Welfare State and social policies in a time of economic crisis.
The case of Denmark

Estados de Bienestar y las políticas sociales en tiempos de crisis económica. El caso de Dinamarca

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Abstract:
This article portrays the discussion of welfare states in crisis in the light of recent financial crisis, especially with a focus on a primer of the Nordic welfare states, e.g. Denmark. The article discusses changes that have been taken in the wake of the crisis. Furthermore, it is analysed whether or not this has implied a change in the Danish universal welfare model. This is done by, for example, looking into replacement rates, public sector spending and activation in the labour market policy. The article concludes that Denmark is still a universal welfare state albeit the degree of universality and flexicurity can increasingly be questioned.

Keywords: Denmark, welfare state crisis, Nordic model, universality, labour market policy.

Resumen:
En este artículo analiza el debate sobre la crisis de los estados de bienestar a la luz de la reciente crisis financiera, se centra especialmente en el caso de los Estados nórdicos, por ejemplo, Dinamarca. El artículo analiza los cambios que se han adoptado a raíz de la crisis. Además se discute, si estos cambios han implicado o no, en el modelo universal danés de bienestar. Esta tarea se ha llevado a cabo, por ejemplo, estudiando las tasas de sustitución, el gasto del sector público y la activación de la política del mercado laboral. El artículo concluye que Dinamarca sigue siendo un estado de bienestar universal, si bien el grado de universalidad y la flexiguridad puede ser cada vez más cuestionada.

Palabras clave: Dinamarca, crisis del estado de bienestar, modelo nórdico, universalidad, política del mercado laboral.

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1 Introducción:

“The welfare state in crisis.” This sounds like a present day expression of what has hit most European countries in the wake of the financial crisis in the EU and globally, although it was starting with the suprime loan crisis in the US. However, this is the title of a book from the early 1980’s (Mishra, 1984). Even earlier another book were also analysing the fiscal crisis of the state (O’Connor, 1973). A European perspective on these changes can be found in a book on New Perspectives on the Welfare State in Europe (Jones, 1993). In 2004 a Nordic Regional Issue of Social Policy & Administration posed the question whether or not the Nordic Welfare State models were still distinct, and it even concluded that “Overall, the articles seem to indicate that the universal Nordic welfare state model can survive, even in a more open and globalized world” (Greve, 2004, p. 18). This regional issue although clearly indicated that changes might be underway, as, for example, in the Swedish model (Blomqvist, 2004). The discussion of the possible crisis of the welfare state also inspired to changes in the UK where Giddens suggestions for a third way can be seen both as an attempt to cope with and how to combine market and state intervention in a still more integrated world, and perhaps especially regional integrated economy in Europe (Giddens, 1998).

The oil crisis in the seventies can thus after the golden growth of welfare states in the sixties be witnessed to be the first round of discussion on the long term viability of the welfare states. In the wake of later economic downturn, which has been slightly different given variations in the economic cycles in Europe, there has been pressure on the public sector spending several times, and, discussion of dismantling, restructuring, recalibration etc. has been put on the agenda (Pierson, 1996). However, the economies and the welfare states continue to grow. This was especially clear in the wake of the enlargement of the EU. In most countries in Europe spending on welfare continued to increase in real terms, although seemingly stabilizing around a level of 25-30 % of GDP1.

It is against this background that the discussion on and crisis in welfare states around in Europe shall be seen. Furthermore, the impact of the increased interaction among economies in Europe strengthened by the implementation of the internal market, the establishment of a monetary and economic union setting criteria for the size of especially public sector deficit and public sector debt, that the following analysis shall be seen.

There has further being ongoing discussions on the possible impact on welfare states due to demographic changes, and, also that the European economic integration could imply a convergence towards a European welfare model. This includes a

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1 Data can be difficult due to that most statistics only includes public welfare, neither fiscal nor occupational welfare, cf. Greve, (2007).
convergence in research on convergence (Heichel, Pape and Sommerer, 2005). However, movement towards a common European model\(^2\) will implicitly imply that the countries within the EU, at least to certain extend, changes there welfare models in the same direction. Understood in this way changes is not only due to the recent financial crisis, but also due to a more common trend in European welfare states.

