Flexicurity without security
An inquiry into the Danish flexicurity model in a neo-liberal era
Nielsen, Niels Jul; Olsen, Janus Jul

Published in:
Ethnologia Europaea

Publication date:
2017

Citation for published version (APA):
This issue opens with an in-depth analysis by Antti Lindfors of the ways that satire is intertwined with moral understandings, bringing recent discussions from the anthropology of ethics as well as emotions to the stand-up comedian's stage in Finland and elsewhere. Ethical issues are also at stake in Britta Lundgren's examination of how Swedish health-care providers involved in the threat of an epidemic as well as adverse side-effects of vaccinations face double-bind situations and deal with their own doubts. Then Niels Jul Nielsen and Janus Jul Olsen explain how the neoliberal transformations in Denmark's social welfare system have resulted from the loss of a perception of the working class as a potential threat to societal stability and peace. Anastasiya Astapova's article, which provides the inspiration for this issue's cover art, looks at the folklore of Potemkinism in Belarus, local attitudes and narratives around the "façade" performance. And finally, Jernej Mlekuž explores the symbolic complexity and material significance of the burek in Slovenia, one of the country's most popular and yet disrespected foods.
CONTENTS

Antti Lindfors
Performance of Moral Accountability and the Ethics of Satire in Stand-up Comedy 5

Britta Lundgren
Health Politics, Solidarity and Social Justice. An Ethnography of Enunciatory Communities during and after the H1N1 Pandemic in Sweden 22

Niels Jul Nielsen and Janus Jul Olsen
Flexicurity without Security. An Inquiry into the Danish Flexicurity Model in a Neoliberal Era 40

Anastasiya Astapova
When the President Comes. Potemkinist Order as an Alternative to Democracy in Belarus 57

Jernej Mlekuž
“We Asked for Workers. We Got Bureks Instead”. Meanings and Material Significance of the Burek in Slovenia 72
The Danish flexicurity model is widely acknowledged and even advocated by the European Commission as a measure to achieve economic progress without compromising basic social conditions. It is therefore paradoxical that over the past decades the security component of the flexicurity model has faced steady retrenchments, jeopardizing its overall balance. The article applies a historical approach to understanding the transformation that has given way to a weakened position of workers in society, and asserts that the changes of the flexicurity model have been conditioned by the disappearance of the view of the “working class” as a potential threat to societal peace—a change closely connected to the waning of an alternative to capitalism and the related opportunity for a spread of neoliberal political economy.

Keywords: flexicurity, neoliberalism, Keynesianism, Cold War, deregulation

The Danish Flexicurity Model

The Danish flexicurity model is generally regarded as a central component of Denmark’s welfare regime. Through liberal dismissal regulations, high unemployment benefits and active labour market policies, a mobile and well-functioning labour market system has been institutionalized as an integral part of the Danish welfare state, benefitting both social partners (Andersen & Mailand 2005; Bredgaard & Kongshøj Madsen 2015; Jensen 2017; Kongshøj Madsen 2008). In its basic definition, the flexicurity model is the institutional system that on the one hand allows employers to easily hire and fire, and on the other hand guarantees employees financial security through high unemployment benefits and higher probability of re-employment; employers do not fear difficulties or high costs related to firing employees. While these two components are considered to be the main axes of the Danish flexicurity model, the model possesses a third component: active labour market policies. These serve to redirect the unemployed into the labour market, increasing the likelihood of re-employment (Kongshøj Madsen 2008). Flexicurity thus manages to navigate between a capitalist market economy and a demand for social justice and safety:

The fundamental idea behind the concept of flexicurity is that flexibility and security are not contradictory to one another, but in many situations can be mutually supportive. Furthermore, flexibility is not the monopoly of the employers,
just as security is not the monopoly of the employees. […] So, the foundation is there for a new interaction between flexibility and security, which stresses the potential for win-win outcomes in situations, which are traditionally conceived as characterised by conflicting interests. (Kongshøj Madsen 2008: 3)

The security component of the Danish flexicurity model, with an increased focus on minimizing the deficits of unemployment, was built from the beginning of the twentieth century and especially prioritized in the post-war welfare regime. The model is closely related to the structure of the so-called Danish Model, characterized by (relatively) independently acting social partners that act through mutual recognition (Due & Madsen 1993; Due, Madsen & Jensen 1993; Jensen 2015). In 1899, the labour unions and the employers’ organisations agreed on the so-called September Compromise, as the Danish workers accepted employers’ right to liberally hire and fire employees. In return, workers were allowed to organize and were acknowledged as a collective actor with the mandate to negotiate wages and work conditions that were settled through collective agreements (Ibsen & Jørgensen 1978; Jensen 2015; Jul Nielsen 2002). The Danish Model thus can be seen as a dynamic institutional arrangement, which constitutes the Danish industrial relations system, as the model is built on negotiation between social partners to reach collective agreements.1 An important characteristic of the Danish Model has been that the percentage of organized workers has been large, and this has provided the system with a high level of legitimacy. However, similar to what can be observed across Europe (Strøby Jensen 2004), weakened Danish unions have experienced slowly declining membership rates, from 73 percent in 1995 to 67 percent in 2010; if the membership of the increasingly successful yellow unions (comparable to mere insurance agencies and not involved in agreement negotiations) is deducted, the decline in the same period is from 71 percent to 61 percent (Due, Pihl & Madsen 2010: 19). Although memberships are still relatively high compared to other countries, the prospect of a continuous decline points to a loss of critical mass that will eventually jeopardize the legitimacy of the trade unions as a basic pillar of labour market regulation.

