

Advantages of a Universal and Generous Family Policy: The Case of Denmark

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Abstract

Since WWII Europeans have enjoyed a cumulative expansion of social citizenship rights. The sequencing of types of entitlement is the same everywhere, and family benefits are the last to be granted indicating a well-developed welfare society. Societies vary with respect to extension of family allowances, child and elderly care and tax policies towards families. The Scandinavian region is a for-runner because of a combined effort of generous universal transfers *and* services, which has led a family (or women) friendly welfare state. The result is a high female labor market participation rate since generous policies allow women both to be mothers and workers and has resulted in a relatively high absolute fertility rate of 1.9; up from 1.4 in 1983 when the expansion of social services for families took off. The family welfare package has also resulted in low child poverty. Unfortunately, Scandinavian experience is based on specific preconditions not found elsewhere, so policies cannot readily be copied.

Introduction

European societies are affluent societies with a long tradition for welfare state protection of citizens. A combination of labor market participation and collective insurance against usual risks has reduced poverty significantly during the post WW II period. However, not all European states were equally well prepared for the turn toward post industrialization which has happened simultaneously with the turn toward globalization. Originally these turns were associated with a crisis of the welfare state and a suggested move toward neoliberalism [1]. What can be observed in retrospect is that, in the main, European welfare states have survived the crisis, but some have done so better than others. It seems that the Scandinavian societies have best managed to cope with the so-called new social risks associated with postindustrial society such as precarious work, long-term unemployment, single parenthood and difficulties reconciling work and family life [2].

So, even when Europe consists of various welfare regimes all of North-Western Europe has well developed welfare states as is clear from Tables 1 and Table 2 below: States spend between one quarter and one third of their GDP on welfare provision and Table 2 shows that the social 'investment' in citizens have expanded significantly during the last decade, in most cases by 50 percent.

This is, however, one area in which the welfare regimes differ with respect to social policy expenditure and that is regarding families and children. Table 3 shows how the Scandinavian states spend about the double amount of resources than the EU average. This article discusses the consequences of a generous family policy with respect to poverty and fertility by analyzing the development in Denmark in some detail.

	2000	2005	2010	2012
Denmark	28.9	30.2	34.3	34.6
Germany	29.7	30.1	30.6	29.5
Spain	20.0	20.6	25.2	25.9
United Kingdom	26.1	25.8	27.9	28.8
Sweden	29.9	31.1	30.4	30.5
Finland	25.1	26.7	30.6	31.2
Norway	24.4	23.7	25.6	25.0
EU-27	..	..	29.4	29.5

Source: Eurostat Database accessed December 10th 2013 and March 21st 2016.

Table 1: Total social expenditure as share of GDP in European Union 2000 – 2012 in percent.

	2003	2005	2010	2013
Denmark	7.547	7.921	9.871	10.617
Germany	7.372	7.867	9.168	9.818
Spain	4.476	4.725	5.907	6.136
United Kingdom	6.431	7.202	7.658	7.884
Sweden	8.070	8.305	8.950	9.781
Finland	5.875	6.487	8.317	9.367
Norway	8.235	8.601	10.538	11.554
EU-27	..	..	7.290	7.650

Source: Eurostat Database accessed December 10th 2013 and March 21st 2016.

Table 2: Total social expenditure per capita € PPP in European Union 2003 – 2013.

	2003	2005	2010	2013
Denmark	970	996	1.226	1.178
Germany	798	814	956	1.051
Spain	243	271	350	318
United Kingdom	439	486	850	832
Sweden	731	767	921	1.006
Finland	652	728	855	909
Norway	945	1.029	1.206	1.351
EU-27	..	..	604	620

Source: Eurostat Database accessed December 10th 2013 and March 21st 2016.

Table 3: Social expenditure on families and children per capita € PPP in European Union 2003 – 2013.

Continuity and Change in Danish Family Policy

Historical research has shown that from early on in modernity there has been a strong emphasis on family policy in Scandinavia [3].

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It is characterized by a concern with ensuring a healthy population, particularly healthy children and a high degree of employment. On the other hand, there are decisive breaks with the development of (at least) childcare and tax policies during the 1960s leading to a shift in focus from securing the self-provision of families to productivity and economic growth, i.e. more societal concerns.

Furthermore, in the 1980s there was another decisive shift regarding the rights of children and the role of fathers in care. Both changes reflect an adjustment to conditions of post industrialism, particularly the dual earner household, and to a lesser degree the increase in single parenthood. But it also reflects an increasing pressure exercised by the women's movement and the concomitant concern with gender equality. Being concerned about the health and reproduction of the population is a longstanding tradition in Denmark, and the publication of the book *Crisis in the Population Question* in 1934 by Alva and Gunnar Myrdal [4] triggered the setting down of the so-called Population Commission, in 1935 [5].

