



**Small Great Nation**  
High-Hanging Fruit

January 2019



# Preface

Collaboration between Kraka and Deloitte on the Small Great Nation project is a private initiative that analyses the long-term prospects for the Danish society. The initiative is independent of political ideologies and interests. The purpose is to map Denmark's strengths and weaknesses and to identify ways of ensuring welfare and cohesion in Denmark in the future. The initiative utilizes existing research-based knowledge and, at the same time, contributes new, independent analyses that result in expert-based solutions to create a better Denmark. This is the third collaborative report under the Small Great Nation project.

In Denmark, particularly since the mid-00s, a number of structural reforms have been implemented in an effort to make the Danish economy fiscally sustainable and to increase economic prosperity. The reforms have increased employment and prosperity, but they have also made conditions difficult for some groups in the labour market.

Overall, the focus of the reform work has, very appropriately, been directed towards the more readily implemented reforms, i.e., the reforms that have the largest effects and that increase labour supply most relative to costs. The costs should be understood as either political or distributional costs, or direct negative effects on the public budget. This significant reform work has greatly improved the sustainability of the Danish economy. However, while implementation of the reforms undertaken thus far can by no means be described as easy, in comparison with the reform options that exist today, it is reasonable to say that these were the "low-hanging fruits" and that they have already been harvested.

In this report we focus on the "high-hanging fruits", i.e., the reforms that, like those already implemented, can increase overall prosperity and well-being in Denmark, but where the effects are smaller and where the gains may require more difficult measures. In some cases, however, it may be worthwhile stretching for them: In addition to increasing overall prosperity and well-being, the report shows that the Danish economy may not be so robust after all, and that further reforms may simply be necessary.

We analyse, among other things, the education system, as reforms don't only apply to expanding employment, but also to the qualifications of those employed. Other parts of our report examine some worrying tendencies, such as increasing stress levels and the increasing number of people with involuntarily weak labour market attachment.

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Happy reading!

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# 1. Executive Summary<sup>1</sup>

## Series of reforms have reduced fundamental challenges

Until the mid-00s, Denmark's public finances were highly unsustainable and if economic policy had remained unchanged, the Danes would have faced the prospect of many years of government budget deficits, which would have been in violation of both the current EU rules and sound economic policy. The good news in that situation at the time was that there were obvious reform options - "low-hanging fruits" - available to improve the sustainability of public finances and create greater economic prosperity. The unsustainability problem has now been reduced through a number of reforms, and higher overall prosperity has been ensured. The reforms included raising the retirement age, raising the eligibility age of the early retirement scheme, and tightening rules and shortening eligibility periods for social security and unemployment benefits, as well as several tax reforms.

## Out of the protracted period of economic stagnation

During this same period Denmark was hit by the financial crisis, which resulted in a protracted recession. However, the financial crisis also brought some good things with it, including the Budget Act and tighter regulation of the financial sector. Although both of these measures could have been designed even better, they were clear steps in the right direction. The Danish economy has since recovered and is now heading into a boom, with a shortage of labour in some industries.

## The current economic outlook is good

The Danish economy is currently in good shape. This positive situation is confirmed by analyses in the first Small Great Nation report: For example, Denmark's business structure is well-placed in terms of expected future demand, Denmark has good institutions that contribute to a sound economy, and Denmark's productivity development is similar to that of comparable countries. Recent revisions of the national accounts paint an even more positive picture than previously when we analysed the situation.

## Good social cohesion, but cracks in the foundation

In the second Small Great Nation report we found that Denmark's overall social cohesion is good but that there are "cracks in the foundation". For example, most Danes are generally positive towards globalisation, but a significant minority is turning against it. The cost of globalisation is borne by smaller groups that suffer considerable losses. Danish society is becoming increasingly segmented, both geographically and in terms of income. The tone between ethnic Danes and those of middle eastern backgrounds has become sharper, segmentation among families with children has increased and the news media scene has become more complex, so that parts of the population are at risk of forming erroneous perceptions of reality. There is a need for action while the cracks can still be repaired.