**Flexicurity and the EU**

Flexicurity has won international recognition because it combines market efficiency with social concerns.2 Though flexicurity can take many forms,3 it was the Danish version of it that the EU Commission regarded as the ideal when it adopted flexicurity as a key concept within the European Employment strategy in 2006–2007 (Jensen 2017), as “a crucial element in modernising the EU’s labour market” (Eur-Lex 2007a). The following excerpt reveals the reason behind the acknowledgment of the Danish flexicurity model:

> The Danish labour market shows a successful combination of flexibility and security, offering flexible labour laws and relatively low job protection, extensive efforts on lifelong learning and active labour market policies, and a generous social security system. (Eur-Lex 2007b)

By 2006, the European Commission had adopted the concept of flexicurity, regarding it to be an instrumental element in EU’s goal to create both social cohesion and a competitive labour market. As José Manuel Barroso stated in 2006 at the Year of Workers’ Mobility Launch Conference, “This concept of ‘flexicurity’ is a way of ensuring that employers and workers feel they have the flexibility, but also the security they need” (Keune & Jepsen 2007: 8).

Flexicurity is thus regarded by the European Union as a model that makes it possible to maintain popular support for liberal dismissal policies. And as the following excerpt shows, Denmark is regarded as a prime example of how flexicurity can be carried out successfully:

> The Dutch and Danish experience are interpreted as proof that alternative approaches to simple deregulation can be successful in providing high levels of flexibility, without this being at the cost
of increased workers' insecurity. Hence, flexicurity would offer options for a market with a human face, fitting European varieties of capitalism better than the deregulation approach which dominates American capitalism. (Keune & Jepsen 2007: 6)

Given the widespread acknowledgement of the Danish flexicurity model, it stands out as a paradox that the security component of it has come increasingly under strain (Andersen, Mailand & Ibsen 2012; Jul Nielsen 2004; Jørgensen 2011; Kongshøj Madsen 2011). Given the following sections, we will examine the underlying historical transformations that we argue are pivotal to understanding such a development as more than merely a superficial outcome of economic fluctuations (culminating with the financial crisis in 2008). First, we turn to a brief historical account of the development in unemployment benefits as one of the basic security components of the Danish flexicurity model. We do not intend to make a comprehensive analysis of the entire security dimension of flexicurity in the Danish context, which would entail a detailed account of the spectrum of active labour market policies and the relationship between these policies and unemployment benefits (where development of the former in line with neoliberal reasoning could be advocated to partially replace the withdrawal of the latter). Rather, our aim is to illustrate how the historical development of unemployment benefits illuminates a shift in the approach to social welfare.

**Theoretical and Methodological Foundation**

As a basis for our argumentation throughout the article, we will briefly present key components of its applied theoretical framework, as gazing through this lens enables an understanding of the underlying foundation for the further analysis of the macro-political transitions that have resulted in the changing conditions for the Danish flexicurity model.

The theoretical lens that this article applies is the ethnological state and life-mode theory, which parallels neo-Marxist scholarship and is aligned with social scientists and ethnologists such as Boserup (1986), Højrup (2003), Kaspersen (2012), and Kaspersen and Gabriel (2005). Through different terminologies these scholars perceive the state as a subject, and the social groups within the states as life-modes (Højrup’s terminology, see later) that are understood as dependent subjects whose conditions of existence rely on state recognition. The approach applies the German philosopher G.W.F. Hegel’s concept of recognition to explain how a relation of mutual recognition between states determines the state’s external position. A state must be strong enough to be recognized by the other states in the state-system. This strength is rooted internally in the individual state: in the army, the civil society, the economy, the institutional systems etc. The state’s struggle for recognition in the state-system is therefore closely connected to the internal landscape of the state, this implying that the dependent subjects’ conditions of existence are realized on the state’s premises, serving as a means to the state’s survival (for a detailed account of this way of employing a Hegelian inspired conceptual hierarchy, see Højrup 2003). Obviously, social practices are not necessarily initiated “from above”; but if they jeopardize the principal concerns of the state, they will not endure, or the state will collapse. The rise of a conscious labour population in the late nineteenth century is an example of such a movement “from below”, which, following resistance from the state, was split in a complex process into a politically recognized part (evolving into labour unions, political parties and other organizations) and non-recognized factions (radical anti-system organisations and groups) that were regarded as destabilizing to the state (Jul Nielsen 2002).

To understand how the external struggle for recognition is related to the way in which workers as a social group have been handled within the Danish state in different periods, this article applies a methodology of historical analysis. Hereby it is illuminated how developments in the external milieu of the Danish state have conditioned different internal perceptions and priorities of social groups against the background of larger political and economic transformations. In the ethnological endeavour to understand the principal relation between ways of living and the conditions on which these are based, a
historical analysis can illuminate how and why basic living conditions for particular life-modes undergo a transformation.

Unemployment Benefits under Strain

Danish unemployment benefits have suffered severe retrenchments over the past decades. Unemployment benefits peaked in the mid-1970s and have since then declined gradually (Mailand 2010). In essence, the Danish unemployment benefits are constituted by three components: (1) the degree to which the benefits cover the original wage of the unemployed; (2) the amount of time during which the unemployed is entitled to receive benefits; (3) the temporal requirements for accruing the right to receive unemployment benefits. Since the early 1980s, all three have been drastically cut back. An analysis made in 2004 by the Danish Confederation of Trade Unions (LO) showed that compensations since 1982 had been reduced by 25 percent. With the labour market reform in 1993–94, the period in which one could receive unemployment benefits was fixed at seven years, from a previously de facto unlimited time period, while continuous retrenchments followed until 1999 when it was fixed at four years. In the 1990s, the opposition and the unions accepted these reductions in unemployment benefit period because they received extended active labour market initiatives in return. For instance in 1996, when the unemployment benefit period was reduced to five years, full time activation was imposed after two years of unemployment (Mailand 2010: 6).

