

## **Flexicurity, employment uncertainty and family formation of youth in Denmark**

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## **INTRODUCTION**

Among the European countries the ‘Danish model’ (Due et al., 1993) is often showcased as being particularly successful in dealing with rising demands for a flexible labour force while providing a social safety net for individuals and families (Madsen 2002, 2006). The key term describing this model is ‘flexicurity’. Flexicurity has been defined as a labor market concept which combines weak employment protection with high public spending on active labour market policies and unemployment benefits (Ebralidze 2010; OECD 2004). In the Danish context, flexicurity refers to Denmark’s unique way of combining a high level of labour market flexibility and trade openness with extensive welfare state expenditures, policy intervention, provision of social security, and a highly organized labour market (Madsen, 2002; Braun, 2003). The success of the ‘Danish Model’ is exemplified with respect to employment of the young. The unemployment rate among the 16-24 olds is with 11.7% way below the OECD average of 18.5% (OECD 2010, data referring to the third quarter of 2010). And even though youth unemployment increased with the current economic crisis (by +2 percentage points since 2007), it has increased less in Denmark than in most other OECD countries (+5.3 percentage points; OECD 2010). Fighting youth unemployment has been a major priority in Danish politics since the mid-1990s (Preisler 2010). Extensive activation programmes and re-education plans resulted in declining youth unemployment rates, relative to the adult working population and also in declining long-term unemployment among youth (OECD 2010).

Thus, in many respects, hypothesizing that globalization and economic recession created more precarious early careers for youth, to the benefit of labour market insiders (cp. introductory chapter of this volume), seems unjustified in the case of Denmark. For one, high levels of employment flexibility are nothing new in Denmark. Flexibility results from low levels of job protection and high trade openness, and concerns those seeking access to the labour market and those active in the labour market alike. Because Danish employment protection measures follow the minimum requirements set by the EU, there is also little room for flexibilizing these terms of conditions even further (Grunow and Leth-

Sørensen 2006a; 2006b). Second, the central changes on the Danish labour market are associated with the turn towards activation in the 1994 labour market reforms. These new policies come with extensive state intervention in individual job search processes and therefore probably counterbalance increasing employment uncertainties created by market forces. Third, the mid 1990s also coincided with an economic boom that led to a tremendous decrease in unemployment—especially for youth (Grunow and Leth-Sørensen 2006b; Ebralidze 2010).

Economic uncertainty, however, is not exclusively a matter of holding a job. Uncertainty can also result from low wages or lack of career opportunities (dead-end jobs). In this vein Ebralidze (2010) argued that the decentralization of wage setting which took place in the mid-1990s, introduced new options for employers to adjust to changing labour market conditions by offering lower wages to labour market entrants. In combination with the compulsory activation measures introduced at the time, young job seekers could be pushed to accept dead-end jobs or at least lower paid jobs than they might otherwise have accepted (Ebralidze 2010).

