

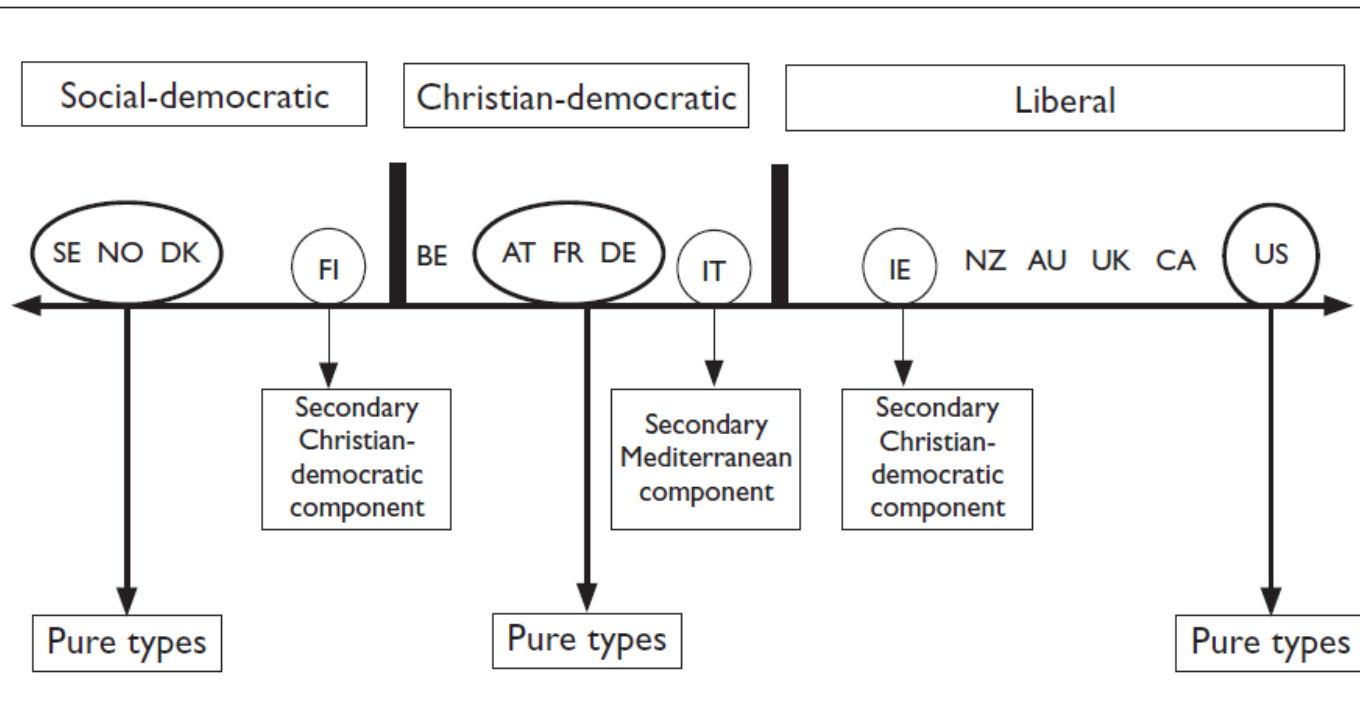


DENMARK AND IRELAND -
ASSESSING A DECADE OF LABOUR
MARKET TRENDS AND INSTITUTIONAL
REFORMS?

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MAYNOOTH UNIVERSITY, MAY 18TH 2017

TWO SMALL OPEN ECONOMIES,



- DIFFERENT WELFARE/LABOUR MARKET AMBITIONS/CULTURES/INSTITUTIONS
- BOTH UNITARY BUT DIFFERENT LOCAL AUTONOMY (DK, STRONG, IRL WEAK)
- A MODERNIZER AND A LAGGARD, CONVERGENCE?



IRISH WELFARE AND LABOUR MARKET INSTITUTIONS. ACTIVATION. INTO WHAT? FOR WHO?