This article focuses on the Danish welfare state and change herein. This due to that Denmark represents one of the classical countries representing with varied names: the Nordic, Scandinavian, encompassing, universal, Socialdemocratic or Keynesian types of welfare states. Focus will especially be on the changes and initiatives taken after the financial crisis and whether and if this has an impact. The article will however, albeit briefly, first present a snapshot picture of the Danish welfare model with an emphasis on public sector spending, unemployment and growth in the Danish economy. This will be done in Section 2, where after Section 3 will present changes and interventions related to the crisis. This also implies that the focus will be on the most recent decisions, and including those in the first half year of 2010. There will only more limited be a historical description of changes, except when some of these changes, as, in the area of pensions, have had a long-term impact on the Danish model. Section 4 will attempt to analyze whether the changes have had an impact on Denmark in the perspective of a movement away from the Nordic welfare type model. Included in this is a discussion on how this specifically might have an impact on the Danish flexicurity model. Section 5 will conclude with some reflection on Denmark as belonging to the Nordic model, but also how welfare states in a comparative way seem to evolve.

Methodologically the article use a single case approach combined with quantitative information and official text and document to describe the most recent changes in the Danish welfare state. The changes naturally have to be understood in the light of the long-term development of the Danish model. These will however, only more limited be explained, cf. Kvist and Greve, 2011, which also in more details discuss changes in the Danish model in recent years. A risk with this approach is that it can overemphasize recent development. However, given the authors’ many years of analysis and publications on the Danish welfare state in a historical perspective, this is not seen as a high risk.

2. A few data on the Danish situation

This section will, albeit briefly present some core indicators of the Danish development in order to understand how hard Denmark has been hit by the economic and financial crisis. Data will focus on the development in the level of unemployment and public sector deficit. In Table 1 is core data since 1990 presented.

\(^2\) In the conclusions from the European Summit on the 25 and 26th of March, 2010 the description in point 3 is not of one model, but instead of our social models (EURO 7/10).
Table 1 Development in unemployment, public sector deficit and public sector debt since 1990

<table>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Unemployment in percentages of the labour force</td>
<td>9.7</td>
<td>10.4</td>
<td>5.4</td>
<td>5.1</td>
<td>3.5</td>
</tr>
<tr>
<td>Public sector balance in % of GDP</td>
<td>-2.6 (1992)</td>
<td>-2.9</td>
<td>2.3</td>
<td>5.2</td>
<td>-2.7</td>
</tr>
<tr>
<td>Public Sector Debt in % of GDP</td>
<td>68.0 (1992)</td>
<td>72.6</td>
<td>52.4</td>
<td>37.8</td>
<td>41.6</td>
</tr>
</tbody>
</table>

Source: [www.statistikbanken.dk](http://www.statistikbanken.dk) (aard, auIP01 and EDP3).

As can be seen from Table 1 Denmark has been harder hit with unemployment in the nineties than under the present economic crisis. In addition, it was in the wake of the first and second oil-price shock of the economies in the seventies that the growth of the public sector debt was laid. At the same time Denmark still have one of the lowest levels of unemployment in Europe. However, due to the increase in the level of public sector deficit, it is expected that Denmark will have a deficit above the EMU level in 2010 and 2011. This is still a relatively low level of public sector debt compared to other EU-member states. The forecast for the yearly deficit in 2010 is -5.1 and for 2011 -3.9 and, first in 2012 below the EMU criteria (DØR, 2010), who also argues that the sustainability of the public finances also given the demographic changes needs to be taken seriously.