The financial crisis in 2008 took its toll on the Danish economy, as it did across Europe. From an unemployment rate close to structural unemployment (3.4 percent) prior to the crisis, the unemployment rate was doubled in 2010. With the unemployment benefit reform (Dagpengerreformen) in 2010, severe amendments were made to the Danish unemployment benefits. The period of receiving benefits was halved from four to two years, while the accruing requirement (genoptjeningskravet) was doubled: the work requirement went from 26 weeks within three years to at least 52 weeks within three years (Mailand 2015). Although the continuous retrenchments have caused public debate and political controversies in the left and right, the downward tendency has been almost independent of the political leanings of the government in power. Thus, when a centre-left government took over in 2011, it restricted itself to implementing acute and temporary policies to ease the immediate negative effects from a recent reform made by the previous administration, rather than policies with the overall aim of reversing reductions from previous years. In other words, the established view across political parties (with the exception of those to the far political left) has been to use flexibility to meet market demands, pushing security concerns to the side-line.

What we argue – by examining unemployment benefits – is that an aggravation of the security component of the flexicurity model does not stand alone as evidence of a weakened labour side. It is closely connected with a decline in influence of the Danish trade unions (the background of which we will return to). Several concrete political initiatives since the millennium have had direct influence on the unions’ conditions. In 2002, the Danish government, for instance, implemented an act that dissolved the bonds between a particular unemployment fund and a particular trade union, allowing for the yellow unions to flourish (Kjellberg & Ibsen 2016). In 2006, in addition, it implemented an act that abolished the right to let employment be conditioned by membership in a particular trade union. These initiatives among others have resulted in declines in membership from the red unions; and even during the latest social democratic government, the relationship to the unions was close to the breaking point (Jensen 2017).

It is relevant to include another example of how the general framework of worker protection has undergone a transition. The European open border system – embedded in the Schengen agreement and the tenets of the four freedoms (freedom of capital, commodities, services and labour) – has brought about an increased competition that severely impacts worker livelihoods. With the addition of ten new countries during the EU enlargement in 2004 (including eight from the former Eastern bloc), work-
ers from low-wage and high-wage countries became part of the same labour market. The open border system provided the former with new opportunities abroad, while the latter were subjected to competition of a kind that had been avoided for decades due to influential labour organisations. As Randall Hansen – focusing on West Germany, Great Britain and France but arguing it to be a pattern applying also to other Northern European countries – has illustrated: when the first afterwar waves of labour migration were seen in the 1960s, strong labour unions in the receiving countries had the power to safeguard that the guest-workers were granted wage and working conditions equal to the domestic workers, that they were generally integrated in the unionized system, and that they managed to curb the influx to limited quotas (Hansen 2003). That labour migration since the 1990s has managed to stress job security, wages and working conditions (Andreß & Lohmann 2008; Favell 2008, 2009; Friberg 2012; Jul Nielsen & Sandberg 2014; Lubanski 1999; Stan & Erne 2016; Standing 2011) reveals a much weaker and less influential labour agenda that has lost the political support it had half a century ago. In Denmark since 2004, the number of so-called Eastern workers (from the former Eastern bloc countries) has continued to rise, thereby challenging conditions within sectors with low-skilled jobs such as construction, cleaning and agriculture (Andersen & Felbo-Kolding 2013; Andersen & Pedersen 2007; Braemer & Redder 2017; Jul Nielsen 2016; Andersen & Arnholz 2007).

Thus, we argue that the changes witnessed during the previous decades in the Danish flexicurity model are symptoms of a principal transformation of the recognition of workers as a particular societal group, and not merely of shifting currents of political orientation. In the following section, we examine two macropolitical changes that have taken place during the twentieth century, which, we argue, can be understood as catalysts for the retrenchments that have been imposed on the security component of the Danish flexicurity model since the 1980s. Although we mainly focus on Danish material here, and specifically on the Danish flexicurity model, we see these transformations as evidence of an overall decline of labour influence that has taken place not only in Denmark but also across Europe (Andreß & Lohmann 2008; Standing 2011; Stroby Jensen 2004).

Bringing in a Historical Perspective on the Political Economy and Theorizing “Class”

The first systemic change has been a paradigmatic shift from a Keynesian to a neoliberal paradigm in the political economy, beginning with the Thatcher era in the late 1970s. The term neoliberalism is ambiguous; in some cases it refers narrowly to a macroeconomic doctrine, while in others it is used as a broad reference to capitalism and global inequalities. In the present article we see it as a form of political economy that favours deregulation, free trade, privatization and other regulatory forms that are based on market logic, which implies that a market is not understood as a pre-social form but rather as a political creation (Harvey 2005; Wacquant 2012: 71). Accordingly, just like politics matter in a neoliberal regime, liberal currents played an important role during the era of (what could generally be referred to as) Keynesianism. This era also embraced a diversity of specific regimes, ranging for example from the social democratic systems of Scandinavia with (relatively) independently acting social partners to more corporatist models of continental Europe. Despite the variety of forms, neoliberalism emerged as the anti-thesis to the Keynesian regimes, highlighting the idea of the free possessive individual as a contrast to state-led social engineering (S. Hall 2011: 706). We will later return to what could be argued to be a paradigmatic shift to a neoliberal political economy during the 1970s and 1980s. For the moment, it is relevant to reiterate that this shift, along with a general pressure on the European welfare states from an increasingly globalized economy, has given rise, since the 1980s, to a slow but steady challenge to the voice of labour. Through the discursive agenda set by a neoliberal paradigm, it is generally perceived as less and less legitimate, both economically and socially, to provide social security on a collective basis.