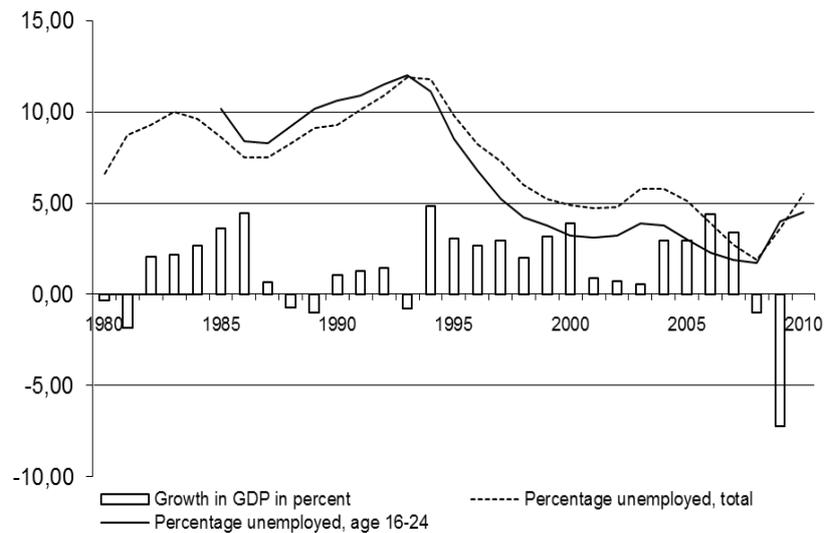
This paper describes how the increasing trends towards globalisation and labour market flexibilization have changed the employment situation of youth in Denmark from the 1980s to 2010, and what these changes have implied for long-term binding decisions of youth, such as entering a partnership, forming an autonomous household, and founding a family. We begin by describing some key characteristics of the Danish case that framed individual life course transitions of youth since the 1980s: the general macro-economic development, the Danish educational system, the labour market structure, and specific welfare state provisions aimed to enhance educational attainment and successful labour market entry of youth. We then turn to describing concomitant changes in marriage and fertility in Denmark. Focussing on youth, we show how processes of leaving the parental home and household formation have changed in recent decades. We end with a review of recent studies that point to linkages between employment uncertainty and family formation of youth in the Danish flexicurity model.

## **MACRO-ECONOMIC DEVELOPMENT, 1980-2010**

Denmark is a country characterized by high levels of job mobility and low firm tenure. One out of four workers has a firm tenure of less than one year (OECD 1997: 138). Employment protection is weak and businesses in Denmark are generally small. Both factors make employees more vulnerable towards cyclical fluctuation in macro-economic development and shifts on the demand side of labour. Figure 1 illustrates the three up-swings in the Danish economy as well as the levels of general unemployment and youth unemployment from 1980 to 2010. Changes in unemployment rates often follow, with some delay, the

developments in the economic cycle. This is clearly seen with the slowdown of economic growth between 1987 and 1993 and again after 2001. Unemployment has been falling from 1983 to 1986 and then increased again until 1993. Youth unemployment used to be higher compared to the total unemployed population in the 1980s (between 0.6% and 1.6%). This pattern reversed from 1994 onwards, when conditions to unemployment benefits were tightened and active labour market policy measures were introduced. With the onset of economic upswing in 1994 both unemployment figures declined dramatically and for the 16-24 year olds the decline was even steeper than for the adult population. Until 2002 the youth-minus-total population gap in unemployment widened, despite the slowdown of the economy in 2001-2003. Only recently did the gap between youth and total unemployment rates narrow again. In 2009 the Danish economy experienced a historic negative growth (-4.9%). This year was the second year in a row with negative GDP development (Statistics Denmark 2010). Even though the current economic crisis left its mark on Danish unemployment rates, the recent increases are moderate compared to the other OECD countries (OECD 2010).

Figure 1: *Real growth in Gross Domestic Product and level of Unemployment. Denmark 1980-2009.*



Source: Statistics Denmark 2011.  
 Note: Unemployment data for age group 16-24 is only available since 1985.

**EDUCATION IN DENMARK**

While the OECD recently praised Denmark for its fight against youth unemployment, it also criticised the Danish government for doing too little to reduce the amount of time young people spend in the education system (Preisler 2010; Scarpetta, Sonnet and Manfredi 2010). For instance, the pre-school entry cohort of 2007 will on average proceed through 17.2 years of education before completing a full-time education course providing them with professional qualifications (Statistics Denmark 2010: 72). This is more than one year longer than the OECD average of 16.6 years. At present, ten years after finishing basic school, half of the Danes have completed a training providing them with professional qualifications (Statistics Denmark 2010: 68). One out of three thereof has attained a vocational education certificate and one out of five has completed higher education, while 25 per cent are still studying. Prolonging the time spent in education can serve as an individual strategy to avoid unemployment when labour market conditions are tight. However, higher educational attainment also translates in better labour market prospects later in life (Statistics Denmark 2010: 71).