The Commission published three reports on issues such as kindergartens, housing allowances to families with many children and the rights of mothers regarding child birth and sex education [6]. Anette Eklund Hansen and Klaus Petersen stated: 'The family policy reflections that they [representatives of the labour movement] promoted were strongly inspired by the work of the Population Commission from the 1930s' [7]. The explanation offered for promoting family policies is one of pressure from the women's movement both within the Social Democratic Party and outside and from women within the trade union movement reflecting a change in socio-economic conditions: 'Since the inter war period there was an increase in employed women also among married women. Therefore, both trade union women and party women demanded changes that would help them in their everyday life: kindergartens, maternity leave, house wife substitutes etc.' (ibid).

But they did so within a political culture characterized by class compromise and class coalitions. Peter Baldwin documented convincingly that the middle classes and the Conservative and Liberal parties played an important role throughout the long period of building up the Scandinavian welfare societies [8]. Particularly so-called red-green alliances, i.e. compromises between Social Democrats and agrarian parties were important for welfare state development. Niels Finn Christiansen and Pirjo Markkola supported this view when they wrote: 'The road to social reforms was prepared not only by broad popular support, but also by big class compromises, involving in particular the working class, the farmers and, at times, also the capitalist bourgeoisie' [9].

Scandinavian states as late industrializers

Another explanation for welfare policy development has been the late industrializer hypothesis. In general late industrializers have tended to be economically interventionist and to create public social policy programs at a rather early state in their own development as Christopher Pierson showed [10]. He also showed that the sequencing of welfare state programs is very robust across space. Everywhere family allowance and family policy come last. Hence, a developed set of family policies can be seen as a hallmark of an advanced welfare state, and that fits Scandinavia perfectly.

Furthermore, being late industrializers meant being influenced by agrarian forms and norms, and in the Scandinavian case these were particular because of the absence of huge estates [11]. It should be recalled that 'The Nordic countries were extensively agrarian throughout

the welfare state's breakthrough period until the 1930', as Eero Carroll and Joakim Palme has reminded us [12]. It is, however of course, not self-evident why agrarian forms of cooperation leads to consensus and compromise. The point being that Scandinavia was a particular agrarian society when welfare policies emerged. It consisted of small landholders in a somewhat hostile climate that forced the farmers to cooperate, which is evidenced by the large number of collaborative organizations organized as co-operatives such as slaughter houses, dairies, harvesting machinery etc.

Family policies are framed within a particular political culture, which had developed from agrarian forms and norms of cooperation. It is characterized by a high degree of willingness to make compromises, a strong commitment to a consensus seeking and non-militant process of deliberation, and a strong reliance on and trust in expert advice from civil servants and ad hoc-policy commissions.

Ad hoc policy commissions

Anna-Birte Ravn and Bente Rosenbeck concluded regarding Scandinavia that instead of emphasizing the relative strength of Social Democracy: 'It might be more relevant to talk about a specific Nordic political culture characterized by negotiation and compromise between political parties representing major groups, including women's organizations' [13].

Another element peculiar to Danish political culture as shown above is the wide spread use of ad hoc-policy commissions. Ravn and Rosenbeck also pointed to this phenomenon: The central role played by ad hoc commissions is a specific feature of Nordic policy processes. The commissions typically included representatives of all political parties as well as interest groups, civil servants from relevant ministries, and academic experts, and they functioned both as knowledge-producing institutions, as instruments for policy planning (commissions would for instance often propose new legislation), and as an arena for consensus-building (ibid p. 3).

The fact that policies are framed within this particular political culture explains the consensual and continuous character of Danish welfare policy in general, and of its family policy in particular. The productivist orientation of it is explained by its adaptation to postindustrial conditions particularly towards reconciling work and family life with an eye to try and secure a sufficient number of future workers.

Other elements of family policy in a broad sense such as taxation laws were individualized in the 1960s. Till then, for instance, women could lose their right to vote in local elections if their husbands owed taxes to the municipality (ibid p. 18). But,

In a context of increased demands for labour supply and political pressure from women's organizations across class borders, the tax law system was finally changed from joint to individual taxation of spouses. Equality between classes was substituted by gender equality as a main goal in Danish (Nordic) family policies, and women's, especially young women's labour market participation soon came to equal that of men's (ibid p. 24).

Dominant actors in Danish family policy development

When explaining the other decisive path breaking occurrence in Danish family policy, the universalization of childcare from 1964 Anette Borchorst pointed to the interest of the dominant actors, the opportunity structures when decisions were made and the role of timing as an institutional factor. The key actors were progressive pedagogues

who were actively involved in preparation of the 1964 Act and they were supported by civil servants involved in the same process: 'The political decisions were unanimous, which also reflects that the Danish political system during the formative years of the welfare state was responsive to political forces, movements and organizations in civil society' [14].