## The low-hanging fruit

In the efforts to achieve sustainability through labour market reforms, the focus was initially on the "easiest" reforms - the so-called "low-hanging fruit". That is, reforms that, somewhat simplified, were characterised by:

- Large effects: A single reform leads to a large increase in the labour supply.
- High efficiency: A large increase in labour supply is achieved relative to the amount of "pain" needed to be inflicted to achieve the increase, for example, in terms of income distributional consequences or the cost to the government of implementing the reform.
- Realisability: The reforms were relatively straightforward to implement and they enjoyed relatively broad political support.

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<sup>1</sup> This document serves as a summary in English of the full report titled "De lavthængende frugter". The full report (Danish only) is available at [www.sgnation.dk](http://www.sgnation.dk).

**The next reforms are more difficult ...**

It was sensible to harvest the low-hanging fruit first, but this means that implementing reforms in the next round will be more difficult, i.e., reforms that are the more "high-hanging fruits". These reforms may, for example, deliver smaller increases in the labour supply, or the labour supply increases may be limited in relation to the burdens imposed on people by the reform, or in relation to the cost of implementing the reform. It may also be because reforms are hard to realise, because there are no obvious policy instruments to employ, or because there is general political opposition to the initiatives. Increasing the early retirement scheme eligibility age by ½ a year, as has been done every year since 2014, is an example of a much simpler way of increasing the labour supply than by introducing measures aimed, for example, at bringing more of the long-term unemployed, people with health problems, immigrants, or other groups with low labour market attachment into employment.

**... but may be worth the effort**

The fact that the easiest available reforms have already been implemented is not an argument for not implementing further reforms. First, they could make Denmark more prosperous, and second, analyses in the report indicate that the Danish economy may not be as robust as it seems. Therefore, it may be necessary to reap the more difficult gains. In addition, some reforms that may not increase labour supply very much may, nevertheless, be of interest because they can serve as an end in themselves, for example, as a means to improve integration, or workers' preparedness for labour market restructuring, or to increase their level of education.

**Analysis of qualifications and handling of future problems**

Total prosperity not only depends on the number of people in employment, but also, to a large extent, on the skills of the workforce. In this report we present analyses that relate to both the size of the labour force and to workers' qualifications and productivity. In the report we also analyse several problems that are at risk of growing over time and reducing the achieved labour force gains. It is equally important to counter future falls in labour supply as it is to support future increases.

**We analyse a small selection only**

The high-hanging fruits may each have a limited effect, but when added together they may have significant effects. However, in this report we have had to limit ourselves to analysing a smaller selection of potential reforms.

**A bit shorter working week going towards 2040**

As a basis for examining untapped possibilities for reforms, we start by challenging the general perception that Danish public finances are now on a sustainable path by analysing the length of the future working week/hours per year. Shorter working hours will cost us economic prosperity. However, over the years, the Danes have traded some of the economic progress for shorter working hours, through agreements between employers and employees and other channels. This practice may well continue into the future. We set up a likely scenario for how long the working week will be in 2040 and find that, in this scenario, public finances can become clearly unsustainable, despite the many structural reforms that have been implemented. The government's sustainability calculations do not account for this likely decline in working hours.

**Significantly changed industry composition by 2040**

By 2040 an even higher fraction of the Danish population will live in the larger cities, and they will be significantly better educated. Employment in the agricultural sector will be marginal, and the number employed in manufacturing will also have fallen sharply. However, as significant increases in productivity are expected, these changes will probably not result in a decline in total agricultural and manufacturing output or value added. There are no signs of imminent disruptive changes to the Danish society, however, Danes should prepare for the fact that the structure of the labour market and education will continue to change slowly so that, by 2040, they will be significantly different from today.

**Peer effects start in kindergarten**

In a previous report, we have shown that classmates at school are influential for an individual's future employment and income prospects. Does this phenomenon apply even earlier, at the kindergarten or nursery stage? We find clear peer effects at the kindergarten, but not the nursery stage.