The Danish educational system is marked by a standardized training and certification system, which is centrally controlled by the state (Munk 2001). The high level of standardization and vocational specificity of secondary education in Denmark potentially eases transitions out of flexible entry positions like fixed-term jobs – but only for those who managed to obtain the right skills (Ebraldize 2010). Therefore, preventing educational drop-out and promoting adult education have been high on the Danish policy agenda (Scarpetta et al. 2010; Munk 2001). Young people have a right to education and free entrance to primary and secondary schooling. Since 1998, the share of students attending higher education has increased by 14% and for vocational education and training by 4% (Statistics Denmark 2010: 66). The majority of young people complete vocational education and training. The Danish vocational training system grants most students a smooth transition to the labour market with only a short duration of job search. Institutionally, the successful matching of apprentices and firms is facilitated by tight cooperation between employers and the state in shaping training and examination standards (Müller et al. 2002). Standardization of certificates is also a precondition for the high level of inter-firm mobility and labour market flexibility achieved in the Danish system. Within each field of study students obtain a certain kind of occupation specific knowledge which can be transferred between firms. Both occupational qualifications and general levels of education have significant effects on employment chances later in life. Danes with upper secondary education or higher enjoy more upward mobility, less downward mobility, and a lower unemployment risk compared to employees with lower secondary education and short or no occupational training (Grunow and Leth-Sørensen 2006a 2006b).

## **LABOUR MARKET STRUCTURE**

The fact that education and occupational qualifications decrease employment uncertainty most likely reflects a higher demand for skilled labour, rather than institutionalized protectionism of labour market insiders. Institutionally, the flexible Danish labour market discriminates little between the skilled and unskilled workforce when it comes to layoffs. Most importantly, white collar workers have to be given a notice of -at maximum- six months in advance, depending on their firm tenure. Apart from this regulation Danish legislation follows the minimum employment protection standards required by the EU (Albæk et al. 1999).

Changes in the labour market structure in recent decades included declines of the gender activity gap, and a reversal of the gender unemployment gap. Female activity rates increased steadily until the early 1980s, and have remained about ten percentage points lower than for males since (Statistics Denmark 2010: 99). Part time work has always been on a relatively low level in Denmark, as compared to Scandinavian standards, and declined even further between the 1980s and 2000 (Ellingsaeter, 2000). Throughout the 1980s, 1990s, and most of 2000s women used to have higher unemployment rates than men. Since mid-2008 this figure reversed (Statistics Denmark 2010: 101). It is unclear though whether the lower unemployment figures for women primarily result from higher demands for female labour or from gendered responses to the Danish leave schemes and related policies (Grunow 2006). A significant number of Danes (819,700 persons) were not in ordinary employment in 2009 (Statistics Denmark 2010: 102). The corresponding figures confirm earlier research showing that special leave schemes, education programmes and various forms of subsidized employment absorb a considerable share of the labour force; persons who may otherwise be in registered unemployment (Grunow 2006). The Statistical Yearbook also noted a sharp increase in the number of long-term unemployed between 2008 and 2009, corresponding with the overall jump in unemployment and negative growth in GDP (Statistics Denmark 2010). Unemployment effects for youth seem to be buffered by education and reemployment programmes (Scarpetta et al. 2010, OECD 2010).

## **TURN TOWARDS ACTIVATION IN THE MID-1990S**

The lack of employment protection in Denmark is mostly counterbalanced by generous, tax financed unemployment benefits. For uninsured persons this system is supplemented with social welfare provision (Bredgaard et al. 2005). For decades the main emphasis of these policies has been to buffer financial uncertainty for the unemployed, and some of these strategies were aimed to decrease the overall supply of labour (Westergaard-Nielsen 2001). Until 1992/93 the main features of the Danish unemployment benefit system were (1) easy