- 2008 LABOUR MARKET, WELFARE AND LABOUR MARKET INSTITUTIONAL LANDSCAPE
 - KEY LABOUR MARKET SHIFTS AND INSTITUTIONAL REFORMS OVER THE CRISIS PERIOD
 - CONTEMPORARY CHALLENGES AND TRAJECTORY OF ACTIVATION AND LOW PAY
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2008 LABOUR MARKET, WELFARE AND PUBLIC EMPLOYMENT SERVICE LANDSCAPE

- LABOUR MARKET: LIBERAL EPL, SIGNIFICANT LEVELS OF LOW PAY
- SEGMENTED: SME, MNC, PUBLIC SECTOR,
- LABOUR SUPPLY INCREASED WOMEN AND MIGRANT WORKERS,
- RELATIVELY LOW PARTICIPATION RATES WITH HIGH NUMBERS OF ECONOMIC INACTIVE
- WELFARE: LIBERAL/CONSERVATIVE REGIME, MODIFIED MOTHER/WORKER MODEL.
- PES: UNDERDEVELOPED ACTIVATION REGIME, FAS LESN & LOCAL GOVERNANCE.
- HIGH INVESTMENT IN ALMP BUT LITTLE ENGAGEMENT AND POOR OUTCOMES,
- CHANGE NEEDED, FLEXICURITY A PRE CRISIS OPTION (NESC DWS), OECD, EU