**New findings on prioritising particular tertiary education courses**

Estimations of the so-called income premium show that education in medicine, science and social sciences gives the highest return, on average, i.e., the highest salary compared with unskilled employment. For years, therefore, it has been widely accepted that expanding admissions to courses in fields with high wage premiums and limiting admissions to courses in fields with lower wage premiums would yield an aggregate social economic gain. However, using a completely new analytical approach, we show that reality is somewhat more nuanced. We analyse the returns to education for courses that had admission restrictions over the period 1996-2004 by comparing the income that people who just met the entrance requirements for a course earned later in life, with the income of people who just missed the entrance requirements, and who, therefore, took another path. This pay gap is a more correct measure of the social economic loss from restricting enrolments, or the gain from easing them, than the traditional wage or income premium measure. For example, if the alternative to a particular educational course with relatively low income premiums is an educational course with even lower income premiums, it is misleading to say that there could not be a gain from increasing admissions to the former course. Similarly, there is not much to be gained by increasing admissions to an educational course with a high income premium if the additional entrants would have chosen alternative programs with equally high income premiums. The results of the analysis challenge, to a large degree, the common perceptions of where the social economic benefits would increase from expanding the number of places in a restricted-entry tertiary course.

**Continuing education system does not live up to its purpose**

The continuing education system (the part of the education system that offers educational opportunities for adults and employees to upgrade their qualifications or gain new skills) will play a key role in the labour market restructuring expected over the coming years and leading up to 2040. Expenditure on further education of employees is substantial in Denmark. It is good for employers, employees and, through tax revenues, public finances that employees continually upgrade their qualifications. If there is no longer a need for a particular job function, it is good for both the economy and the individual workers who need to change job functions, that they are as highly qualified as possible to carry out new tasks. The continuing education system must formally cater for both ongoing qualification-upgrading and labour market restructuring needs. However, in practice, the major focus of the continuing education system has been on the ongoing upgrading of qualifications for existing jobs at the expense of labour market restructuring needs for new job functions.

**Continuing education system does not counter globalisation shocks**

When globalisation affects a group of workers, it is crucial that they are equipped for the restructured labour market. Therefore, we analyse whether continuing education helps to dampen the negative effects of globalisation. We find that the continuing education system does not seem to eliminate the negative consequences of working in a company that is exposed to globalisation shocks in the form of increased Chinese import competition or an influx of foreign labour in the workplace. As a result, the continuing education system tends to keep people in companies and industries rather than making them adaptable and ready for change.

**Involuntary loose labor market attachment results in loss**

There is a group of people who have a looser attachment to the labour market than others. This applies, for example, to those who have a series of temporary jobs or who are part-time employees. However, whether the loose labour market attachment is voluntary or not is crucial. If it is voluntary, society can lament the lower tax revenues, but for the individual, it is merely a conscious balance between leisure and consumption. If, on the other hand, it is involuntary, even during an economic boom, both the state and the individual lose, and there is probably something wrong with the structure of the labour market. Therefore, we are particularly interested in those who are involuntarily loosely attached to the labour market. Another crucial factor is how long the loose attachment lasts. Involuntary loose attachment for several consecutive years is far more serious than short-term loose attachment. The good news is that the number of people with a long term involuntarily loose labour market attachment is quite small compared to the numbers that occasionally occur in the public debate about this topic. The bad news is that this group actually does contain a significant number of people, and that this group appears to be growing considerably. Thus, Denmark is wasting an increasing amount of labour resources.

### Increasing amount of stress

Increasing levels of stress are a problem for society because this entails greater personal and social costs in terms of loss of happiness, greater treatment costs and loss of productivity. Although there are perhaps many who perceive that the amount of stress is generally increasing, the evidence for this is weak. We have, therefore, tried to take the bull by the horns and have constructed an indicator for the development of stress, and we find that the amount of stress is increasing and that it is particularly high during the boom periods. The extent of stress is especially increasing for people who are not in employment, including the unemployed and students. Among the employed, there is more stress in the public sector than in the private sector.