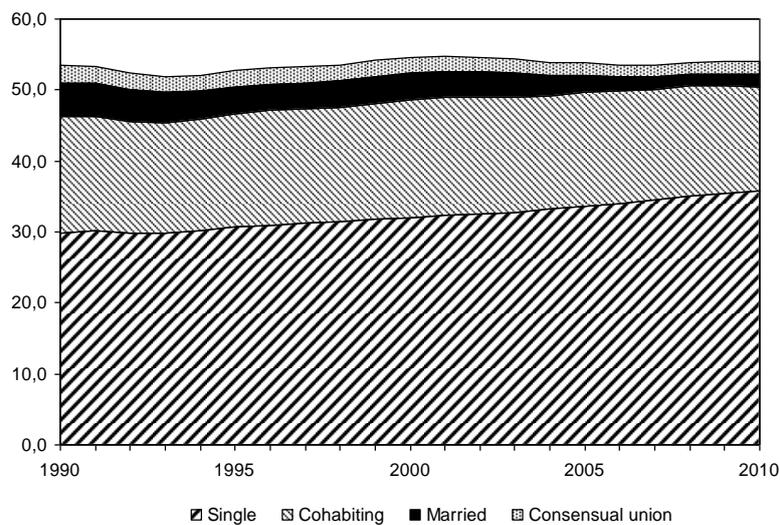
access: one-year membership of an unemployment insurance fund and 26 weeks in employment within the last three years; (2) long duration: entitlement to more than eight years of full-range financial support; and (3) and a high level of compensation of up to 90% of the previous wage (Andersen 2002). With the turn towards activation these conditions were considerably tightened, making it harder for young workers and first-time job-seekers to become eligible for the generous unemployment insurance funds. Activation reforms started in the mid-1990s and were modified several times since. By 2000 the maximum benefit duration was halved, access was restricted to those with a minimum of 52 weeks of prior employment, and the ‘youth program’ which was initiated in 1996, came with direct economic incentives for the unemployed to look for a job (Andersen 2002). Unskilled youth below age 25 who registered as unemployed receive only reduced unemployment benefits, and are obliged to take part in a training programme (Scarpetta et al. 2010). Apart from the direct financial incentives for youth the Danish reforms focus on activating the unemployed in an earlier stage and on increasing the quality of the activation measures and job centre performance. In 2009 a new project, entitled “Youth well underway” was launched by the Danish government (Preisler 2010). The target group consists of unemployment benefit recipients below age 30. This group receives a variety of interventions which are tied to job centres, including regular conversation about possible jobs starting within the first month after entering unemployment, an active job offer after three months of unemployment, assessment of reading and writing skills, including special training, and individual mentoring (Preisler 2010). As indicated in Figure 1 the ‘youth programme’ proved very effective in reducing youth unemployment. It is unclear though whether the quality of jobs attained by youth is comparable to earlier times.

## **HOUSEHOLD AND FAMILY FORMATION AMONG YOUTH**

Youth are expected to react to labour market uncertainty by delaying long-term binding decisions which used to constitute the transition to adulthood (Mills and Blossfeld 2005). In this sense a ‘bad start’ in the labour market might not only affect the later career but also concern other central life events, such as household formation and family planning. A recent study of job-loss worry among youth suggests that the Danish flexicurity model is associated with rather low levels of worry about economic uncertainty (Ebralidze 2010). Levels of job-loss worry among Danish youth are comparable to other flexibility regimes, such as the U.S., and much lower than in the insider-outsider labour markets of southern Europe (Ebralidze 2010). At the same time poverty researchers found youth poverty in Denmark (and Finland) to be much higher than in other European countries (Aassve et al. 2006). Average Danish youth poverty duration is short, though, and is most importantly linked to leaving the parental home (Mendola, Busetta, Aassveis 2008). Young Danes tend to leave the parental

home at a much earlier age than youth in other European countries. In 2005, an average of only 40.5 percent of Danes aged 18 to 24 was living with their parents, compared to a European average of 76.6 percent (Eurostat 2008; EU-25 estimate). Compared to other important events that mark the transition to adulthood such as the completion of education, labour force entry, getting married, and having children, leaving the parental home increases poverty risks most severely (Mendola et al. 2008).