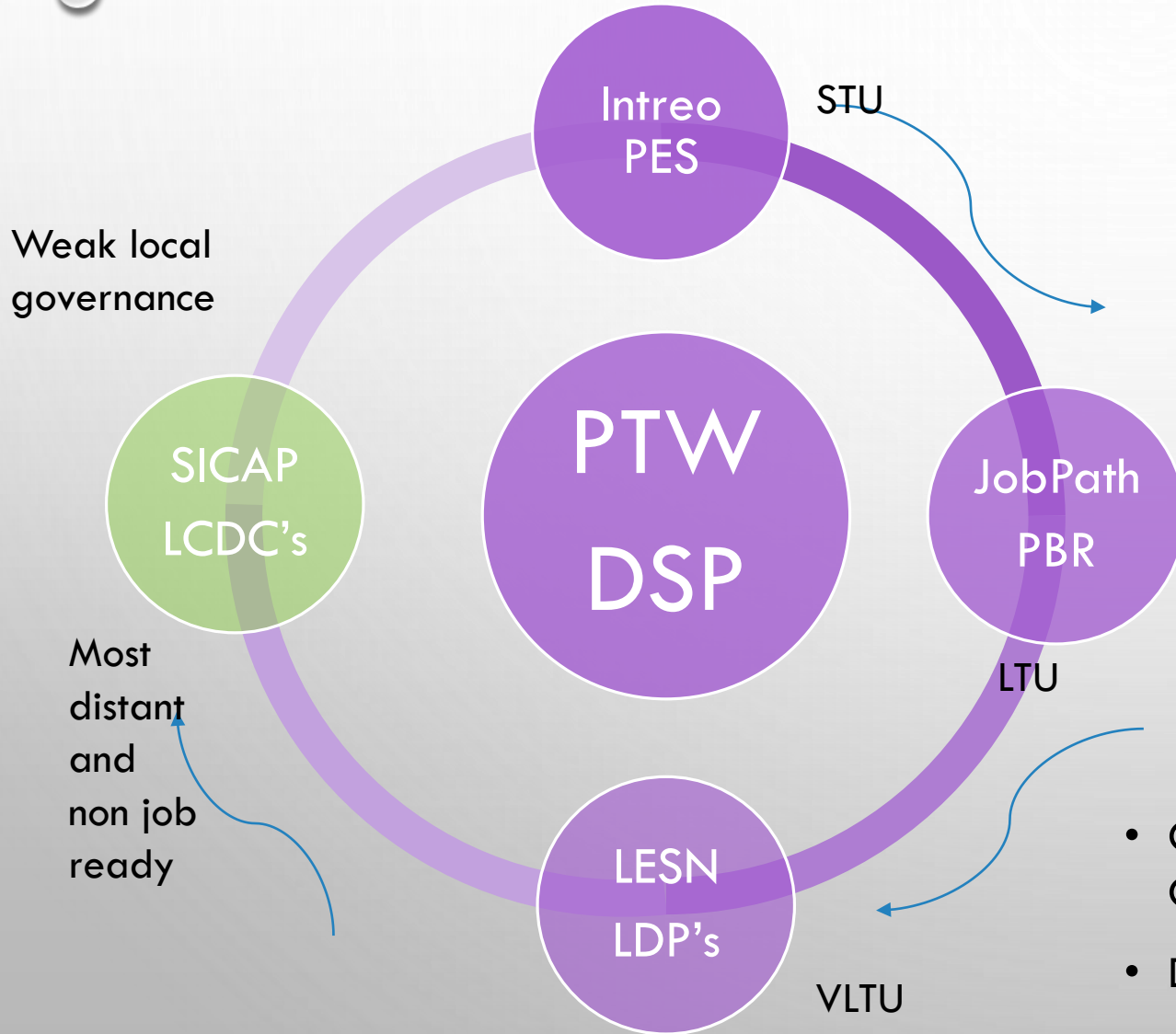
KEY LABOUR MARKET SHIFTS AND INSTITUTIONAL REFORMS OVER THE CRISIS PERIOD

- LABOUR MARKET CRISIS UNEMPLOYMENT (4.2% -15.1%),
- UNDEREMPLOYMENT (INVOL.. MALE PT DOUBLED 6-12%),
- EMIGRATION, MIGRANTS, YOUTH UNEMPLOYMENT
- LOW WORK INTENSITY FAMILIES,
- EMBEDDED PRECARITY (NEW FORMS AND WHO)
- WELFARE REFORM: CUTS (YOUNG), JSB DURATION, 8% INCOME CUT
- KEY INCOME BENCHMARKS MAINTAINED – STRONG WELFARE EFFICACY, AUTOMATIC STABILISERS
- ACTIVATION REFORM: SIGNIFICANT, MUTUAL OBLIGATION, WORK FIRST (SANCTIONS .5%), 'SINGLE WORKING AGE PAYMENT', LONE PARENTS
- GAME CHANGERS - PAY-BY-RESULT JOB PATH, LOCAL ALIGNMENT
- POOR INTEGRATION WITH EDUCATION AND TRAINING
- VARYING IMPLEMENTATION, EVALUATIONS, CAPACITY, COMPETENCE AND CULTURE