### Foreign labour stabilises the Danish economy

Foreign labour in Denmark is high on the political agenda, but the debate about this is often simplified. For example, there is often no distinction made between those who have come to Denmark as refugees or via family reunification, and those who have been granted residency permits on the basis of employment. Even when the focus of the debate is actually on foreign labour alone, it is still simplified: Some people believe we should "just" employ the current approximately 100,000 unemployed Danes first. Others believe that we should implement more long-term labour market reforms to meet the current increased labour demand needs of business. Neither of the views are consistent with sound economic policy. Therefore, we have dedicated a chapter to this topic, explaining the basic labour market mechanisms in terms of foreign labour and public finances, and we analyse how foreign labour affects the Danish economy in the short and long term. We find that the increased presence of foreign labour has a number of beneficial effects on the Danish economy, both in the short and the long term. Conversely, this means that a limited future supply of foreign labour in Denmark can have negative economic impacts, both for the businesses that are most dependent on it and for the sustainability of the public finances.

### Being fired is worse for immigrants

There is a legitimate political focus on securing foreigners, particularly refugees and those arriving via family reunification, their first job and, thus, a place in the labour market. But what happens to them afterwards? We have analysed how immigrants perform compared to Danes if their workplace shuts down, and we find that immigrants perform significantly worse than their Danish counterparts, even when they have been in employment for a long time. Here too, one can see that there are a number of challenges, despite the initial problems being better addressed.

### Many well-qualified immigrants in Denmark

One might ask whether this is due to the fact that Denmark attracts a particularly high proportion of immigrants with poor qualifications, e.g., because a welfare system such as Denmark's may be particularly attractive to people with low qualifications, as they are at particular risk of being reliant on welfare benefits. This may be the reason for the persistent myth that Denmark attracts immigrants with particularly poor qualifications. However, this is incorrect: Denmark has attracted immigrants with better qualifications than most other EU countries. Looking forward, the challenge would be to maintain this attractive situation.

### Contents of the summary

In this executive summary, we first summarise the key results of the many analysis that form the basis of the report. Next, in Section 1.2, we set up a number of discussion points that politicians, business leaders and the general population will contribute to as part of the endeavour to ensure a well-functioning labour market going forward.

## 1.1 The main results

The report's main analytical results are:

### The Danish labour market in 2040

- The Danes have historically converted some of the increases in prosperity to more leisure time. This will probably continue until 2040. If this continues at the same pace as since 2000, a typical work week in 2040 will be 2 hours shorter than today. This would worsen the public finances by around 50 billion DKK per year. Based on the current sustainability calculations, which are not based on a shorter working week, this means that the Danish public finances would shift from being sustainable to being unsustainable. In order to neutralize the effect of the shorter working week, it would be necessary to increase the retirement age by about a



further two years compared to the agreed course, or to implement policy changes with a similar effect.