Figure 2 Living Arrangements among Youth, Age 16-24, Percentages. Denmark 1990-2010.



Source: Statistics Denmark 2011.

Note: Family types among 16-24 year olds calculated as percentage of the Danish population aged 16-24.

Figure 2 shows changes in living arrangements of Danish youth between 1990 and 2010. Living arrangements among the 16-24 year olds were calculated as the percentage of the Danish population in this age group. Percentages of living arrangements outside the parental home are stacked on top of each other in this figure. We chose the age group of 16 to 24 years because it matches the definition of Danish youth in the labour market statistics. In line with Ebraldzė's (2010) finding that young Danes worry little about economic uncertainty, we see no evidence that the changes in the Danish economy affected household formation, union formation or fertility among youth. Over the whole period, slightly more than 50 percent of young Danes were living outside the parental home. Most of them were living as singles. Between 1990 and 2010 the share of singles increased from 30 percent to 36 percent. The share of cohabiting couples without children remained constant over time, with between 16 (1990) and 15

percent (2010). Marriage is still the most common type of living arrangement in Denmark (Statistics Denmark 2010). Danes marry very late, though, on average at age 30 for women and age 32 for men (Eurostat 2008). Hence marriage is a very uncommon living arrangement for young couples. Marriage rates among youth have been in steady decline. In 1990 4.8 percent of 16 to 24 year olds were living as spouses. The share dropped to 1.7 percent in 2010. The percentage of consensual unions displayed in Figure 2 consists of unmarried couples living together with their biological child. These couples make up a constant share of around two percent throughout the 1990s and 2000s.

Cohabitation in Denmark no longer merely serves as a transitional phase towards marriage and family formation. According to a recent cohort study by Baviskar, Deding, Jakobsen and Lausten (2009), the norm of getting married before entering parenthood has almost disappeared, with 46 percent of children today are being born outside of marriage. Acceptance of cohabitation without the intention to get married is very high in Denmark, and comparable to acceptance levels in Sweden, the Netherlands, and Flanders (Liefbroer and Fokkema 2008). In a recent multi-country comparative study by Soons and Kalmijn (2009) Denmark scored highest out of 30 countries in terms positive attitudes toward cohabitation. This study also found the smallest well-being gap between cohabiting and married couples in Denmark (and Sweden), as compared to the other countries. As these figures indicate, cohabitation is a family form in its own right and only for some it works as a stepping stone towards marriage.