CHANGING ARCHITECTURE OF IRISH PES

National and Centralised DSP,

- PATHWAYS TO WORK 2011-15 & 2016-20



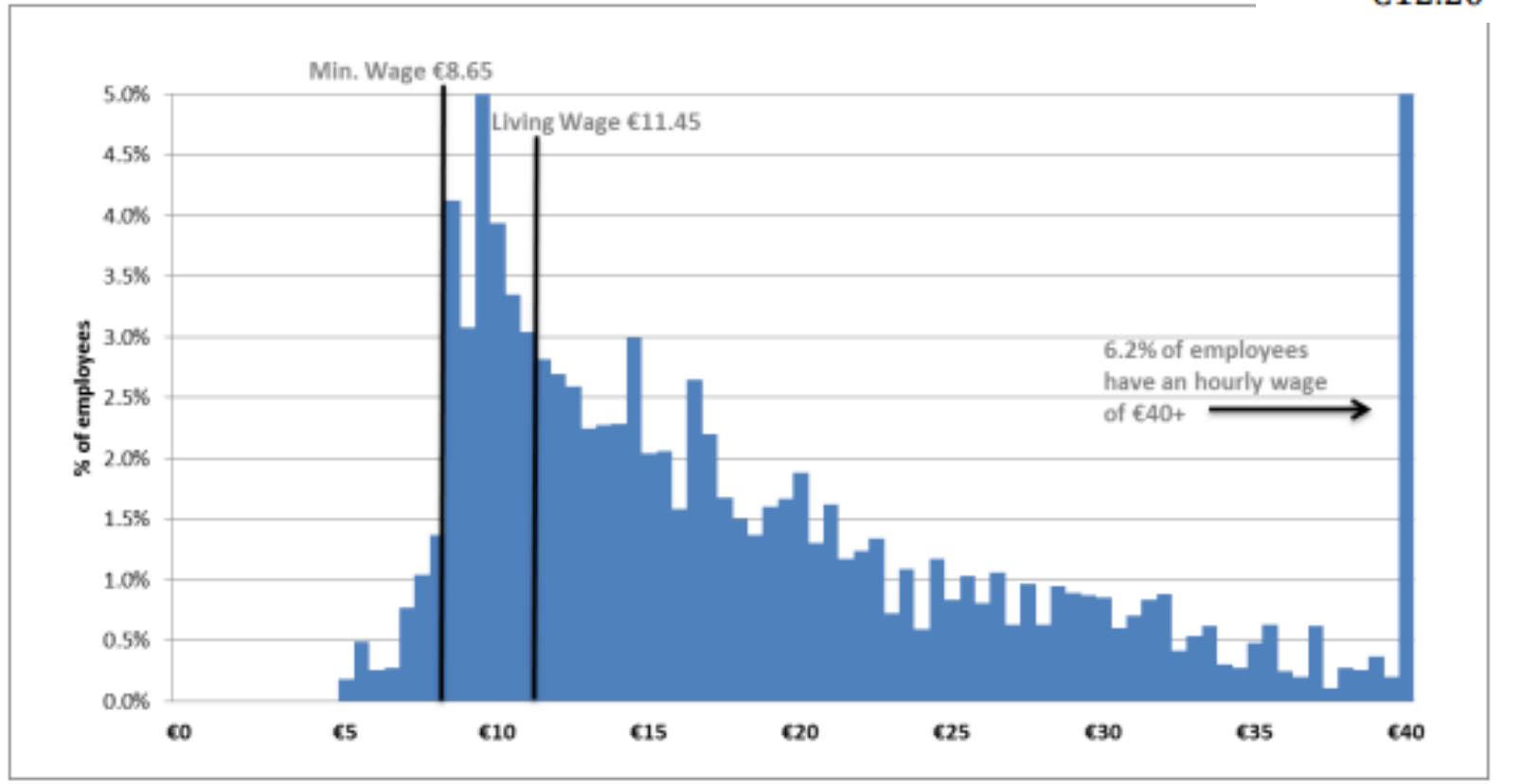
- VERY SIGNIFICANT INSTITUTIONAL REFORM OF INCOME SUPPORT AND PES - INTREO - CATCH UP
- MORE TARGETING AND ENGAGEMENT
- CLIENT JOURNEY
- EMPLOYERS
- NEW FUNDING MODELS, PBR, BLOCK GRANT AND COMMISSIONING
- MALE BREADWINNER ACTIVATION
- NEW TARGETS IN RECOVERY (CAPACITY/WILL?)
- CAN MODEL MEET NEEDS OF MOST DISTANT

- CAPACITY, COMPETENCE, CULTURE CONFUSION, COMPETITION,
- DUPLICATION, OVERLAP

ACTIVATION FOR WHAT? INTO WHAT?