The public sector debt, measured as percentages of GDP, thus from its peak of 80.1 % in 1993 declined to a low level of 27.4 in 2007, and, then increasing so that it in 2009 was 41.6 % of GDP ([www.statistikbanken.dk/EDP3](http://www.statistikbanken.dk/EDP3)), and this especially due to the negative growth in GDP. Understood in this way the public sector debt in Denmark is not dramatically high and within the boundaries, however only a few years with a level of deficit as projected for 2010 will change this situation.

However, the argument does not only revolve around the present level of the deficit. The argument, especially from the Ministry of Finance, has been that there is a structural deficit of the public sector deficit of around 2 % of GDP, e.g. a deficit which will still be there even after returning to a growth in the economy and lower level of unemployment. This combined with a recession in the Danish economy the fear being that the deficit could be long lasting and thereby gradually also imply higher interest to be paid out of the public purse. Furthermore, an argument has been that especially seen in the longer time perspective, also given the expected demographic changes with more elderly and fewer people on the labour market (Greve, 2006), it has been argued that the public finances is not sustainable. Sustainable long-term finances has now for years been a cornerstone in the argument when presenting and suggestion of changes in the welfare state has been put forward, especially from the Ministry of Finance and the Economic Council.
Still, in general, looked upon in this perspective the economic situation in Denmark seems more favourable and less critical than in several other European countries. At the same time, there is awareness that, especially for young people, unemployment might have long-term negative social consequences for societal cohesion and integration.

Despite the relatively favourable economic conditions, there have been several interventions with the aim of stabilizing the economy. This was done first by trying to cope with the economic problems for the financial sector (economic guarantees for small investors, state loans and the state taking over a few banks) and then support for the construction sector. Recently however, there has also been a package, cf. later, which more directly focussed on welfare state spending (Finansministeriet, 2010).

The arguments for these changes has especially been that Denmark should comply with the EMU-criteria given that Denmark participates, however not completely (e.g. there is no EURO in Denmark), in the Economic and Monetary Union, but also an argument revolving around the demographic changes in Denmark in the next 30-40 years. These changes will, all other things being equal, imply that the labour force will be shrinking in the years to come and with a pressure on public sector spending.

It is also important to notice that despite presented as a very expensive welfare state, this is to a large degree not the case due to the way comparisons takes place, e.g. they focus often on the public sector spending alone, and, does not include fiscal or occupational welfare (Greve, 2007).

In table 2 is, in order to indicate that the differences is smaller than often understood, shown gross and net social expenditure in 1997 and 2005 for selected countries.

### Table 2 Gross and net social expenditure as per cent of GDP at factor cost 1997 and 2005

<table>
<thead>
<tr>
<th>Country</th>
<th>Gross public social expenditure</th>
<th>Net total social expenditure</th>
<th>Change in spending 1997-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>35,9</td>
<td>31,9</td>
<td>27,5</td>
</tr>
<tr>
<td>Germany</td>
<td>29,2</td>
<td>29,9</td>
<td>28,8</td>
</tr>
<tr>
<td>Italy</td>
<td>29,4</td>
<td>28,8</td>
<td>25,3</td>
</tr>
<tr>
<td>Sweden</td>
<td>35,7</td>
<td>34,6</td>
<td>30,6</td>
</tr>
<tr>
<td>UK</td>
<td>23,8</td>
<td>24,3</td>
<td>24,6</td>
</tr>
<tr>
<td>Spain</td>
<td>..</td>
<td>23,8</td>
<td>..</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>21,7</td>
<td>21,5</td>
<td>19,3</td>
</tr>
<tr>
<td>USA</td>
<td>15,8</td>
<td>17,1</td>
<td>23,4</td>
</tr>
</tbody>
</table>

