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## **Is the cow still sacred?**

*Danish Trade unions and European integration*

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## Is the cow still sacred? Danish Trade Unions and European Integration

### Introduction

The aim of this paper is to describe and explain how Danish trade unions have reacted to European integration since 1973 when Denmark joined the European Union (EU). The authors have earlier conceptualised the orientation of Danish unions towards the European scene as rather foot-dragging and building on the defence of 'the Danish model', a model that has been cherished and guarded as a sacred cow (Lind and Knudsen, 2001). In this paper we ask if this is still the case after the changes that have taken place at the European as well as the Danish scene during the last decade.

The paper has two main parts. In the first part we identify and describe the central features of Danish trade unionism and the Danish industrial relations system ('the Danish model'). In the second part we address the attitudes and policies pursued by Danish unions during the different phases of the European integration process.

### Part I: Main features of Danish industrial relations and trade unionism

#### Industrial relations

The Danish industrial relations system displays a mixture of voluntarist and corporatist features. It is voluntarist in the sense that the central rules are decided by the trade union and employer organisations themselves. The so-called Main Agreement (*Hovedaftalen*) functions as the industrial relations constitution. It has its origin in the outcome of a long and bitter conflict between employers and workers in 1899. It lays down that employer organisation recognize trade unions as legitimate representatives of workers, with a right to collective bargaining, whereas unions recognize the employers' right to manage. Further provisions regulate the right to strike which is limited by a peace obligation as long as collective agreements are in force, and local representation of worker interests through shop stewards (trade union delegates at the individual workplaces). According to other central agreements, Co-operation Agreements (*samarbejdsaftaler*), local union representatives are entitled to be informed and consulted by employers regularly. These features add up to what may be termed centralised voluntarism where many issues are settled by the parties themselves, but within centrally agreed frames.

At the same time the Danish IR system has strong corporatist elements and as such can be grouped as a member of a wider Nordic corporatism (Schiller et al 2003). In Denmark, the state basically functions as a facilitator towards the IR parties through institutions such as the labour court and an arbitration council, but also through relatively generous expenditure on vocational training, active employment policies, an early retirement scheme etc, and thereby reduces the potential for conflict between the parties. Government and parliament generally abstain from intervening in central IR issues such as pay and working time, thus respecting the autonomy of the parties. Furthermore, strong corporatist structures are in place in relation to for instance employment policy, vocational training, and health and safety. For their part, the trade unions are eager to show that they respect the political system and its macro-economic goals. Since 1987 the Danish LO (*Landsorganisationen i Danmark*) has explicitly supported an anti-inflationary policy by

moderating pay claims to a level thought to be conducive to the competitiveness of the Danish economy. The Danish unions try to balance a strong involvement in national concertation, and concessions in that respect, with acts that demonstrate their independent power. The latter may for instance be strike action against employers who are unwilling to sign a collective agreement, or it may be refusal to enter into concession bargaining on higher working time or lower pay. Actually, the level of conflict – measured in working days lost due to industrial action – is relatively high in Denmark (Stokke and Thörnqvist 2001). Thus, although the IR system is characterised by a high degree of co-operation and partnership conflicts have not withered away.

There have been no great ruptures in the Danish IR system since the first main agreement in 1899. Rather, it has developed in an evolutionary way, with new institutions being added on over the years and spreading to sectors outside its original core, craft and manufacturing industry. For instance, in the decades after the Second World War the public sector developed institutions such as collective bargaining and shop stewards similar to those in the private sector.

Since the early 1980s collective bargaining has been decentralised, partly away from the influence of the peak organisations and partly down to establishment level, and since the mid-1990s the duration of collective agreements have become longer (typically from two to three years) and less synchronised as they are not all bargained the same year. Central collective agreements are bargained at national-sector level. However, there is a tendency for the agreements in the various industries to differ more and more, and the national agreements increasingly include opening clauses and general rights which, in order to be applied, have to be bargained further at the individual company or workplace. Such framework agreements allow for more local flexibility which again open up for an individualised and diversified outcome – to the benefit of workers if local conditions are in their favour, and to the opposite if the company is in trouble and unemployment is high in the area. .

In recent years collective bargaining has expanded in scope. From 1994 to 2000 the coverage of collective agreements in the private sector increased from around 50 per cent to 60 of the workforce (Scheuer and Madsen 2000) and total coverage (including the public sector) from around 70 to 75 per cent. As legislation on key areas is sparse – there is no legislation on pay and very little legislation on working time – this means that 25 per cent of all employed, and up to 40 per cent of those employed in the private sector, are lacking not just the rights and security granted by a collective agreement, but also certain statutory rights that in other European countries are part of labour legislation.