2014 most market income inequality in OECD (Collins 2016)

From	To	% of employees
minimum	€8.64	5.3%
€8.65	€9.99	8.9%
€10.00	€11.44	12.2%
€11.45	€12.19	4.4%
€12.20	€14.99	13.8%



OECD 2/3rd average income €12.20

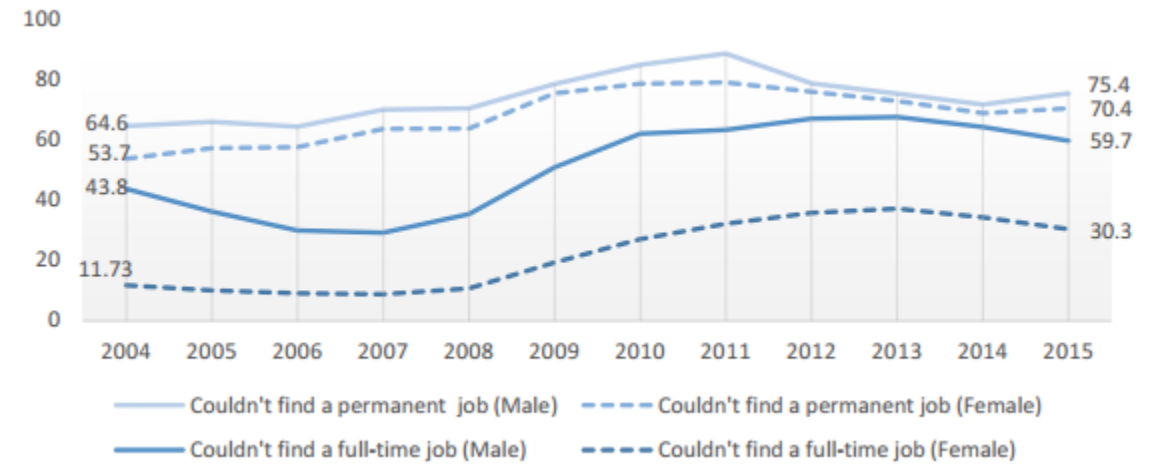
30% Irish jobs are low paid

EMBEDDED PRECARITY AND EMBEDDED INEQUALITY

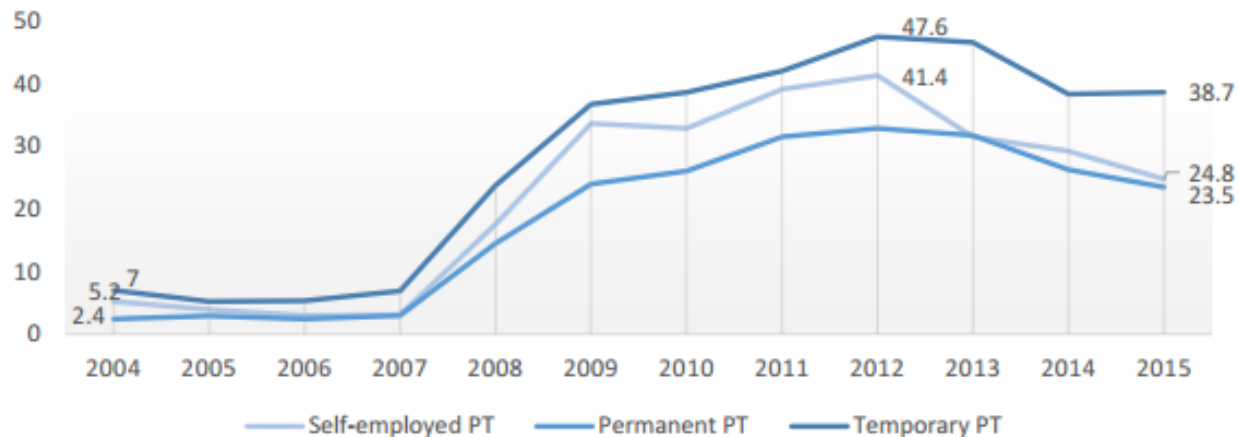
PART-TIME AS % OF WORKFORCE



Involuntary Temporary and Part-time by Gender



INVOLUNTARY PT AS % OF P.T.