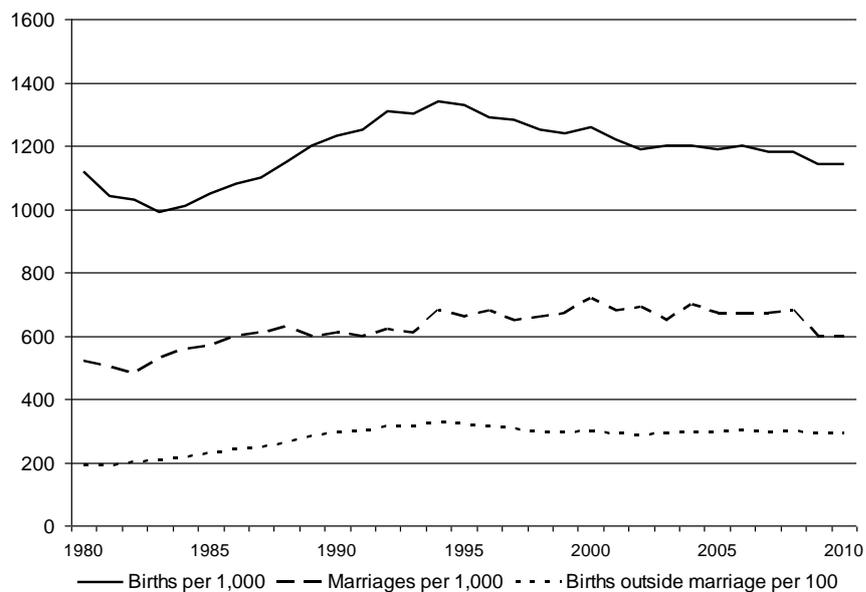
## **MARRIAGE AND FERTILITY**

While household formation and fertility patterns among youth remained quite stable over time, average ages of first time marriage and motherhood shifted from the late 20s to the early 30s. The average age for Danish women to become first time mothers increased from 26.4 in 1990 to 27.8 in 2003 and to 30.5 in 2009 (Eurostat 2008, Statistics Denmark 2010). A similar trend can be seen with respect to marriage (Eurostat 2008). While marriage ages tended to increase all across the EU, Denmark (and Sweden) displayed highest average ages of marriage between 1990 and 2003. These increases are seen as a consequence of mainly two factors: first, longer spells of full-time education and later transitions to employment for both young women and men, and second, labour market entrants prioritizing their establishment in the workforce over family formation in order to increase their earnings potential (Eurostat 2008). In Denmark (and Sweden) the latter trend is institutionally supported by tax and family policies (Grunow 2006). Spouses are taxed separately on their individual incomes, a system considered both 'gender neutral' and 'encouraging' with respect to the incentives for both partners to work (Pylkkänen and Smith 2003). Separate taxation also means that no financial incentive exists for cohabiting couples to get married. Instead, the fact that parental leave benefits depend on the

recipient's prior earnings creates clear financial incentives for young Danes, and especially for women, to first establish themselves on the labour market before having children (Grunow 2006).

Apart from the policy-related factors which account for the overall demographic changes observed in Denmark, economic (un)certainty seems to play an important role as well. Brodmann et al. (2007) find that higher education and higher earnings increase the likelihood to have a first child among Danish women. Also the timing and incidence of higher-order births seems to be influenced by economic (un)certainty. Referring to an unpublished Danish fertility study by Jensen, Brodmann et al. (2007) argue that welfare state support and access to secure jobs facilitate catch up effects in fertility in Denmark. In other words, the fact that Danish women tend to have children later doesn't mean that they have fewer children, compared to other European countries. In fact, Denmark currently has one of the highest fertility rates in the EU (1.85 in 2006; Statistics Denmark 2010).

*Figure 3 Development of Marriages and Births over Time: Denmark 1980-2009.*



*Source: Statistics Denmark 2011.*

Figure 3 shows how marriage and fertility developed in Denmark between 1980 and 2009. From the late 1960s onwards, the Danish fertility rate had continuously dropped, reaching its bottom in 1983. In that year the total number of 990,000 births as displayed in Figure 3, corresponds with a fertility rate of 1.38 (Statistics Denmark 2010). Since then fertility has risen throughout the

1980s and reached a high-point in 1994, with a total number of 134,000 life births. The year 1994 has also been the turning point in the Danish economy, when the annual growth in GDP jumped to 5 percent, after a phase of stagnation. The remarkable fact that rising fertility coincided with growing unemployment and economic stagnation in the late 1980s and early 1990s, has not received much academic recognition. However, demographers have pointed to the usually weak, time limited, and not always discernible effects of macro economic cycles on total fertility rates (Sobotka 2010). Most frequently, rising birth rates in Denmark are seen as a reflection of successfully interlinked labour market and family policies. In particular it has been argued that the policy coupling between rising female labor force participation, generously paid income-bound parental leave, and extensive provision of high quality and low-cost childcare facilities for babies and toddlers contributed to a cultural change for Danish families (Goul Andersen 1997; Berggren and Trägårdh 2010). Subsequent years have seen slightly declining fertility numbers. In 2009 a total of 1140,000 births have been registered. Births outside marriage increased continuously until the mid-1990s and remained on a constant level since then. In 1980 19,004 births outside marriage had been registered. This number increased to 32,642 in 1994. In 2009 unmarried couples registered 29,240 births. The number of marriages increased from the early 1980s to the mid-1990s as well. Between 1994 and 2008 the number of marriages had continuously been above 650.000, peaking in the year 2000 (with 720.000 marriages). The fact that Danes marry at later ages does not mean that fewer couples ‘tie the knot’. Only in 2009 we see a sharp decline to 600.000, a figure similar to the level in 1989.