I have tried to show that changes in Danish family policy can be explained as adjustments and adaptations to changing demographic and employment conditions. So, when children's rights were expanded it was an adjustment to an increase in divorce and single parenthood, and the general improvements in day-care coverage and parental leave are adjustments to problems of reconciling work and family life with an eye to ensuring a sufficient number of children in a sufficiently good condition. However, the significant changes towards universalization of childcare, individualization of taxation and the substitution of maternity leave for parental leave, must also, in part, be explained by women's successful political mobilization for a higher degree of gender equality. Similar developments have taken place in the other Nordic countries.

Impact on Fertility

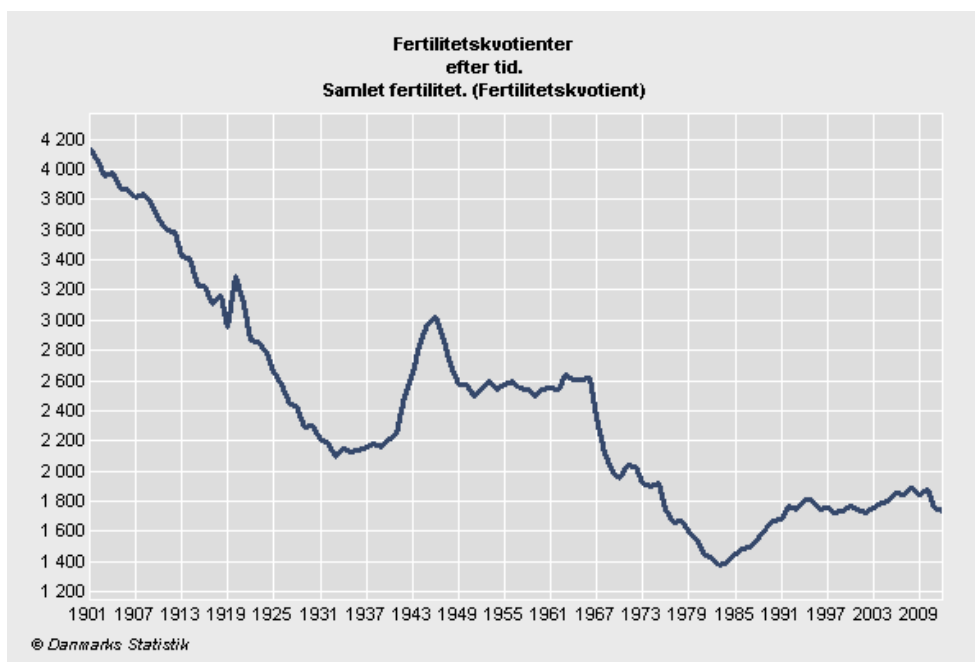
An overall trend in modernization of European states has been a reduction in fertility. Until the mid-2000s the average for the European Union was 1.5 children per woman, but that has increased a little bit so that it now stands at 1.6. This average masks that many EU states including the Southern European and East European ones have a fertility rate around 1.4 while the others have managed to increase fertility recently to around 1.9. What has appeared as a particular trend is a turn in fertility toward a higher level, which can be observed in Scandinavia and a few other European states such as Belgium and France [15]. Figure 1 below shows the Development in Denmark since 1901, where Danish women in average during their lifetime gave birth to more than four children. With the important exception of WW I and II fertility fell to level around 2.6 children during the 1950s, and

during the 1960s and 1970s it fell again to the all-time low in 1983 of 1.4 children per woman. Maybe surprisingly while war seems to promote fertility, which was peaking during 1914 – 1918 and again strongly from 1940 – 1945, crisis prevents fertility with the low level of 2.1 during the 1930s. The interesting development since then and different to most other places, is that fertility has been on the increase since, and seems to stabilize around 1.9 children toward the end of the 2000s.

The overall declining trend in fertility is a long time trend and not only associated with the so-called second demographic turn. Together with an increase in longevity the trend signals an unfavorable reproduction ratio where a smaller group of people in working ages must support an increasing group of elderly citizens. What is promising however is that within those societies where family policies have had a high priority that is where we find the highest and increased fertility rates. This goes for all of the Nordic countries and Belgium and France. Hence development in north Western Europe indicate that a comprehensive family policy allows women both to maintain paid employment and waving children at the same time. The various family policies help reconciling work and family life. When fertility is broken down into educational attainment it is so that women with the highest education, in the Danish case, are also those with the highest fertility of more than 2.0, while those with lower education have fertility rates around 1.5 and 1.6 (Lanzieri op. cit. p. 11). Given that educational attainment is expected to go on increasing, demographic prospects for the Scandinavian region and beyond looks promising.