- By 2040, the average life expectancy of a Dane who is 60 years old will be 87, and the retirement age will be 70. The retirement age will thus be 4½ years higher than the 2019 retirement age of 65½ years.
- By 2040, less than 8 per cent of the workforce will be employed in agriculture and manufacturing. The private service sector, on the other hand, will employ more than half of the workforce. The changed business/sectoral structure will affect the demand for labour. As manufacturing and agriculture employ fewer workers, this will, seen in isolation, reduce the demand for unskilled labour and labour with vocational training. This will be offset by the continuous increase in the education level of Danes up to 2040.
- New technology improves productivity, which is the main driver of long-term prosperity improvements. There is much discussion about whether technological progress will lead to rising unemployment in the longer term, and especially about whether very large and sudden so-called disruptive technological leaps will have such an effect. Based on historical evidence, there are no indications that this will happen. The labour released by some businesses and industries is typically picked up gradually by others.
- Between now and 2040, urbanization is expected to continue: In particular, the population is expected to expand in the capital city area and the areas around Aarhus and Aalborg, while the regional areas may, conversely, expect declines in population. The growing population is primarily due to a larger proportion of immigrants and their descendants in Denmark.
- Those who are lucky enough to go to kindergarten with children from solid family backgrounds will, on average, attain higher grades in school and also earn higher incomes later on in life. This is due to so-called peer effects that occur when classmates affect the performance of the individual child later in life.
- A child who goes to kindergarten with many resourceful children, rather than a kindergarten with many vulnerable children, will, on average, achieve a 0.4-point higher grade at primary school graduation and earn an income of 7,000-10,000 DKK per year higher as an adult. This effect is calculated by calculating the average outcome of kindergartens with the 20 per cent most vulnerable children, to average outcome of kindergartens with the 20 per cent most resource-rich children. At the nursery level, other children do not appear to have a significant effect on the individual child.
- The peer effect in kindergartens is driven by children who are the same age or one or two years older than the individual child themselves. Younger aged children in the same kindergarten room, on the other hand, do not seem to have an effect on the older children.
- Among the tertiary courses with admission restrictions over the period 1996-2004, there would have been gains from increasing admissions to some of the social science programs and some courses in the social and health fields. In the humanities, science and technology programs, there would generally not have been any gains by increasing or reducing admissions. However, in all the major fields there were some courses that gave significant social economic gains and some that gave significant social economic losses resulting from increased admissions.
- We challenge the conventional wisdom about admission to higher education by demonstrating that, for 1996-2004, there was no systematic correlation between the income levels of people who completed a particular tertiary course, and the gain from admitting more students to that same course. The gain is calculated here as the income gap later in life between those who just met the entry requirements and undertook the course, and those who just failed to meet the entry requirements, so were rejected. A high income level associated with a particular course with admission restrictions is thus not in itself a sufficient argument for increasing admissions.
- There is also no systematic correlation between the gain from admitting more students into a course and how high the admission requirements are. High admission requirements are an

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expression of a high number of applicants in terms of the number of available places, but the analysis shows that there would be no gain from a general increase in admissions to courses with the highest entry requirements.

- Employees in job types that are disappearing quickly from the labour market are not more likely to have received continuing education than those employed in 'jobs of the future'. What's more, those who are the most exposed to globalisation pressures are even less likely to have received continuing education than others. It is important to provide further training for both groups, especially those affected by globalisation, as changes from globalisation result in losses of employment and income that may be long-term.
- The continuing education programs for adults and workers are more focused on competencies related to the existing industry and the existing business, and this does not seem to equip the employees for changes in the demand for skills. Thus, continuing education does not seem to eliminate the negative effects of being hit by globalisation shocks, such as increased Chinese import competition or increased employment of low-skilled foreign labour.
- However, people with advanced tertiary level continuing education seem to better avoid the negative effects of globalisation. This, in conjunction with previous studies in the field, points to the fact that tertiary level continuing education could be a more effective tool for reducing the cost of structural changes in the economy than existing non-tertiary continuing education programs. However, the number of people receiving tertiary level continuing education is low, especially in the manufacturing sector, which is most directly affected by globalisation.
- In an analysis of the so-called vulnerable groups, we focus on groups with involuntary loose workplace attachments. Part-time work and temporary employment may also reflect private preferences, for example, for more free time, which is not a social problem. The involuntarily loosely employed workers account for 6-9 per cent of employees in a given year. However, more than half of the group of involuntarily loosely employed workers is no longer part of the vulnerable group two years later, as they have largely moved into full-time employment.
- Over a 3-year period, approximately 3 per cent of the workforce were characterized as having long-term involuntarily loose employment, which is equivalent to approximately 80,000 affected workers. There was an increase of approximately 15,000 long-term loosely employed workers between 2007 and 2014. A stronger labour market attachment for the loosely employed group is thus a significant potential labour supply source.
- A newly developed stress indicator shows that the extent of severe stress among Danish employees has risen slightly over the last ten years. The increase is evidenced by the fact that more people have been diagnosed in hospitals with stress-related illnesses. Since 2009 the overall increase in the proportion of workers diagnosed with a stress-related illness is primarily driven by an increase in public sector employees diagnosed with stress.
- The increase in the proportion of stress-related diagnoses has been significantly greater for people who are not employed, including people outside the labour market, students and the unemployed, than for people in employment. This indicates that the increase in the amount of stress among Danes is not only work-related but may also be due to other factors, e.g., conditions in the educational system, pressures of the active labour market policy, or factors in private life.
- The stress indicator also shows that more people suffer from stress during a boom. This cyclical tendency can be seen in the amount of long-term sick leave taken by individuals who have not had contact with a hospital, but who are instead treated by their doctors or psychologists.
- There has been an increase in the number of foreign workers coming to Denmark, and this has increasingly stabilised the Danish economy, because foreigners, to a certain extent, tend to come during boom periods and return home again during downturns. This reduces the need for fiscal stabilisation of the economy. The stabilising effect of foreign labour during a normal economic cycle, where GDP fluctuates between 1.5 per cent below and 1.5 per cent above its trend level, corresponds to the stabilising effect of raising or lowering the base tax by 3.5 percentage points, or public consumption by 1.5 per cent. These stabilizing effects are