Another principal macropolitical change – and arguably also an important condition for the spread of neoliberalism – during the previous half century
has been the gradual diminishing of the “working class” as a potential political threat. Without engaging in a lengthy exposé concerning the concept of the “working class”, it is nevertheless appropriate to relate the theoretical framework employed in the present article to the way in which the notion of “class” has played a role in both academia and the public discourse. State and life-mode theory that has been developed since the 1980s is rooted in a Marxist framework (Højrup 2003). The concept of mode of production and thus people’s distinct relation to “processes of production and the disposition of the product” (Carrier 2015: 29) are regarded as key to an understanding of reproducible ways of living: life-modes. Notably, unlike many Marxist usages of the notion of class, a life-mode should not be regarded as an empirical category of human beings, but as a concept that designates principally different ways of upholding a viable existence (Marx himself was ambiguous on this point and never finished the last chapter of Capital, in which he begins to elaborate what it is that constitutes “class”). The theoretically determined life-mode concepts themselves make up necessary preconditions for the reproduction of the (theoretically determined) modes of production that are regarded as necessary in a given social formation. The concept of the capitalist mode of production, for instance, requires three (concepts of) life-modes for its reproduction: an investor life-mode (providing necessary production apparatus and working capital) and two life-modes that contribute to different forms of “work”, principally distinct from each other. The wage-earner life-mode provides work of a predefined kind (requiring more or less skill) and the career-professional life-mode contributes undefined ideas and skills that provide a company with the necessary innovative edge to put it ahead of competitors, which is key to the survival of the company.

In general, it can be argued that since the 1980s, systemic understandings have fallen victim to an increasing interest in agency, “culminating in the emergence of postmodernism which often became a rejection of all systems” (Carrier 2015: 37). This scholarly development dissolved the view of a concept such as class, as having relevant analytical bearing; and, notably, not only when concerned with contemporary circumstances. As historian Gareth Stedman Jones phrased it in 1983, “class’ is a discursive rather than (...) an ontological reality” (Stedman Jones 1983: 7). Historian Patrick Joyce furthered this idea, concluding from an analysis of nineteenth-century material that, “Other forms of the self and of collective identity emerge, long obscured by the concentration on class” (Joyce 1994). In general, “class” became disregarded as a primary concept for understanding everyday culture, in favour of concepts such as “identity” that are supposedly more sensitive to empirical complexity (Carrier, Kalb & Carbonella 2015: 19; Jul Nielsen 2013b, 2016). To the extent that the concept of class was regarded as a token of a shared, homogenous worker’s culture, postmodernism’s critique was correct and timely; the self and the social take many forms, and relevant are also issues of gender, race and nationalism (Berlanstein 1993; Boris & Janssens 1999; Boyd & McWilliam 1995; Carrier 2015), patterns of attitudes (Ambjörnsson 1988; Horgby 1993; Lüdtke 1986), and many other forms of “the social”. However, postmodernism does not provide a possible hierarchy of the infinite aspects that influence culture; as Carrier provocatively puts it (while advocating a renewed focus on class and systemic understandings), “the drift in anthropology since the 1970s has been toward description without analysis… we can begin to ask, once more, not just questions about what and how, but also questions about why and where it leads” (Carrier 2015: 39f.)

The concept of life-mode includes a multitude of relations and social identifications; but with the theory’s focus on cultural practices’ ability to reproduce themselves (and thus a matter of principal importance for this article), the basic conditions for the continuance of a life-mode has precedence over other aspects of the practice. In the case of a wage-earner life-mode, a theoretical need to create wage-earner monopolies can be determined. A person who lives from the sale of predefined tasks of some sort will always be exposed to underselling (since such tasks have an abundant supply of labour). Consequently, it is necessary to find a way to monopolize
the supply of work to prevent an open competition in the commodity of labour. Monopolization can take the form of organized unions, but it can also rely on informal relations such as groups of workers engaging in a personal relationship with an employer. Monopolization can imply an avoidance of union organization in order to bring together an attractive group of cheap labour, as can be observed in some cases with migrant workers (Jul Nielsen 2013b, 2016; Jul Nielsen & Sandberg 2014). Moreover, wage-earner monopolies are always in a mutual competitive relation to each other (for an elaboration of the concept of wage-earner monopolies, the necessary co-existence of inclusion and exclusion that it implies, and the connection to the writings of Marx, see Jul Nielsen 2002, 2013a). Thus, no matter the form in which we find groups of workers – gendered, nationalistic, diligent, rebellious, etc. – we must be able to account for the way in which this cultural pattern does not contradict the basic demand to maintain a livelihood that is conditioned by some sort of wage-earner monopoly. Later, we briefly return to how state- and life-mode theory not only operates on the level of life-modes and modes of production, but – in contrast to a Marxian legacy – puts precedence on the concept of the state; the state is understood as ultimately conditioning the practice as a worker.

The scholarly discussions of what constitutes the working class as a theoretical concept have regularly been entangled in the societal discourse, where the use of the notion served to attain influence for left-wingers, both with and without working-class roots. The term “labour”, on the other hand, was often used to refer more broadly to ordinary people or “the common man”. The “working class” in the public discourse is largely a notion that refers to the world order that existed prior to the collapse of the Soviet Union, and it has disappeared with the decline of workers’ discursive influence; symptomatically, the notion is regaining usage following Brexit and the election of Trump for president, incidents that have recreated a political focus on workers.

When bringing in a historical approach it leaps to the eye how “labour”, throughout most of the twentieth century, and notably in the Keynesian era, generally represented a top priority on the political agenda. But since the 1980s, labour organisations and unions (which moreover as mentioned have a declining membership) have generally found themselves in a weaker bargaining position when negotiating terms and conditions with the employers’ organisations, as governments (leaning on neoliberal ideology) have become less inclined to support union demands. The weak position of “labour” is closely linked with the aforementioned prevalence of a neoliberal policy paradigm, and we argue below that neoliberalism’s triumphal progress is only understandable alongside the significant transformations in the state system. The collapse of the Soviet Union and the end of the Cold War constituted – at least for a period – a de facto end to an alternative to capitalism, as the formerly planned economies were integrated into the world economy. With these changes, the image of the “working class” as a potential threat vanished. Although for decades a revolutionary prospect had been rather unlikely (despite continuous radical rhetoric well into the 1980s), the transition, as we argue below, gradually caused a decline in the influence of “labour”.