Impact on Poverty

Two things have a profound impact on poverty: one is the distribution of paid employment, the other being distribution of social policy transfers and services. With highly unionized and well-regulated labor markets people in employment, are, generally speaking, able to stay above the poverty line since wages and salaries are adequate. Furthermore, the distributional effect of social policies can be significant.



Source: Statistics Denmark 2013.

Figure 1: Absolute Fertility in Denmark 1901 – 2010.

	2000	2005	2010	2014
Denmark	11.7	11.8	13.3	12.7
Germany	..	12.2	15.6	16.2
Spain	..	20.3	20.2	22.2
United Kingdom	18.0	19.0	17.1	16.8
Sweden	11.3	9.5	12.9	15.1
Finland	11.0	11.7	13.1	12.8
Norway	10.8	11.4	11.2	10.9
EU-27	..	16.4	16.5	17.1

Source: Eurostat Database accessed December 10th 2013 and March 21st 2016.

Table 4: At-risk-of-poverty after social transfers in European Union 2000 – 2014 in percent.

	2000	2005	2010	2014
Denmark	2.0	3.2	2.7	3.2
Germany	..	4.6	4.5	5.0
Spain	..	4.1	4.9	7.1
United Kingdom	..	5.3	4.8	7.3
Sweden	3.0	2.3	1.3	0.7
Finland	3.8	3.8	2.8	2.8
Norway	2.7	2.7	2.0	1.2
EU-27	..	10.8	8.4	8.9

Source: Eurostat Database accessed December 10th 2013 and March 21st 2016.

Table 5: Severely deprived people in European Union 2000 – 2014 in percent.

In the Danish case the at-risk-of-poverty rate drops from 22 to 10 percent of the households before and after transfers in 2011 [16]. In the Scandinavian case there are relatively low rates of being at-risk-poverty in general, between 14 and 19 percent, while the EU-average is 24. Particularly does it stand out that the rate of children at-risk-of-poverty is lower than the overall rate for the whole population in Scandinavia; different to the EU-average where it is three percentage points higher. However, after transfers the difference is less pronounced as is demonstrated in Table 4 above. Hence, Scandinavian stats are relatively good at protecting the whole population against risk-of-poverty, and they are particularly good at protecting children. We attribute this situation to the high degree of formal labor market participation for all, men and women, young and old, on the one hand side, and to the comprehensive family policies on the other hand. These elements are, furthermore, intimately linked. It is precisely the comprehensive family policies that enable women to participate in the formal labor market; and with higher employment rates we can expect less poverty. Adding a comprehensive package of family protection the effect has been that families with children in Denmark have a lower rate of poverty than the rest of the population.

Looking at severely deprived people as listed in Table 5 that goes for ten percent in Europe on average, but in Scandinavia it is only one to three percent, while the big countries have about five or more percent deprived citizens.

Conclusion

All indicators point to Scandinavia as the welfare society with the best conditions for families with children. This is a combination of high labor market participation of both fathers and mothers and fairly generous transfers and services toward these families. Besides the security this provides it has also encouraged a relatively high fertility rate. The comprehensive family policy package has made it possible for mothers to continue their labor market participation after having given birth; hence enabling them both to be chief responsible for care

of their children and staying within the labor market at the same time. This presupposes not only extensive family policies but also a changed distribution of household work between fathers and mothers. And, even when Scandinavian men are not doing as much household work as mothers, they are doing more over time; thus bringing round a more equal distribution between parents.

These Scandinavian experiences are, however, not easily exportable since they are embedded in a particular historical development and a particular political culture. Denmark and the rest of the Scandinavian countries were late industrializers, and these tended to develop welfare policies rather early in their own development and rather generously so. Furthermore, Scandinavia has developed a system of governance based on consensual democracy where negotiating compromises to reach a consensus is common. Since the constitutions allow relatively many smaller political parties in Parliament via low entry clauses (two percent) we very often have minority governments that have to seek their parliamentary support from the opposition. Hence a political culture revolving around consensus and compromise has developed, and it is demonstrable that all major social policy legislation in Denmark has been carried through by large parliamentary majorities. Scandinavia also have the highest tax rates in the world, reaching 50 percent of GDP, and that is only possible given a very high level of trust in each other and in institutions, which is the case in the Nordic countries. Finally, the Nordic countries from the beginning of modernity were rather equal and homogenous societies, which made it easier to develop a path toward universal coverage of welfare entitlements and provisions. Unfortunately many of the preconditions just listed are not to be found many other places, which makes it impossible to copy the Scandinavian way. Having said that it could and should be a source of inspiration.

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