### **PREDICTORS OF UNCERTAINTY AMONG YOUTH AND YOUNG ADULTS**

Family formation and marriage patterns of youth and young adults in Denmark show no indication that delayed parenthood and marriage are a response to changes in the aggregate levels of employment uncertainty observed. In other words no clear pattern emerged in the 1980s, 1990s and 2000s between changes in the macroeconomic situation on the one hand, and changes in living arrangements and fertility on the other. This doesn’t mean, however, that the life course transitions of all Danish youth have been unaffected by economic uncertainty. Rather, uncertainty may not affect all contemporaries alike. Individual characteristics, such as higher levels of education and earnings for women had for instance, a significant positive effect on fertility in Denmark (Brodmann et al. 2007). Second births depended on the male partner’s breadwinner capacity and were therefore also tied to economic (un)certainty among couples (Brodmann et al. 2007).

Individual and couple characteristics also play an important role in predicting who is affected by economic and labor market uncertainty in hard economic

times (Grunow 2006).<sup>1</sup> While the overall unemployment risk decreased for young Danes in the 1990s, relative to the 1980s, education reduced the unemployment risk of men and women vis-à-vis their peers (Grunow 2006). In particular, higher educational qualifications and medium or long vocational education were powerful predictors for keeping a job and being sheltered from unemployment. In contrast, Danes with a track record of previous unemployment were more likely to lose their work again in mid-life. These findings indicate that a rough career start leaves its mark on further employment chances in Denmark. University educated men and women and those with high-level vocational training certificates were most likely to move to better paid jobs during their career (Grunow 2006). This group was also least likely to move to a lower-paid position. Low educated Danes, in contrast, had a higher likelihood to be hit by unemployment and earnings losses during their career in the 1980s and 1990s. Hence, dispositions towards economic certainty, it seems, tend to accumulate over the life course.

Among Danish youth, the risk of having a ‘bad start’ on the labor market increased from the 1980s to 1990s (Ebraldze 2010). Even though youth unemployment declined from the mid-1990s onwards, later labor market entrants had a higher likelihood to take up a low-wage job with earnings in the lowest decile of the wage distribution. Furthermore, bad entry jobs proved to be a career ‘trap’ rather than a stepping stone toward economic certainty (Ebraldze 2010). Cohort membership also proved to be an important predictor of early career success in the 1980s and 1990s. Those entering the labor market during economic recession had lower transition rates to first jobs than those who entered during economic upswing (Ebraldze 2010). Within labor market entry cohorts the well-educated and those who achieved a ‘good’ start remained largely sheltered from economic uncertainty. Of particular relevance is the relation between educational attainment and wage mobility among youth: the higher the level of vocational qualification, the higher the transition rate into a better paid job (Ebraldze 2010). Furthermore any type of vocational qualification promoted upward mobility and sheltered from income loss.

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<sup>1</sup> Results referred to in this section draw on two longitudinal cohort studies based on Data from the IDA Data base (Leth-Sørensen 1997). Grunow’s (2006) study compares two age cohorts. Careers of cohort 1949-58 were studied between 1980 and 1989. The later cohort contains men and women born between 1959 and 1968, studied from 1990 to 1999. Both cohorts cover similar age ranges of 22-31 years at the onset of observation. Ebraldze’s (2010) study draws on a sample of 15 to 36 year olds, observed between 1980 and 2003. The study compares four school leaver cohorts: 1981-83, 1984-87, 1988-93, and 1994-2003.