Most of the literature on Danish flexicurity revolves around the model itself. It deals with its historical development, specific elements, latest changes, or contemporary opinions on flexicurity (Andersen & Hansen 2007; Bredgaard & Kongshøj Madsen 2015; Jensen 2015; Keune & Jepsen 2007; Mailand 2010, 2015). While these approaches are obviously important to understand the model and its role in determining working conditions, they do not comprehend the preconditions of the model in a broader perspective. To grasp the extent of the changes of how flexicurity is realized, it is relevant to inquire into the transformation of the role of “labour” in a political and ideological context. This is not limited to Denmark but applies in general terms to Western Europe, although specific forms of welfare politics and of labour market and social organisation vary across the European states. Through such a lens, we may be equipped with an analytical tool capable of explaining, in macropolitical terms,
why the model has gone through the development it has, allowing for a qualified conjecture about future prospects.

**Labour’s Role in the Post-War Period**

Why is it that “labour” played such a prominent role on the social agenda from the end of the nineteenth century and well into the 1980s? The common answer to this revolves around the industrialization of European societies in the second half of the nineteenth century that brought about the establishment of a new class – the “working class” – forced to sell its labour in order to create a sustainable livelihood. By organizing collectively, it succeeded in putting pressure on employers; and as a result, gradually “from below” managed to raise wage and working conditions. Though this perspective is not incorrect, we argue that to fully understand the rise and fall of labour influence during the subsequent more than 150 years, it is necessary to include the role of the states in which the social partners act. Thus, as already touched upon, labour influence is not only a matter of a movement “from below”, but also – and maybe ultimately conditioned by – recognition “from above”.

As stated previously, our theoretical argument is based on the deduction that for a state to hold sufficient strength for recognition externally in the state system, there must be an internal endeavour to create sufficient cohesion and legitimacy. Thus, the life-modes (as well as modes of production) that achieve the necessary recognition that conditions their endurance, such as workers’ right to organize and act collectively, are the life-modes that are pivotal for the viability of the state. In line with this, we argue that states’ struggle for survival in the state system impacts national contexts, including the way in which social partners are understood and acknowledged, and thus also the relative strength of each partner. This theoretical reasoning provides the analysis with a conceptual hierarchy: no life-mode or mode of production can endure without the recognition of the state that ultimately conditions it, whereas a state does not necessarily need its life-modes and modes of production to survive.

To substantiate the argument empirically, we include below an example that unambiguously displays how “labour” previously held a key political role which is principally different from what we find today. The example is explored extensively in the book *Between High Politics and the Workshop Floor: The Danish Worker – Before, During and After the Cold War* (Jul Nielsen 2004; see also Jul Nielsen 2014), where the role of “labour” is examined in relation to the strategic concerns of the state from the end of the nineteenth century until today by looking at Danish history. The example epitomizes in a clear-cut way how the political recognition of and influence given to one social group – in this case workers – is connected to overall defence and security concerns of the state; a connection that will often be of a more indirect kind and thus more difficult to apprehend.

The case in point dates back to 1953, at the height of the Cold War, with a NATO conference held in Copenhagen. Representatives of the political establishment were present from all member states: Canada, France, Great Britain, Belgium, Luxembourg, Italy, Greece, Portugal, Turkey, Iceland, Norway, and Denmark – along with the United States, the undisputed hegemon of the alliance. The objective of the conference reveals unmistakably how security matters concerned not only military power:

NATO [should make up] an efficient manifestation of the unity of the member states in not only military but also, and equally importantly, in non-military matters, which touch upon political, economic and social problems within the countries. In the long run, a military defence in itself is not sufficient to guard the grounding of Western democracy.

In the mid-1950s, the Cold War was at its height, and with both a militarily, politically and ideologically strong Soviet Union, the West, with the United States as the frontrunner, needed much more than mere military power to withstand the Eastern threat. In the early post-war years, despite criticisms, communism and socialism as alternatives to capitalism appealed to millions of people in the West, not least
among the working class. There was the risk that radical sentiments amongst the populace could turn against the established order. Social cohesion within civil society was pivotal for the strength of the Western societies; and the radicalism of the 1930s stood as a fresh and frightening memory. It is in this context that “labour” assumed a top priority on the political agenda, a situation that seems highly foreign to international politics since the 1990s. The conference – concerned with youth politics, housing, education and a wide range of other topics connected to civil society – plainly concluded that integration of “labour” was the primary concern, with other issues being pushed to the side. In straightforward words – characteristically with the American spelling of “labor”, this reflecting USA’s stamp on the conference (where statements and declarations had been prepared in advance) – the principal statement of the conference was: “The role of labor in world affairs has become a key factor.”

The reasoning behind this unambiguous statement was that “labour” was the target of propaganda from the East, and it was among the working populations that rebellious opinions could gain a stronger foothold. Therefore, it is no surprise that the conference concluded that labour organizations and labour parties should be provided with profound potential to influence society to improve workers’ livelihoods. This was regarded as a means to dismantle the critiques of Western capitalism and its alleged suppression of the “little man”. Labour representatives were given a voice in order to allow for “more effective attention to the problems of workers’ standards of living such as purchasing power, employment, housing needs... etc.”. As we return to below, this strategy paralleled in economic terms the priority that Keynesianism – the preferred economic tool of the period – put on maintaining a high level of employment (with the social unrest of the 1930s as contrasting scenario) as well as general attention to workers’ demands.7