### **Trade union structure and membership**

The Danish union structure has evolved as a mix of different principles of organisation. The first unions - organising for instance carpenters, joiners and blacksmiths - grew out of the guild system and were based on craft. From the late 19<sup>th</sup> century unskilled workers also formed unions; especially two became important, namely the general union for unskilled men and the similar one for unskilled women. Higher educated groups such as teachers and engineers formed professional associations which during the 20<sup>th</sup> century more and more took on the character of unions. Finally, there have been attempts to organise along industry lines, one result being a union for skilled as well as unskilled workers in the food industry, another – and more recent – the merger of former craft unions into a union for the wood and building industry. In particular within the last two

decades a number of important mergers have taken place, the most important being the one in 2002 when the two general unions merged into 3F (*Fagligt FællesForbund*) which is now Denmark's largest union.

There are three union peak organisations or confederations. The largest and most important one is the LO (the confederation associating the unions of skilled, semi-skilled and unskilled workers). The other confederations are the FTF (salaried employees, including teachers, police personnel and employees in the finance sector) and the AC (employees with a university or similar education). As the three confederations organise different segments of the labour force, which can be identified in a relatively objective way, they only marginally compete with each other over members. Together, the unions affiliated to the three confederations form what can be called Danish 'mainstream unionism'. The LO traditionally was part of the social-democratic labour movement and was institutionally linked to the party, but since the late 1990s the formal links have been cut. The FTF and AC have attempted to maintain a politically 'neutral' position. On issues such as labour legislation and labour market policy the three organisations work relatively closely together. Outside the mainstream unions there are a small number of alternative unions, the oldest one being the Christian Union. These unions mainly attract members by means of low membership fees and are for this reason sometimes labelled 'discount unions'. Although they have been growing during the past few years (Lind 2009), their importance is still negligible, not least because they are hardly party to any collective agreements.

For collective bargaining purposes at national sector level neither the individual unions nor the confederations play the central role. This is a consequence of the mixed union structure as well as pressure from the employer side to reduce the number of national agreements. Given the absence of a union structure defined along industry lines the important sector collective agreements are negotiated between cartels of unions and the sector organisation on the employer side. The cartel negotiating the agreement for manufacturing industry, for instance, includes representatives from several craft based unions, such as those of the metalworkers and the electricians, as well as from 3F, the large general union. .

A peculiarity in the private sector is that only the unions of 'blue collar' workers take part in negotiations and are covered by the sector agreement. The union of office workers, although affiliated to the LO, is excluded and have to negotiate its own agreement. The union can only do so for workplaces in which at least 50 per cent of office employees are union members. This reflects a historical attempt on the part of the Danish Employers' Confederation (*DA, Dansk Arbejdsgiverforening*) to give this group of employees the status of 'functionaries' and to avoid unionism among them. Not only office workers, but also technical and academic staff, who, if organised, are typically members of unions affiliated to the FTF or AC, are outside the sectoral collective agreement, and the employer organisations have never accepted to negotiate collective agreements at the national level with the unions representing these groups of employees. Only at establishment level has for example the union of engineers in some instances been able to achieve a collective agreement. These limitations in the scope of collective bargaining in the private sector help explain why in Denmark, quite atypically, collective bargaining coverage is actually lower than trade union membership.

Another atypical feature of Danish unionism, although not in a Nordic context, is that trade union affiliation is high and actually managed to increase considerably from the 1970s until the mid-1990s. When the Golden Age of social democracy and trade unionism (Standing 1999) faded in

Europe during the 1970s with the subsequent collapse of Keynesianism and rising unemployment the trade unions in Denmark were still getting stronger. During the 1970s the trade union membership rate increased by more than 25 per cent, but the past 15 years of membership decline has especially affected the unions affiliated to the LO while member unions of the FTF and the AC together with unions outside the main organisations actually have gained members.