13% of all working 15-30 yrs involuntary temp
3% of all working 30+ yrs involuntary temp

15% foreign nationals want more hours (10% Irish)
50% foreign nationals PT want full time (37% Irish)

AVOIDING FLEX-INSECURITY

- LOW PAY COMMISSION
- IF AND WHEN ZERO HOUR REGULATION
- JOB BRIDGE INTERNSHIP TEMPERED
- SOME LM TRENDS IN RIGHT DIRECTION



€1 B IN-WORK-BENEFITS SUBSIDISING LOW PAY REGIME

LABOUR MARKET REGULATORY & ENFORCEMENT CHALLENGES, 'IF AND WHEN', 'BOGUS SELF EMPLOYMENT', GIG ECONOMY,

HIGH INCIDENCE OF INVOLUNTARY PART-TIME WORK (YOUTH)

INVESTMENT IN PES STATE/MARKET SERVICES, LESS COMMUNITY

SKILLS AND TRAINING INSTITUTIONS NOT INTEGRATED IN PES

LACKING EFFECTIVE LABOUR MARKET GOVERNANCE

ADDRESSING INEQUALITY

WELFARE RETRENCHMENT AND MARKETIZATION BY STEALTH

MALE BREADWINNER WELFARE AND ACTIVATION REGIME

DISABILITY, YOUNG PEOPLE, MIGRANTS

FOCUS ON A WORK-FIRST APPROACH, 'FRAUD' AND 'CONTROL' DISCOURSE

INCENTIVE TO TAKE WORK FIRST – NO ASSESSMENT OF CHURNING, JOB QUALITY, PEACARITY

LOW PAY & HIGH MARKET INEQUALITY COMPENSATED THROUGH TAX/INCOME SUPPORT – LESS TO INVEST IN PUBLIC SERVICES (HOUSING, HEALTH, CARE),

GROWING TREND OF MARKETIZATION, LOW TAXATION POLITICAL ECONOMY INCOMPATIBLE WITH INVESTMENT IN PUBLIC SERVICES

IDEATIONAL ALLURE OF MARKET WELFARE AND LOW TAX ECONOMY

The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance.

DENMARK – WHY CHANGE WELFARE IN ONE OF THE WORLDS HAPPIEST COUNTRIES?

BENT GREVE

DENMARK – A SMALL OPEN ECONOMY

- A SMALL OPEN ECONOMY LARGE INTERNATIONAL TRADE AND LOW LEVEL OF STATE OWNERSHIP
- A FEW LARGE COMPANIES
- REGULATED, BUT WITHIN AN APPROACH OF INTERNATIONAL COMPETITIVENESS

NO PROBLEMS WITH ECONOMIC AND MONETARY UNION

	2009	2010	2011	2012	2013	2014	2015	2016
Government EMU-deficit % of GDP	-2.8	-2.7	-2.1	-3.5	-1.0	1.4	-1.3	-0.9
Government EMU-debt in % of GDP	40.4	42.9	46.4	45.2	44.0	44.0	39.6	37.8

YEARLY GROWTH IN GOVERNMENT CONSUMPTION EXPENDITURE

2009	2010	2011	2012	2013	2014	2015	2016
3.0	1.6	-0.6	0.8	-0.1	1.2	0.6	-0.1

Neither problems with Balance of Payment (surplus for many years and in 2016 + 7.7 % of GDP) and a positive net capital account (+ 45.1 % of GDP in 2016)