Thus, the statements from the 1953 NATO conference explicitly reveals how the inclusion of “labour” as a basic pillar in the running of society is dependent upon the particular security focus of the state (or in this case a coalition of states merged together by the Eastern counterpart). As said, we are well aware that similar unambiguous statements cannot necessarily be found in the source material in other periods. However, we argue that the accentuated circumstances of the conference reveal a logic that has been dominant for over a century, from socialism’s emergence as a potential political threat in the second half of the nineteenth century until the end of the twentieth century (see Jul Nielsen 2004, 2013a). To illustrate this, we will present from two other transitory periods, two examples that reveal a similar pattern:

Across Europe the Paris Commune of 1871 left no room for doubt among the political establishment that a socialist (or communist) revolt had to be regarded as a potential threat. As a result, labour assemblies and actions were increasingly perceived in this light (Bruun 1938; Jul Nielsen 2002). As is well known, the labour movement was gravely divided on the question of either a radical revolutionary upheaval of capitalist society or a more graduate reformism (with the ultimate goal of socialism pushed to an undefined future). In general, the European states gradually, at the expense of the radicals, recognized the moderate wings of the labour movement that became increasingly influential. As Richard Hyman writes, “Trade unions… varied between (and often within) countries; but typically, the latter half of the nineteenth century saw the more successful unions marginalizing or ritualizing their radicalism, and seeking understandings with employers on the basis of a ‘fair day’s wage for a fair day’s work’” (Hyman 2001: 2).

The years following the First World War were again marked by mass mobilization among Europe’s working populations. The Bolshevik Revolution in 1917 and subsequent establishment of communist parties across Europe (and in the U.S., sparking off an intense Red Scare [Levin 1971; Schmidt 2000]) underlined the distinction between the moderate and the anti-system wing of the labour movement, providing the former with convincing arguments for improved worker welfare in order to dismantle the latter. Thus, the 1920s and 1930s throughout Europe
saw an extension of broad social programs in housing, education, sickness insurance, old age provision, etc., similar to what came to mark the post-World War Two welfare states. The 1953 NATO conference epitomized this shift.

It is important to note that in most European countries the threat of a communist or socialist takeover was probably never a real possibility; and indeed, there was not broad support for communism after the invasion of Hungary in 1956. Still, a threat of mass mobilisation around socialist ideology was an efficient means for “labour” to maintain the significant influence. The 1960s and 1970s, despite the weakening of communism, were heavily marked by radical and revolutionary rhetoric, with persistent references to the interests of the “working class” (although often originating in the middle class) that maintained the political influence. It was not until the collapse of the Eastern bloc that an alternative to capitalism ultimately disappeared and entirely removed the threat potential and the possibility of using this to achieve bargaining power and influence.

Inner political and ideological cohesion of the state as a precondition for external strength no longer relied on “labour” as a defined social group.

From Keynesianism to Neoliberalism

The shift in the power balance within the state system – culminating in the fall of the Soviet empire – was also pivotal to the spread of neoliberalism as the other major transformation that comprised a principal challenge to “labour”. The emergence of a neoliberal policy paradigm in the West in the late 1970s contributed to a continuous weakening of the “working class” and thus also a weakening of the powers (unions and leftist parties) that advocated a strong social security net and worker welfare (Baglioni & Crouch 1990; Crouch 2013; P.A. Hall 1993; Rodgers 2011; Streeck 2006).

The analysis of the English path to neoliberalism by political economist Peter A. Hall illuminates the processes that other European countries also underwent. Hall enquires into the general steps whereby policies change and analyses how a new policy paradigm emerged in Britain in the late 1970s with Margaret Thatcher coming to power. Parallel to Kuhn’s thinking on scientific paradigms (Kuhn 1962), Hall describes how a policy paradigm is embedded in the terminology used to communicate it. Just as a scientific paradigm is institutionalized in the language that reproduces it, a policy paradigm is reproduced through the institutions that constitute it. It is not until a sufficient amount of anomalies occur that it becomes possible to critically analyse the paradigm itself. Before that, any criticisms will be targeted towards constitutions within the scientific paradigm, not its foundation. Hall describes this in regards to policymaking, illuminating the difference between what he terms first, second, and third order changes. First and second order are changes that “adjust policy without challenging the overall terms of a given policy paradigm, much like ‘normal science’”. In contrast, third order changes are “marked by radical changes in the overarching terms of policy discourse associated with a ‘paradigm-shift’” (Hall 1993: 281ff.).

Hall argues that the former Keynesian policy paradigm fell victim to a third order change. In the post-war period, Keynes’ coherent system of ideas was institutionalized and applied within the financial systems around Europe, “They became the prism through which policymakers saw the economy as well as their own role within it” (ibid.: 283ff.). However, this economic order did not, as we know, sustain itself in the long run. Hall mentions three implications that will be present when policy paradigm changes occur. The first is scientific opposition to the existing paradigm, which to some extent must also manifest itself politically. Second, Hall points to the significance of authoritative figures who actually will have the vision and power to advocate for and begin the process of implementing the set of new political and economic ideas. The third implication is the accumulation of anomalies within the old paradigm, which have been dealt with unsuccessfully through the methods prevalent in the old paradigm.

All three conditions were present during the 1970s when neoliberalism first entered the scene in Britain. Anomalies – for example the simultaneous increase in both unemployment and inflation that should not
be possible – had accumulated during the past decades. Such anomalies were unsuccessfully dealt with through ad hoc-attempts of changing, for instance, the fiscal policies, resulting in an extended distrust of the system and paving the way for an alternative path (ibid.: 285). In 1974, the neoliberals Friedrich von Hayek and Milton Friedman shared the Nobel Prize in Economics; and with such alternative perceptions of the economy gaining a footing, the strong, authoritative figure of Margaret Thatcher represented a viable alternative to Keynesianism when she was elected in 1979. This evolved into a fundamental fight against the labour side during the 1980s, which would have been virtually unimaginable a few decades earlier when attention to workers’ demands was the top political priority as a precaution against societal disintegration. Notably, similar occurrences took place in other European countries, although typically a few years later and in a less radical form.