*Table 1. Members of trade unions in Denmark (000)*

	1970	1980	1990	1995	1998	2000	2002	2004	2006	2008	2010
Labour force*	2027	2384	2669	2648	2639	2659	2672	2656	2667	2723	2718~
LO	894	1250	1423	1510	1484	1459	1433	1386	1339	1251	1201
FTF	156	277	325	332	344	350	356	359	363	359	358
AC	-	70	103	132	143	150	161	165	166	174	186**
Outside LO, FTF, AC	111	197	201	189	195	202	201	217	246	278	305
All trade unions	1162	1794	2051	2163	2166	2161	2151	2127	2114	2062	2050
Per cent of labour force	57	75	77	81	82	81	81	80	79	76	75

Remarks: \*self-employed not included, \*\* incl. engineers, ~ estimated. Note: Danmarks Frie Fagforeninger (The Free Trade Union in Denmark) not included.

Source: Danmarks Statistik

*The confederations' share of total membership (per cent)*

	1970	1980	1990	1995	1998	2000	2002	2004	2006	2008	2010
LO	77	70	69	70	69	68	66	65	63	61	59
FTF	13	15	16	15	16	16	17	17	17	17	17
AC	-	4	5	6	7	7	7	8	8	8	9
Outside LO, FTF, AC	10	11	10	9	9	9	9	10	11	13	15

Source: Own calculations

A main reason for the LO membership losses is the industrial and occupational change that has taken place. It is the FTF and AC unions that organise the well educated parts of the labour force that are on the increase these years. Another important reason for declining membership of the LO unions is the special sort of unemployment insurance system, the Ghent-system, that can be found in Denmark (and Finland and Sweden). When people join the unemployment insurance they also join the trade unions that are connected to insurance and if they do not join the unemployment insurance they may also abstain from union membership. Since the mid-1990s fewer people took unemployment insurance because of declining unemployment rates (from 12 per cent of the work force in 1996 to 2 per cent in 2008) and because the unemployment insurance was made less attractive for instance by reducing the compensation rate and introducing stricter rules for being eligible to unemployment benefits. In addition the liberal-conservative government in 2002 loosened

the bonds between the unemployment insurance and the unions which furthermore resulted in membership gains for the trade unions outside the main organisations (Lind 2009).

Some political interventions by the right-wing Government in power since 2001 also seem to play a role for membership decline. The Government, however, was not immediately successful with its plans of banning closed shops, but in 2006 the European Court ruled closed shops illegal and subsequent Danish legislation followed up. About 200,000 workers had been covered by closed shop agreements. The ban on closed shops did not lead to any significant loss of membership in itself, but symbolically it strengthened the liberalist view that people are free to choose – which union to join and whether or not to join a union at all.

### **Trade unions at workplace level**

Traditionally, employee representation in the Danish system of industrial relations takes place through a single channel, namely the unions. Trade unions not only conduct collective bargaining at sectoral level, but also have an almost complete representation monopoly at workplace level. Here local trade union delegates, or shop stewards, are involved in local bargaining, monitoring the observance of collective agreements and other rules, and protecting the rights and interests of individual employees. At the same time, employee representatives are entitled to participate in management decisions, partly as representatives on the company board, and partly as members of the co-operation committee, which is the Danish equivalent of a works council. The representation at board level formally deviates from the single channel model as the law requires representatives to be elected by all employees irrespective of trade union membership. However, in practice the great majority of employee representatives on boards are trade unionists and even shop stewards.

Unlike in Germany, the Danish works councils are not based on legislation. The co-operation committees owe their existence to national collective agreements between peak level trade union and employer organisations. In the private sector the by far most important agreement is the one – in force since 1947 - between the LO and the DA. Other co-operation agreements cover the agro-industrial and the finance sector, while in the public sector there are agreements for the state and for local government respectively.

The co-operation agreement lays down principles, which are designed to guide the co-operation between management and labour in the establishment. Seen from an employee perspective it entails the right to be informed and consulted on a number of workplace issues, and the agreement determines that a dialogue must take place concerning employment and working conditions with the aim of reaching agreement between the parties as to which principles shall apply for instance regarding training, recruitment, technological change and similar issues (Knudsen 1995, 82-90).

Similar to the French *comité d'entreprise*, the Danish co-operation committee is a joint body consisting of, on the one side management representatives, on the other shop stewards representing the members of the different trade unions present at the establishment.