Source: Adema, 2001 and Adema and Ladaique, 2009 and own calculations. Note. Data for Spain is not available for 1997
Looking a net total social expenditure, e.g. taking into consideration the taxation of benefits, mandatory social expenditure and tax-breaks built into the tax-system, the US welfare state is more expensive than the Danish welfare state. The difference between welfare states is also less pronounced than they are in more simple and classical comparisons. The classical comparisons has been used due to lack of better data, however the difference in, for example, taxing or not taxing social security benefits do have an impact when using measures related to a percentages of GDP. Still, Denmark together with Sweden often comes in top when looking at taxation as percentages of GDP. For some in Denmark this has been seen as a problem, including the risk of brain drain. The risk, it has been argued also relates to, how to cope with the welfare state financing also in the future. However, if the economy continues to grow as it has done historically, there is not a financing problem, but there is a distributional problem, and, there might be a problem in how to ensure that the necessary labour force is available.

3. Changes and interventions in the wake of the crisis

In the following an overview of policy interventions in Denmark will be given. A short presentation will be followed by a more detailed focus on the recent changes in central areas of the welfare state, including the length of time to receive unemployment benefits and tightening of the conditions for receiving them. Cuts in spending on family allowances will also be discussed.

In the wake of the crisis interventions firstly ensured that, the financial sector could continue also to borrow money to companies and to homeowners. There have, as mentioned above, however only been a more limited number of private banks, which were taken over by the state or merged into other banks. Several banks received public money to ensure trust in the financial sector, and Danish banks have in general passed the international “stress” test. There was an initiative to ensure that the construction sector continued to have orders also implying jobs for construction workers. This included economic support to private households to repair and improve their private dwellings, and, municipalities got the option to borrow money to improve quality of schools, day care institutions and hospitals. Despite this, in relation to unemployment the construction sector has been more hard hit than other sectors. The level of unemployment is although partly due to the interventions, partly due to the very low level at the beginning of the crisis, still low in a comparative perspective.

Family benefits has in general been generous, they have although also been gradually reduced due to the way indexation takes place, which imply a slight reduction compared to wage development of approximate 0.3 % per year.

The agreement in the spring of 2010 (Finansministeriet, 2010) implied that several seemingly dramatic changes took place in the Danish welfare state. They were argued as a response to the need for Denmark to cope with the criteria of the economic and monetary union. Furthermore, it was discussed how to cope with public
sector deficits, not only now but also in the future. An example of a change, which reduces the universality and generosity, is a change in family allowances. This has implied that families with more than 3 children will, although gradually implemented, have a reduced level of benefits. The calculation will be based upon a maximum level of family benefit a family can receive (30,000 Danish Kroner in 2010 prices, e.g. approximately 4000 EURO per year). The implication is that large families will have lower living standard and an increased risk of that more children will be living in families having an income below the EU defined poverty line. Still, Denmark has a family policy and day care system, in accordance with the EU ambition of having high quality and affordable day care system. More or less all children above the age of one year are in a day-care institution. Recent years has also seen increase in parental leave making the picture less clear than it used to be (Abrahamsson, Boje and Greve, 2006). Collective agreements has also implied that parents in many sectors now has two days to take care of sick children, and, there is general an ambition to have a way to combine work and family life.

The changes in family benefits were part of the “Agreement on recovery of the Danish Economy” (Finansministeriet, 2010). This agreement also included reduction in state spending on several areas not directly applicable in relation to welfare state spending, but with reduction, which can imply an increase in unemployment as the public sector presumably, will employ fewer people in the years to come. The impact on the level of unemployment will however be reduced due to the demographic situation with many in several sectors of the public sector on the way to retirement.