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significantly greater than the stabilizing effects of discretionary fiscal policies that would normally be conducted in these circumstances.

- The temporary foreign workforce in Denmark is a major gain for the public budget balance. This analysis shows an annual gain of around DKK 180,000 per person. Increasing the workforce by, e.g., 10,000 foreign workers would improve the budget balance by 1.8 billion DKK annually. Even when accounting for the fact that some of the foreign workforce stays in Denmark for the rest of their lives, including their later lives as retirees, the long-term gain is still DKK 40,000 per person per year. When this group's descendants are included in the calculations, their contribution is the same as that of the average Dane over a lifetime, i.e., close to zero.
- In the case of job losses in connection with business closures, immigrants who have had at least three years continuous employment in the same firm still experience a fall in labour income, for up to five years after the closure, that is 13 percentage points greater than the fall for Danes in the same situation, and a decline in employment that is 6 percentage points higher.
- Neither long term employment in a company nor long term labour market experience are of much importance for how hard immigrants are affected by job losses in comparison with corresponding Danes. This applies to both subsequent employment and labour income.
- Immigrants living in Denmark are some of the best educated in Europe with some 37 per cent having completed tertiary education. This is on par with Norway and Sweden, and is significantly higher than in Central and Southern Europe. Ireland and Great Britain stand out among the European countries with a significantly greater proportion of well-educated immigrants.

### Immigrants in the Danish labour market

## 1.2 Questions for discussion

The analytical results lead to a number of questions and possible answers. The purpose of the work in Small Great Nation is to open the discussion, not close it. Therefore, we will not provide the answers below, rather, we just ask the questions.

### The Danish labour market in 2040

- Danes choose their working hours, some individually, some indirectly through collective agreements and their democratically elected representatives. A work week shortened by 2 hours is likely by 2040, and this could adversely affect public finances. For example, a work week that is 2 hours shorter would require the retirement age to be increased by a further 2 years compared to the already approved adjustments if public finances are not to be adversely affected. Should economic policy in Denmark already assume that working hours will fall? What reforms should be implemented to restore sustainability?
- The service sector is growing and will probably continue to do so, while manufacturing and agriculture are getting smaller and smaller compared to the overall economy. This is a market-based trend. How can this restructuring of the economy be made as painless as possible for the people affected?
- Between now and 2040 economic activity will continue to become more concentrated in the major urban areas, which will benefit productivity. How can social cohesion be ensured across all areas of Denmark while at the same time exploiting the productivity gains from increased urbanisation?

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- A child's educational attainment and income later in life are already influenced by characteristics of the other children the child attends kindergarten with. Other analyses indicate that better day-care institutions promote children's cognitive and social skills, and help them attain higher education levels and higher incomes later in life. How do we best ensure that the greatest possible number of children get the best possible start in life? Are pre-schools standards adequately prioritised in today's Denmark?
- Additional resources for kindergartens with many vulnerable children are a way to counteract negative peer effects. Is there sufficient priority given to providing resources in pre-school

institutions where there is the greatest need? Should the municipalities place more emphasis on socioeconomic criteria in the distribution models in the day-care area?