With neoliberalism comes a whole new set of goals and policy instruments that shift the political landscape. Several of these instruments directly impact conditions pivotal for workers’ livelihood:

Inflation replaced unemployment as the preeminent concern of policymakers. Macroeconomic efforts to reduce unemployment were rejected in favour of balanced budgets and direct tax reductions. Monetary policy replaced fiscal policy as the principal macroeconomic instrument, and it was reoriented towards fixed targets for the rate of monetary growth. Many regulatory instruments associated with state intervention, such as incomes policies, exchange controls, and quantitative limits on bank lending, were eliminated. (Hall 1993)

Neoliberal ideology does not perceive the prosperity of the “working class” as a goal or as a means. Instead, it is the belief that the market forces, with little or no state intervention, bring balance into the economy and thus create the strongest and most resistant society. As Colin Crouch puts it, “neoliberals [are]… unequivocally hostile to trade unions, which seek to interfere with the smooth operation of the labour market” (Crouch 2013: 18). In contrast to the Keynesian paradigm, in a neoliberal society the state does not have any ideological or instrumental incentives to support labour organisations, as they are perceived as obstacles to the flourishing of market forces.

It is relevant also to point to the disappearance of traditional industrial workplaces in Western Europe to explain declining labour influence and the lack of identification with “the working class”. Overall, during the 1970s and 1980s, the Western industrialized countries lost their monopoly on global surplus-extraction. Fordist production processes became the source of revenues in non-Western countries, most notably in the Asian tiger economies, and this pushed the Western economies to improve knowledge-content within production to maintain a competitive edge, thus safeguarding an adequate individual profit margin in the market. The subsequent increasing fluidity of capital and spread of liberal trading agreements (advocated by international organisations such as the WTO, established in 1995) has increased the pace of out-sourcing, off-shoring or closures, forcing a reconfiguration of the working population (Hochschild 2016; Højrup 2017; Jul Nielsen 2004; LiPuma & Lee 2004; Sennett 1998, 2006; Standing 2009). These economic transitions are important for the influence of labour but should not be seen as independently working “factors”.

First, the presence of “classic” workplaces is not a purely economic matter. During the Keynesian era such workplaces were extensively supported by the states – well-known examples are shipyards and the mining industry. This state support was due to an inclination towards economic protectionism as well as the fear of the social unrest that would result if such companies were to close down in the face of pure market forces. Without digging into the causes or probable broader consequences of president Trump’s remarkable revitalization of a protectionist approach, this situation illuminates how economy is not developing per abstract laws but is politically conditioned. Further, one could argue that in a way Trump has merely adopted measures (and explic-
itly aimed to give renewed influence to the working population) that were widespread until the 1980s, when they were neglected in the neoliberal political economy, not least (and indeed paradoxically) due to American pressure to internationalize and liberalize markets.

Second, as specified above, what principally characterizes a wageworker job is not that it is manual and takes place at companies with many people; it is that the content of the job is predefined (whether requiring more or less skill). This is what marks the borderline to “knowledge work”, where the basic requirement is that the employee contributes undefined ideas and skills that provide the company with an innovative edge that competitors do not possess. Predefined jobs will always be challenged by underpricing if they are not protected (for example by the monopolization of them that unions safeguard). And, notably, such jobs are not disappearing. They are found in large quantities throughout the labour market: in retail, service, production, agriculture, construction, cleaning, health, etc. If wage and working conditions in such occupations are left to market forces, a downward spiral is unavoidable; just like the Danish flexicurity model’s security dimension will further diminish if not prioritized politically – without proper political supports only flexibility will be left, ultimately leading to social dumping.

Danish Flexicurity in the New World Order

Thus, a principal transformation has taken place from an overall Keynesian paradigm during the Cold War period to the present neoliberal era. During the Cold War period, “labour” played a key role as a precondition for social cohesion within the Western world. As a consequence, workers’ organizations had a substantial influence on state affairs, which made union support a natural choice of the individual labourer. Following the collapse of the Eastern Bloc, neoliberal ideology and governance has succeeded in setting a new agenda. As a consequence, the prevalent view since the 1990s has increasingly been that market concerns are the natural nexus around which labour relations should revolve, making a political support for worker welfare appear to be an artificial inference with mechanisms of the market.

This transformation is crucial for the balance of the Danish flexibility model. With a continuous weakening of the unions, and with the Danish left-wing parties (in particular the Social Democratic party) moving towards the right, there are fewer forces that oppose neoliberal initiatives. This process has revealed how a balanced flexicurity model depends on strong labour representation; and that such a state of affairs requires significant political support. Denmark’s industrial relations have, as mentioned, been built upon negotiations between the “independent” social partners, with the government on the side-line. And not only have the Danish unions traditionally been strong, with high membership; but the state has also traditionally backed up the unions in the negotiations, rather than the employers, for reasons discussed previously.

Not surprisingly considering the transformations in the role of “labour”, this arrangement is also changing. Trade unionists, who have worked for years in the labour movement, point to a shift in the political inclination to support the worker agenda over the employer agenda. In the excerpt below, a Danish union chairman, who has had a long trajectory as shipyard worker and shop-steward, followed by a career within the labour organisation, sums up the way in which the role of state, as one of the “legs” in the Danish model, has undergone a transition. The interview was conducted in 2011 in connection to an inquiry concerning the challenges involved in maintaining working conditions despite the increased influx of migrant workers from Eastern Europe to Denmark. However, the union chairman more generally reflects on the transformation of bargaining power despite the continued adherence to the Danish model of tripartite negotiations.