Flexicurity has always been a cornerstone of the Danish model. This includes high coverage in case of unemployment and high flexibility on the Danish labour market. Here the focus in recent years has been stronger on making work pay by a lower benefit levels for young and newly arrived persons in Denmark. The agreement in 2010 implied a halving of unemployment benefit period from four years to two years, although this is still longer than in most other EU-member states. This connected with stronger requirements in order to continue to be eligible to unemployment benefits implies that there presumably will be an increase in the number of persons who will not be registered as unemployed as they are neither eligible for unemployment benefit, nor social assistance (the last is the case if they have acquired wealth or are living together with another person having an income). The implication also being that the participation rate at the labour market will go down. This further being an indication of that the unemployment rate only is one indicator of changes at the labour market when demand for labour is reduced. Finally, the replacement rate has been, over the last 15-20 years, reduced relatively to the ongoing wage rate implying that unemployed have a weaker security, e.g. reducing the security angle of the flexicurity model. It also implies that high wage earners presumably will be less likely to continue to be member of the unemployment insurance funds in Denmark given that the economic compensation by now often will be only around half the income when being on the labour market. The economic incentive to take up a job is thus already very high in Denmark, also given that a specific tax-credit is available for wage-earners.
Denmark still has an active labour market policy. However, focus is by now more on work than, for example, training and education as instruments in improving the ability to ensure long term placement on the labour market. Active labour market policy has at the same time since 2009 been taken over by the local municipalities, although with a highly centralised set of rules to follow. At the same time still more private providers of activation has entered the scene. The government, argued, that the change in the unemployment benefit rules should be seen in the light of the active labour market policy and the ambition to prevent long term unemployment (Finansministeriet, 2010). Still, in general there seems to be a movement towards a higher focus on work first and using active labour market policy as a pressure to take up jobs more than increasing the long-term employability of the labour force.

The intervention also implied that municipalities, who are the main provider of welfare services in the Danish model, in the year 2011, should have zero real growth in the local public sector expenditures, which are important in the Danish context with a highly decentralised welfare model. The only slight deviation is a possible increase in health care spending in the regions. The zero real growth in spending is it argued (Finansministeriet, 2010) will imply that services can remain unchanged. However, this is an example of a macro argument, and not how it can be looked upon seen from the micro level perspective, as, change in demography in these years in Denmark imply a need to move resources from children and young persons to the elderly, and, as many costs are fixed (e.g. not depending on the number of users) this is difficult without a growth in the expenditure of around 0.75 to 1 percentage point. The implication seems to be than many municipalities will have to reduce the welfare services in 2011, and many municipalities have in the spring of 2010 already informed about cuts in services.

The change in state spending especially had an impact on the educational system, including the universities. The changes were to a large degree argued as been possible if they make the administration of the universities more efficient (Finansministeriet, 2010). However, they also changed, for example, economic support to hearing aid. Thus, the welfare state was once again not completely changed, however, as will be the focus of the next section, it has to be questioned whether the model has moved beyond certain thresholds if it should still be regarded as a universal welfare state.

The changes after the economic crisis have although also to be understood and interpreted in the light of the ongoing restructuring of welfare states, and, in Denmark the changes over the last 10 to 15 years.

4. Has the Danish model been changed?

This section attempt to discuss if and how the Danish model has been changed and whether this represents a path taken away from the distinct characteristics of the Nordic model (Greve, 2007a), e.g. including universal access, equal treatment of
men and women, low level of unemployment and a high degree of equality. Furthermore, that the welfare state is a family friendly model by relatively generous family allowances; paid leave and affordable and high quality day-care for children. The Danish model has further often been characterised as a good example of a flexicurity model (Wilthagen and Tros, 2004). Still, recent years has changed the model. This has although, at least until recently, perhaps been only more limited and gradually.

There has also, cf. data in European Social Survey, in general been a high level of support to the welfare state and expectation that the state would be responsible for welfare. Naturally, certain areas have, as always been more supported than others do. This has in Denmark classically been support to those seen as been deserving of support from the welfare state (such as the elderly), whereas migrant are seen as less supported by the population, e.g. often seen as undeserving. Recently it has also, as an example, been questioned whether workers using the free-movement within the EU should when residing in Denmark having the right so sickness benefits after 10 weeks. This also indicates an element of how a universal welfare state might be in conflict with a more mobile labour force.