- The analysis of higher education shows that it is important to look at the alternative study opportunities of marginal students and challenge the conventional wisdom in the debate about which courses should be given priority for increased student intakes. What consequences should this new knowledge have for the prioritising of tertiary education courses?
- Continuing education at the adult and worker education level does not seem to adequately prepare employees for labour force restructuring. Would it be more appropriate for public funding to go to further education with a focus on this restructuring than on courses that mainly add value to the existing jobs? Continuing education at the tertiary level seems to be better at remedying the immediate negative effects of restructuring, but, conversely, it is not suitable for all skilled and unskilled workers. Therefore, should more breadth be required in adult and worker continuing educational courses? There is still a large group that obviously needs continuing education but who do not receive any. How do we get more of this group to participate?
- A significant minority in the labour market has weak "basic skills", i.e., skills in mathematics, writing, critical thinking and knowledge of IT. At the same time, a previous analysis from Small Great Nation shows that there is increased demand for these skills in the labour market. Should the continuing education system be redeployed to cater for teaching more general competencies, especially basic skills including problem solving and IT skills? Should the area, for example, be organized so that courses offered by adult and worker continuing education institutions focus more on basic skills to a greater extent than they do today?
- The term "vulnerable" is usually assigned a problematic meaning and is seen as a problem that society should be concerned about. Should involuntary loose attachment to the labour market be a vital criterion? Or should society also be concerned about voluntary loose labour market attachment?
- In a given year, 6-9 per cent of wage earners report themselves as being in involuntarily part-time or temporary employment, but less than half of them belong to this group over a three-year period. Is this level disturbing in a country like Denmark with a welfare state that is already well-developed compared to other countries?
- About 3 per cent of the employed can be characterised as having involuntarily loose employment over a 3-year period, equivalent to approximately 80,000 workers. Can the labour reserve that would be used to bring these people into full and lasting employment be exploited? Should society do more to help the involuntarily loosely attached employees into more comprehensive or permanent employment?
- The analysis of stress indicates that the amount of stress is increasing in Denmark. What caused this? How should we organise society so that we make best use of our labour in a sustainable manner? There is evidence that the amount of stress increases during boom periods. Is this a natural consequence of work pressure being greater in boom periods, and is it something we should try to counteract?
- Although our analysis tries to improve the basic data in order to discuss stress as a problem for society, reliable data on stress diagnoses by GPs is still lacking. How can data collection be improved so we can better identify the causes and remedy the increasing amount of stress?
- Danes have a predominantly positive attitude towards foreign labour. Why then is the debate about foreign labour unnuanced, and why is it sometimes mixed with the debate on refugees and family reunification? A significant minority of Danes are affected by foreign labour, and a smaller group have lost their jobs due to foreign labour and have, thereby, suffered significant losses. How should the gains experienced by many from having foreign workers be weighed against the losses suffered by a smaller group?
- Having more foreign labour that comes and goes with the economic cycles has, to a large degree, stabilised the Danish economy. What can Danish authorities and employers do to

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ensure that there is access to this special type of flexible foreign labour in the future? Should there be a focus on labour from the EU, or should it be broader?

- Foreign labour also gives an economic gain for Denmark in the long run. There are far more foreigners work in Denmark today, and the numbers will increase in the future. Is Denmark culturally and politically ready for this? Should we embrace the imminent changes, or should we try to counter them?
- The current integration policy focuses on getting immigrants into their first job, which is wise. But should the focus of integration be broadened to include immigrants who have been in employment but have lost their jobs? It turns out that, after losing a job, immigrants do not regain employment and income levels as quickly as Danes. Could a broader integration focus take, for example, the form of special measures for immigrants following major business closures?
- Why it is harder for immigrants with solid work experience in Denmark to return to employment in the case of job losses than it is for Danes? Is it because of, for example, discrimination, language difficulties, limited networks or a mixture of these? Identifying the causes is important in order to accurately target measures to remedy the problem.