

**ECONOMIC COMPETITIVENESS AND THE SOCIAL
INCLUSIVE LABOUR MARKET: LESSONS FROM
THE UK AND DENMARK**

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WHAT IS 'ECONOMIC COMPETITIVENESS?'

- More market based growth approach to policy with closer relationships between public and private sector
- Orientation to the market in growth strategies

WHAT IS THE 'SOCIAL INCLUSIVE LABOUR MARKET'?

- Relatively generous social benefits, investment in childcare and vocational training to lift people out of the poverty trap
- Employment rights and representation within the work place
- Local partnerships which provide a genuine voice, representation and influence to disadvantaged groups in the labour market

DO ECONOMIC COMPETITIVE AND SOCIAL INCLUSION OBJECTIVES CONFLICT?

- Growth and market based strategies have been accompanied by increasing inequalities – even in the more economically more competitive cities

SOME LABOUR MARKET INCLUSION INDICATORS FOR DENMARK AND THE UK

- Employment rate for Lone Parent in Denmark 90.5% - in the UK 44.8%
- Proportion of children in Public Funded Childcare 0 - 2 years DK 48%, UK 2%
- Total spending on active labour market policy as % of GDP DK 4.5%, UK 0.9%
- Trade union densities DK 76%, UK 36%
- Benefit Rates before Tax as % of previous tax earnings DK 70.3%, UK 18.1%
- Child Poverty Rates – DK 5.9%, UK 21.3%

UK NEW DEAL FOR THE UNEMPLOYED

- Menu of options offered for unemployed people on insurance benefits including education, voluntary sector, subsidised employment
- Unemployed obliged to accept offers with possibility of benefit sanction

NEW DEAL AND SOCIAL INCLUSION

- New Deals target specific groups such as lone parents, disabled people, long term unemployed
- Concentrated action in deprived geographical areas
- Some innovations developed in Sheffield such as the Intermediate Labour Market (ILM) Programme involving voluntary sector and 'Step Up' targeted at hard to reach groups

NEW DEAL AND CITY PARTNERSHIPS

- Local Strategic Partnerships (LSP) comprise numerous stakeholders and complex lines of accountability
- New Deal not integrated with policy and programmes developed by LSP
- Many 'actors' and 'stakeholders'

DENMARK'S WELFARE TO WORK

- Introduction of individual action plans for unemployed
- Paid leave arrangements including childcare, education and sabbatical leave
- Restrictions on access to unemployment benefits

DENMARK'S WELFARE TO WORK AND SOCIAL INCLUSION

- Job rotation
- 'Social Inclusive' Labour Market (SILM) in late 1990s - Aalborg City Council integrating social and employment planning
- Relatively generous benefits and child care provision maintained
- Social partnerships in planning and delivery of programmes

DANISH LABOUR MARKET POLICY AND CITY PARTNERSHIPS

- Equal representation for social partners in managing local institutions and planning the labour market
- Local government plays an important role in labour market management

BARRIERS TO SOCIAL INCLUSION IN THE UK AND DENMARK

UK

- Many unemployed move into low paid non unionised employment
- Women and Black and Minority Ethnic Groups underrepresented on New Deal Programmes
- Performance not as effective in cities experiencing low levels of labour demand
- Local partnerships complex and lack trade union and unemployed stakeholder involvement

DENMARK

- More and more people moving away from unemployment insurance into means tested social assistance schemes
- Problems of private sector involvement with SILM and employing vulnerable groups

CONCLUSION

LESSONS FROM A COMPARATIVE APPROACH FOR EU SOCIAL AGENDA

- A more 'inclusive' approach as in Denmark related to highly redistributive welfare system and social partnership model
- Active labour market policies require strong welfare infrastructure to succeed
- Both UK and Denmark illustrate weaknesses of supply side approaches – need for demand side interventions
- Deep rooted discriminations in the labour market are barriers to employment