THE TAX BURDEN IN DENMARK 1971-2017



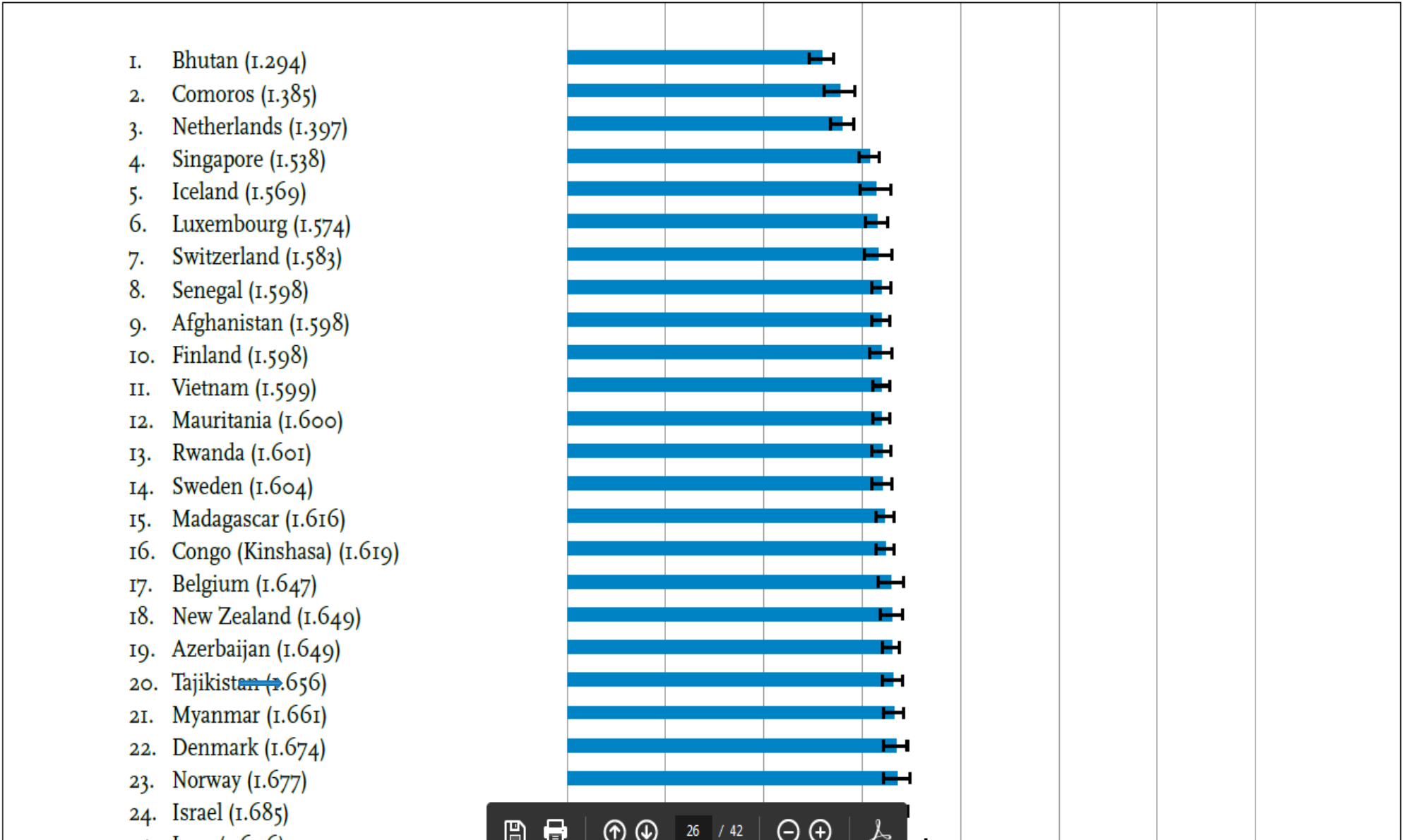
HAPPINESS – WORLD HAPPINESS REPORT 2014-2016

1. Norway (7.537)
2. Denmark (7.522)
3. Iceland (7.504)
4. Switzerland (7.494)
5. Finland (7.469)
6. Netherlands (7.377)
7. Canada (7.316)
8. New Zealand (7.314)
9. Australia (7.284)
10. Sweden (7.284)
15. Ireland (6.977)

HAPPY IN EUROPE 2002-2014 – AND LEVEL DK

	2002	2004	2006	2008	2010	2012	2014
1	Denmark	Denmark	Denmark	Denmark	Denmark	Denmark	Denmark
2	Finland	Finland	Switzerland	Finland	Switzerland	Norge	Finland
3	Switzerland	Switzerland	Finland	Switzerland	Finland	Finland	Switzerland
Level in DK	8,12	8,10	8,13	8,16	8,10	8,17	8,05

Figure 2.5: Ranking of Standard Deviation of Happiness by Country 2012-2015 (Part 1)



UNEMPLOYMENT LOW

- FROM 7.7 % IN 2012 TO EXPECTED 5.9 % IN 2017.
- STILL HIGH FOR NEWLY EDUCATED YOUNG PERSONS
- GROWING EMPLOYMENT RATE FOR ELDERLY WORKERS

WHY THEN REFORMS?