The problem when analysing is whether the changes are marginal or more substantial, and whether many small-scale changes can have implications that are more widespread.

An example of the gradual changes can be found in the area of public pension. Denmark has by now a clear and distinct three-pillar pension system. The state pension is thus no longer the core alone in relation to providing economic security for the elderly. Occupational based labour market pensions (which was on a large scale enacted by the labour market partners in the late eighties) now to a larger degree than before is important in order to achieve a decent living standard, and, at the same time the parameter in the calculation of the public pension by having an occupational pension decided in the nineties imply that the pressure on the public purse due to the demographic change is more limited as those with a high occupational based pension only will receive the basic public pension.

The system is by these changes still a universal all encompassing pension system for those without any further means and thereby those who only have a more limited attachment to the labour market. However, at the same time the real value of the pension has been slightly eroded in the last years, as the level has not been able fully to follow the increase in consumer price, cf. also the remarks below concerning the indexation of welfare benefits. However, at the same time a special income allowance to the elderly has almost implied that pensioners have not been those hardest hit by the economic crisis and the way income transfers is regulated in Denmark.

Furthermore, the Danish pension system has one of the highest replacement rates for low income earners, and low for high income earners. For the average (mean)
earners Denmark have a replacement rate at around 80% of previous income, which although is lower than in countries like The Netherlands, Greece, Iceland and Spain (OECD, 2009). Understood in this perspective the equality perspective is still at place, whereas the understanding of the public welfare system in Denmark as one of the most generous systems can not be confirmed. The development of occupational based welfare in the pension system as supported by tax-expenditures also imply a shift away from citizenship based universal welfare to a welfare state based to a higher degree on being on the labour market. The labour market supplementary pension (ATP), which was started already in 1963, is on the other hand an example of an initiative that first only was for those on the labour market, but has been expanded to cover also unemployed and persons on early retirement pension, implying a near universal coverage.

An example of a change where the impact increases over the years is how income transfers are indexed. This is an indication of gradual reduction of the generosity in the Danish model. Regulation of income transfers in Denmark use an index following wage development, although if above a threshold of 2.0% a level of 0.3% will be deducted to a fund, which then will have to be used for social purposes. The implication has been that income transfers in most areas have not been able to keep the buying power, and, follow the development in income on the labour market. This is a gradual reduction of the generosity, although the 0.3% has sometimes been used to improve the living conditions for certain vulnerable groups, such has been the case for early retirement pensioners in the beginning of this century. Therefore, the replacement rate in relation to most social benefits has been reduced over the last 10-15 years.

Another important aspect moving the Danish model away from its distinct features has been the tightening of the conditions and time for receiving unemployment benefits, and, also social assistance has been changed and for some even reduced in recent years. The change in the spring of 2010 with lower length of unemployment benefit and change in the way to continue to have unemployment benefit (Finansministeriet, 2010) has as a consequence that the income security in the Danish flexicurity model has been dramatically reduced. The reduction of the time-span for receiving unemployment benefit, still under the condition of actively searching for a job and participating in activation, was from four to two years. This might not in a comparative perspective be low. This although implies that there is a risk that more people will leave the labour force, and, thereby not be available when more labour force is needed, as the expectation that there will be, in a few years time, many civil servants which will be retiring. This risk has been increased due to that the number of weeks where the individual will have to fully employed will be increased from 26 weeks to 52 weeks within a three years period. Those on the margin of the labour market will have difficulties in fulfilling this demand. The implication being that they might move even further away from the labour market.

The main argument for the changes has been that more people do actively search for a job when in risk of not receiving unemployment benefit. This combined with the
so called threat-effect of activation is seen as part of the success for the Danish labour market policy, but has also called for a criticism of the way the active labour market policy is implemented. This due to that it seems more to focus on the stick than the carrot effect of active labour market policies, and implicitly mistrust in that the active labour market policy is effective.