Even though there will be many in the labour movement that will not like what I say now, actually, the most important system [around the Danish model] is not the unions, it is the political system! It all depends on having a government
and a state that want to play the game; because, all the same, the state has the power to play the game with other cards, in case it should be necessary. Thus, the weakest leg in the Danish system has been the employers. The employer side has adapted, but has not been especially active. We have historically seen a correlation between the trade-union movement and, typically, a Social Democratic government… well, also right-wing governments… that has built up the Danish model. Those are the two legs that need to interplay: the trade-union movement and the political level; if they manage to do that, then the employers will adapt automatically. However, if there is no recognition of this anymore, and much point in that direction… well, that is the deathblow to the Danish model.

The reasoning of the trade unionist illustrates how a particular consensus has been prevalent within the Danish model. The government in power – left-wing as well as right-wing – has generally been in support of the unions, arguably, we could add, as a result of the shared consensus about preventing “labour” from turning against the social order. Since the end of the 1980s, however, with the spread of neoliberal ideology, the legitimacy of the (red) trade unions has increasingly been questioned; and the monopolistic features of the unionized system have been found to be too restrictive for a sound economy.

The unions’ legitimacy as the institutions that represent workers has thus suffered a hard blow; and it is disclosed that their former strength relied on political support “from above”. That they are treated today as an obstacle to a smoothly running economy is not the result of new political insight but rather of the disappearance of “labour” as a political priority. Moreover, the declining membership (which, as shown, is also connected to these changes) put the unions in a continuously weaker bargaining position, which has made results more difficult to achieve – this making future support from the individual worker less obvious.

Concluding Remarks
The Danish flexicurity model has been an integral part of the Danish welfare regime for decades. As an institution, it has won international recognition for its ability to combine a capitalist labour market with social security. The European Union has even adopted it as a model that it encourages all member states to implement.

However, the otherwise strongly institutionalized model is on the verge of change as its security component has declined since the 1980s. The article argues that this transformation was linked to the end of the Cold War and the emergence of neoliberalism. Our arguments are rooted in a theoretical framework that explains the conditions of social groups in a society – such as the “working class” – as closely connected to external concerns of the state in question. By examining the history of “labour’s” shifting importance, it has been demonstrated how the influence of “labour” has relied on deliberate political recognition and support. This support, it is argued, has been connected to the potential threat to the social order that “labour” represented.

Looking at the Danish flexicurity model in light of the above, the decline in the security dimension could be expected. The goal of unemployment benefits – namely that people can maintain relatively high living standards despite unemployment – becomes less valid discursively in a neoliberal paradigm. Looking ahead, impacts of this development are dismal. The more the protection against market fluctuations is regarded as an individual challenge (perhaps moderated by, politically sensible, active labour market policies) and political support to the collectivism that the unions represent continues to decline, the risk is not only a race to the bottom but also that the individual worker cease to regard him- or herself as a valued community member and citizen. The social dissatisfaction that follows from this will, however, not come in the form of a unified labour movement (lacking its previous support), but rather, as can be observed across Europe (Brexit being a more recent example of that), materialize as frustration, disintegration, and in support for right-wing nationalism with its supposed protection of the
“little man” against globalization. The only way to prevent this development is deliberate political support for the security dimension in today’s labour market.

Notes
1 Six dimensions have been assigned to the Danish model: high levels of organization with high coverage of collective agreements; nationally coordinated collective bargaining; a coordinated multi-level system; conflict and consensus; voluntarism implying autonomy with limited legal regulation; coordination between the system of negotiation and the political system (Due & Madsen 2006; Larsen & Ilsoe 2016).
2 Flexicurity as a label originated in Holland in 1995 as a political initiative to increase the flexibility of atypical types of employment and the security of the atypically employed (Andersen 2007; Crouch 2016: 192). Likewise, the Danish Model as a label first originated in the 1990s (Due, Madsen & Jensen 1993).
3 The concept of flexicurity does not have a universal definition. There is a multitude of variations of the term which are outlined in Wilthagen’s so-called flexicurity-matrice (Bredgaard & Kongshøj Madsen 2015).
4 It is important to note that if the security component of the flexicurity model is removed (or drastically retrenched) it may also damage the flexibility, as increased insecurity may force the unions to demand employment protection in the form of, for instance, redundancy payments.
6 Documents from the conference are kept at the Danish labour archive (Jul Nielsen 2004). The present excerpt is translated from Danish: “at skabe den størst mulige gensidige forståelse og solidaritet mellem NATO-lan- denes folk… NATO (skal gøres til) et effektivt utryk for medlemslandenes fællesskab ikke blot på det militære, men i lige så høj grad på de civile områder, der berører politiske, økonomiske og sociale problemer indenfor landene. ... et militært forsvar i sig selv er ikke nok til i det lange løb at forsøvare den livsform, der er det vestlige demokratis”. The following excerpts – which are in US English in the original – also stem from this archive, unless otherwise stated.
7 The conclusions at the 1953 NATO conference in Copenhagen resemble the general American comprehension of the situation in the post-war years. In another context (within the “Labor Program of the Mutual Security Agency”, established after the Second World War), a similar understanding is revealed, again epit-

References
Niels Jul Nielsen, Ph.D., is an associate professor of Ethnology at the Saxo Institute, University of Copenhagen. Research themes are cultures of labour and work from the nineteenth century until today, at present with a focus on migration and the volatility of capitalism. His research is currently undertaken within the collaborative project Neoculturation of Life-Modes during the Current Transformation of State System and World Economy (lifemodes.ku.dk).
(nnielsen@hum.ku.dk)

Janus Jul Olsen has an M.A. in Public Management and Social Development from Copenhagen Business School, Denmark, and the Chinese Academy of Sciences (Sino-Danish Center). His research themes have revolved around the interlinkages between state policies, economic developments and subjectivation processes, with a comparative focus on China and Western Europe. Currently he is working as a management consultant in Denmark.
(jjol@valconconsulting.com)