- SOME WOULD ARGUE THAT THE REFORMS IS THE REASON WHY

REFORMS HAS FOCUSED ON:

INCREASING LABOUR SUPPLY – LATER EARLY RETIREMENT, LATER PENSION AGE

(AGREEMENT IN 2006 AND 2011 INCREASES GRADUALLY PENSION AGE SO IN 2022 IT IS 67 INSTEAD OF 65, IN 2015 TO 68 IN 2030)

2011 EARLY RETIREMENT REFORM – FROM 60 TO 62 YEARS OF AGE IN 2017, LENGTH REDUCES GRADUALLY FROM FIVE TO THREE YEARS FROM 2017-2022 – AND THUS MAXIMUM THREE YEARS AND BEFORE THE PENSION AGE

REFORMS IN TAXATION

- 7 REFORMS SINCE 1995
- FOCUS ON LOWERING INCOME TAX, IN-WORK TAX-CREDITS, BUT ALSO BROADENING OF THE TAX-BASE AND LOWER TAX ON COMPANIES
- LOWERING TAX-BURDEN
- HOWEVER, INCOME DISTRIBUTION HAS BECOME MORE UNEQUAL – ALSO DUE TO "TAX-STOP" FROM 2001-2011

LABOUR MARKET REFORMS

- MANY AND OVERALL WITH THE FOLLOWING FOCUS:
- WORK-FIRST, COERCION, LESS FOCUS ON HUMAN CAPITAL DEVELOPMENT
- "INCENTIVE TO TAKE A JOB"
- SHORT TIME FOR UNEMPLOYMENT BENEFIT, AND MORE DIFFICULT TO BECOME ELIGIBLE AGAIN FOR BENEFIT IF OUT OF THE SYSTEM
- EARLY RETIREMENT PENSION RESTRICTED FOR THOSE BELOW THE AGE OF 40
- SOCIAL ASSISTANCE MORE OR LESS AWAY FOR THOSE BELOW 30 – INSTEAD EDUCATIONAL GRANT
- CEILING ON SOCIAL ASSISTANCE FROM 2016
- LOWER INTEGRATION BENEFIT
- GRADUAL LOWER REPLACEMENT LEVEL SOCIAL ASSISTANCE AND UNEMPLOYMENT BENEFIT – PARTLY DUE TO INDEXATION, PARTLY IN-WORK TAX-CREDITS
- SUPPLY DRIVEN CHANGES – AND LESS ON DEMAND

STRONGER RULES FOR MUNICIPALITIES AND REGIONS

- A BUDGET CEILING – WITH STRONG CONSEQUENCES IF THEY SPEND MORE
- MORE DIFFICULT FOR MUNICIPALITIES TO INCREASE TAXATION
- DEMAND FOR A 2 % PRODUCTIVITY IMPROVEMENT EACH YEAR

OVERALL

- GROWING LEVEL OF INEQUALITY
- TIGHT CONTROL WITH PUBLIC SECTOR SPENDING
- RETRENCHMENT OF BENEFITS IN A GRADUAL WAY – BUT NOT OVERALL SPENDING
- LESS UNIVERSALISTIC THAN PREVIOUSLY – PARTLY DUE TO HISTORICAL PENSION REFORMS, BUT ALSO NEW TYPES OF BENEFITS
- STRONGER FOCUS ON A WORK-FIRST APPROACH
- INCENTIVE TO TAKE A JOB HAS BEEN GUIDING LINE
- STRONG FOCUS ON MARKET APPROACH