**SUMMARY AND DISCUSSION**

This paper described how the Danish flexicurity model has developed since the 1980s and how forces of globalisation and labour market flexibilization affected the employment situation of Danish youth between 1980 and 2010. Apart from discussing the general economic development, we showed how patterns of household and family formation among youth developed over time and how recent delays in entering marriage and parenthood related to the specificities of the ‘Danish model’.

The period between 1980 and 2010 was marked by three major economic upswings, followed by an ongoing historic recession since 2008 – a consequence of the worldwide economic crisis. Despite considerable cyclical fluctuation of the open Danish economy, unemployment in general, and youth unemployment in particular, have declined dramatically since the mid 1990s, and increased only moderately under the current economic downturn. We identified a number of institutional factors that contributed to these rather successful labour market developments in Denmark: (1) a labor market oriented education system with a dual vocational training segment that serves a large number of students; (2) the combination of high levels of employment flexibility for all employees with a rather generous and inclusive social safety net; and (3) activating labour market policies that combine targeting the unemployed in an early stage and closely monitoring individual job search with further training and education. For youth, an additional emphasis has been on programmes to prevent school drop-outs and on direct financial incentives to re-education and work for those registering as unemployed. The Danish youth programmes, however, couldn’t prevent longer job-search processes and a higher risk to start in a low-wage job for the more recent cohorts of labour market entrants during recession (Ebraliđze 2010). The literature offers two main reasons for the spread of bad entry jobs (Ebraliđze 2010): first, the activation programmes increased the pressure on youth to find and accept jobs that they might otherwise not have accepted. Second, the decentralization of wage setting during the 1990s made labour market entrants more vulnerable to reductions in average wages –or wage dumping– during recession. The fact that bad entry jobs and previous unemployment experiences negatively affected further career development of youth and young adults (Ebraliđze 2010, Grunow 2006) might be fostered by a combination of both forces.

Despite these general trends, aggregate figures of household formation and fertility among youth did not change much in recent decades. Danish youth are among the youngest in the EU to leave the parental home and the percentages cohabiting with and without children proved stable throughout the 1990s and 2000s. General increases in age at first marriage and entry into parenthood have been a trend across Europe. In Denmark these tendencies are fostered by a combination of several institutional specificities: (1) long average duration of full-time education; (2) means-tested parental leave policies which provide

incentives for youth to first establish themselves on the labour market before having children; and (3) individual taxation for men and women, regardless of their family status. Taken together these factors make it economically rational for both men and women to seek economic certainty before forming a family. This pattern is also reflected in higher fertility rates among the well-educated and well-paid (Brodmann et al. 2007).

It is noteworthy that economic uncertainty and labor market risks in Denmark remained highly stratified according to educational levels and earnings after the mid-1990s policy reforms (Grunow 2006, Ebralidze 2010). Activation programs, leave schemes and adult education improved the prospects of young Danes to find jobs and to prevent unemployment, even under economic recession. However, careers still appear to be path-dependent and continue to stratify life course transitions of the young along the well-known dimensions of gender, class, and cohort.

In cross-national comparative terms the Danish model seems to work successfully under the current economic crisis, with lower increases in youth unemployment and total unemployment as compared to most other OECD countries. However, the future sustainability of the Danish model is yet unclear. Recent figures indicate that the performance of reactivation strategies weakened during the current economic recession (Andersen 2011). Should this trend continue in the future, the fragile balance between the cost-intensive Danish labour market policies and the short duration of individual unemployment spells on a hire-and-fire labour market might tilt. A comparison of the economic and labour market developments before and after the introduction of the mid-1990s activation policies suggests however, that active employment policies, combined with a highly flexible labour market can do a lot to spread employment risks more evenly between the young and the old as compared to insider-outsider regimes.

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