It is important to note that although the Danish system is fundamentally a single channel system the shop stewards play a dual role within it. On the one hand, shop stewards are the local union representatives dealing with hardcore collective bargaining issues such as pay and working time. On the other hand, they also – in a different forum: the co-operation committee – discuss more soft and qualitative issues with management and thus to some extent participate in workplace decision-

making with management. There is no doubt that historically the former role has been considered the most important. This role deals with the bread and butter issues, and as collective bargaining is linked with the right to strike, shop stewards have a clear sense of power within this field. The latter role – the one connected with participation through the co-operation committee – is more concerned with HRM issues. However, in recent years the participatory role has become increasingly important as managers often want to involve, and commit, co-operation committees in strategic decision-making..

### **Trade Union Policies**

Danish trade unions are pragmatic and cooperative. They see themselves as responsible actors in a well regulated society where improvements in living standards and working conditions are the result of a stable and incremental development (Lind 1996). The unions see their main tasks as securing a fair distribution of the wealth in society and establishing a high level of social security. Danish unions have stepped down from demands for major structural reforms – they abandoned their demand for economic democracy in the late 1980s – and have accommodated to the neo-liberal policies which have dominated the world since the 1980s. Together with employers and the Government the unions have cherished the benefits of ‘flexicurity’, although lately certain union spokesmen have lamented that the security part is slowly and steadily being eroded.

Danish unions have basically accepted the conditions that have been termed globalisation. Instead of fighting open markets and job losses in Denmark their strategy has been to take part in changes that can improve the competitiveness of the Danish economy, first and foremost by fighting for better training and a permanent upgrading of skills in the labour force. This strategy means that the unions have accepted moderate wage claims to keep the national economy competitive and have accepted to be an active partner in the quest for productivity increases. This helps explain why Danish unions were to be found on the sideline in 2011 when the ETUC campaigned against the Euro Pact (see below).

. From the mid-1990s stable economic growth secured both increasing employment and real wage increases while unions at the same time, in a number of respects, allowed more flexibility in the deployment of labour. The financial crisis beginning in 2008 led to rising unemployment and falling real wages. However, so far (2011) Danish trade unions have not made any substantial changes to their rather pro-market policies. This in spite of the fact that the liberal-conservative government in power since 2001 has introduced a number of initiatives that affect union members negatively. For instance, in 2009 the period members of the unemployment insurance funds can receive unemployment benefit was reduced from four to two years, and in 2011 the early retirement scheme was changed in a way which will make it much less favourable to workers.

## **Part II: Danish Unions and European Integration**

### **Unions divided over Danish EEC entry in 1973**

Denmark became a member of the European Economic Community (EEC) in 1973 together with Britain and Ireland. The main motive for joining was financial; more precisely it was seen as central that Danish export goods, notably bacon and other agricultural products, could continue to have free access to the British market.

In the debate prior to the referendum in 1972, which endorsed Danish EEC membership, the opponents on the left conceptualised the EEC as 'capital's Europe'. They argued that joining the EEC was only the first step towards entering something that would become "an ever closer union" - as actually stated as the aim in the Treaty of Rome - and that such a future would mean increased immigration threatening the employment of Danish workers and endanger labour standards and the autonomy of the Danish industrial relations system. The proponents, for their part, eagerly stressed the expected financial benefits of EEC membership and denied that political and social integration would ever become realistic features of the Community; consequently, industrial relations and labour standards would not be affected. Although the LO presidency campaigned for Danish entry many trade union leaders were opposed. Among the rank-and-file opinions were also divided, but as most of the activists in the union movement were left-wingers and opponents their voices were quite influential.

Danish EEC membership began simultaneously with the creation of the ETUC. The Danish LO was in favour of an ETUC which covered both members and non-members of the EEC in order "to prevent any split of the Nordic union movement between EEC members and others" (Dølvik 1997:136). This solidarity with the colleagues from the other Nordic countries, which is also anchored institutionally for instance in Nordic industry federations, has been an inherent feature of the Danish trade unions' representation in the ETUC.

All the three Danish union confederations, the LO, FTF and AC, are members of the ETUC. Further, individual unions and/or union cartels are members of the European industry federations.

### **The Single Market and union re-orientation**

After the Danish entry into the EEC, the discussion went on between left-wingers fearing the consequences of membership, and trade union leaders reassuring that nothing substantial would be changed in Danish industrial relations. A more active trade union orientation only came about when the plans for the Single Market appeared in the mid 1980s.

