support. In other words, even if the new obligation to work is a reduction of existing social rights, new opportunities to participants may improve their chances of the unemployed people for labour market integration (Lødemel, 2001, p297). For example, the British sociologist Anthony Giddens told in his work "The third way", modern welfare state should be a social investment state. He said that the traditional welfare state only protected their citizens from the market while the social investment state makes their citizens more powerful in the market. As you can see, the social investment includes vocational education and training in particular.

At the same time, however, he told one more interesting phrase in *The Third Way*. He said "no rights without responsibilities" (Giddens, 1998, p65). This phrase represents citizens' right and duty in the modern welfare states, or this phrase express reciprocity between the welfare states and its citizens. The state asks the citizen to more actively carry out specific duties, for instance, participating in different forms of activation programmes in return for social benefit such as unemployment benefit and social assistance (Johansson and Hvinden, 2007, p4). Those who don't fulfill their obligation can no longer have right to the welfare, which means they are not able to obtain their citizenship of the welfare state. The Danish local jobcenters should try to give clients a choice of offers. There are several offers like subsidised jobs, vocational guidance, job-placement services, adult education and further training and something stuff like that. Officers in the jobcenter may offer adult vocational education and further training when people over the age of 25 having poor employment prospects visit the jobcenter (Rosdahl and Weise, 2000). In 2009, I had interviewed with a man who was out of job in a small town of Denmark. He told me that he went to the jobcenter and his first choice was going to the education but the officer rejected his choice and said to him,

“you should go to a factory”. So, actually all applicants cannot always participate in adult vocational education and training programmes.

What I stress here is that taking part in labour market programmes has become obligation for the all unemployed in Denmark. From the view of the marginal people facing social exclusion, that kind of obligation means paternalistic policies because they don't have freedom of choice except labour market integration programmes, even though they need not integration in labour market but in society. When they reject jobcenter's offer, they would receive sanction from the public authorities. It means punishment for protesting against appropriate behavior as a moral citizen in modern welfare state. In other words, it means also intervention into way of life of individuals by the state. We are able to interpret activation is a political device that get people internalised morality as a “good citizen” in globalised economy, knowledge based economy, using such obligation and sanction. In consequence, reinforcement of vocational education and training in modern welfare state would be one of a key component of such controlling people.

#### 4. Conclusion

When we try to interpret reinforcement vocational education and training in recent society in the context of social policy study, two faces exist in the reinforcement. One means increasing social investment into those who don't have difficulties except unemployment so that they can survive in competitive market. Another is social discipline for the marginalised people who face social exclusion because they have various (multiple) deprivations in addition to unemployment. They need social inclusion as well as labour market inclusion. Labour market inclusion is not everything for those people. We should fix starting point for social inclusion. But in reality most of activation policy in Denmark has only set the starting point on labour market inclusion.

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