An example of the movement away from a universal and mainly state welfare system has been the development and increase in private health insurance. This development has been made by that, in 2002, private health insurance became a non-taxed fringe benefit and making more companies, as part of a corporate social responsibility more interested in paying for this type of insurance and is now paying for more than 90 % of policies. More than 1 million people were covered in 2008 compared to 50,000 in 2002 (Ministry of Health and Prevention, 2010). Insured have privileged access to physiotherapy and psychology therapy as well as operations linked to physical movement. Those covered by these private health insurances are broadly speaking mainly working in the private sector, and, due to the segregated labour market this implies that men to a higher degree than women is covered, and, that high income earners have better options than low income earners. This can therefore be understood as a break with the universal Danish welfare state by using occupational and fiscal welfare as instruments to change the system.

This break with the universal welfare system implies further, that those not on the labour market is covered less than others in Denmark. How important this break is can be questioned given that in most area private production of health care is still only of more limited importance (Audit of the State Accounts 2009). However, it implies that welfare delivery to a larger degree than before is by private providers.

Free choice and increased use of market mechanism in the public sector has also been part of the development in the Danish welfare state in the last ten to fifteen years. This also implies a risk of less solidarity in the model as some is more able to make a choice than others (Greve, 2009). So, even if free choice can make the welfare state more responsive this also implicitly risk at being to the disadvantage of those less likely to be able to make choice.

Despite these changes the degree of equality, when measured by the Gini-coefficient or other measures, cf. Eurostat, is still high in Denmark, thereby perhaps indicating that it is possible to combine use of market mechanism in the public sector and other ways (especially occupational welfare) of financing the welfare state with central and historical elements of the Nordic model. However, it seems central to continue to have a high degree of state involvement in the financing and regulation of access to income transfers and services, if the goals are to be achieved.
5. Concluding remarks

Denmark is still a universal welfare state, although the universality can increasingly be questioned. Denmark still has a flexicurity model, although the degree of flexicurity can be questioned. The Danish welfare model is thus under change. Gradually the occupational welfare has an increased importance on the level of pensions, sickness benefit and especially in the private sector, access to health insurance (Kvist and Greve, 2011). Occupational welfare reduces the level of equality, at least in access, in the welfare state.

The financial crisis has thus presumably not been the sole explanation for changes in the model, but have make some changes towards a less universal and less generous welfare state come earlier and stronger than otherwise. The gradual shift in the Danish model can, tentatively, be partly explained by the change in the economic possibilities, but also the continuous economic integration in Europe. Furthermore, there has been an increased emphasis on individualisation of welfare combined with more choice (Greve, 2009). The increase in choice reflects a wish to make the citizen a consumer of welfare services, while at the same time implying a more responsive welfare state.

The Danish welfare state is, despite these movements away from some of the cornerstones of the Danish model, still, helping in ensuring a highly equal society compared to other countries, and, had also higher gender equality than in other countries, with the exception in wages where men still have a higher level than women had. Recent years have in fact seen contradictory tendencies, such as men having a higher unemployment rate than women, and, more women than men taking higher levels of education.

The data also indicates that for pensioners there is still a high coverage for low wage earners making the picture of the Danish model more blurred than it used to be. Normative viewpoints, on who are the deserving and who are the non-deserving receivers of welfare benefits, can be of importance for the future development. This might have an impact on the way the system will be developing, as decision makers are aware of the median voters’ position.

Concluding it can be argued that on certain elements (universality/generosity) the Danish model has moved in a more European direction; while it at the same time continue to have a high degree of equality and low level of unemployment. Men as well as women still have a high degree of participation on the labour market, although the labour market has a tendency to be gender segregated with the implication that men earn more than women do. The trajectories of the Danish model can thus still be witnessed, although gradual changes can also be seen, and, in the wake of the crisis more profound changes seems to have taken place making the system less universal especially in the area of pension, but also on access to health care.
**Literature**