The massive liberalisations inherent in the plans for a Single Market made it clear to Danish union leaders that it was no longer sufficient to ignore the European developments and that union policies towards developments at the European level were necessary. At first they tried to fight the Single Market project by advocating a 'no' in the referendum that took place in 1987, but in spite of opposition also from the Social-democratic Party, a majority of the Danish electorate voted 'yes'. Explicitly turning against total harmonisations of rules the Danish unions advocated minimum standards to be implemented as a shield against the 'social dumping' that was feared as a consequence of market liberalisations. One area where Danish unions were quite satisfied was health and safety where European directives, including the 1989 framework directive on worker participation in health and safety work, were seen as a sign that Community standards would not undercut Danish standards, at the same time as they would not require substantial changes in Danish rules.

In principle, Danish unions – like the ETUC - supported the social dimension of the Single Market as formulated by the president of the Commission, Jacques Delors, and its concretisation in the so-called social charter adopted by the Council of Ministers in 1989 and followed by a social action plan the year after (Knudsen 1995). The Danish union interest was formulated as a combination of two goals. The first one was to counter social dumping, and here directives – or, preferably, negotiated agreements between the parties at European level - defining European minimum

standards on different issues were seen as positive instruments. The other one was to avoid EU regulation in areas and ways that would imply changes in Danish industrial relations. Specific initiatives at the EU level could easily bring the two goals into conflict with each other, and when a series of directives aiming at implanting the social dimension were discussed during the 1990s it appeared that in most instances the goal of defending Danish institutions took priority over the goal of improving labour standards at the European level. This has been expressed quite bluntly by the president of the Metal Workers Federation (LO 2003, 16, our translation):

*”Our focus is that the development in the EU with directives and social dialogue is ok as long as it does not lead to anything that bothers us. I do not think this attitude is special for the metalworkers. I think it covers the Danish unions generally.”*

### **Scepticism towards EU directives**

Such an ethno-centric position was confirmed by a study by Torunn Olsen (1996) who compared German and Danish political processes, involving trade unions, employer organisations and governments, during the preparation of three European Union (EU) directives – on pregnant workers, employment contracts and working time respectively. Three conclusions can be drawn from her study. First, the policies of the Danish government were based on consensus positions reached between the most important national trade union and employer organisations. Second, the discussions on the substantial content of the directives weighed less than concerns over the expected disruptive impact of the directives on the Danish regulation system. Third, the Danish proposals during the negotiations were consistently aimed at minimising the directives’ impact on the Danish regulation system, i.e. to reduce the content of general, binding and detailed employee rights in the directives (cf. also Larsen-Jensen and Bøgh 1996; Knudsen and Lind 2000).

This line was continued for example during the discussions on the directives on information and consultation (adopted 2002) and agency work (adopted 2008). In both cases the consensusbased Danish position was that European regulation was a) not necessary, and b) could prove detrimental to domestic arrangements in Denmark. Concerning the information and consultation directive, the Danish ‘social partners’ shared the opinion that the directive would be harmful to the Danish tradition of information and consultation through co-operation committees based on collective agreements. Together, they even asked the Prime Minister to intervene on their behalf – which he did. The Danish position contributed to delaying the process of adopting the directive as well as to watering down some of its provisions, especially by making it crystal clear in the text of the directive that existing collectively agreed structures for information and consultation may replace the structures provided for by the directive. Regarding the directive on agency work union views were more divided. The divisions seemed to be related to whether the unions, prior to the directive, had managed to get satisfactory solutions on agency work in their national agreements or not. While the union of the office workers welcomed the directive it was seen as unnecessary by unions in the manufacturing sector, a position they shared with the employers – a sign that the consensus between the Danish IR parties regarding EU regulation after all has its limits (Politiken, 23.10.2008).

In relation to European Works Councils (EWCs) Danish unions recognised the importance and necessity of a directive as it is dealing with transnational issues. Danish unions were quite active in

helping to set up EWCs in the mid 1990s after the adoption of the EWC Directive. However, the unions have been hesitant to define a playing field for EWCs, and on several occasions they have warned against the possibility of EWCs becoming bargaining agents (Knudsen 2003). This view, and the beliefs behind it, notable a fear of losing members, is well described by the president of the Danish Metal Workers' Union (LO 2003, 19, our translation):

*“...it is incredibly important to explain to our members of European Works Councils that (these)... are bodies for consultation and information. They can look at general issues and maybe also personnel policies. But they must never become fora that enter into agreements at collective bargaining level or replace collective agreements...Some in the EMF would like to see the EWCs go further. But here we, together with our Nordic colleagues, maintain the view that if we entrust the EWCs with collective bargaining issues, then we will push our members away. Our shop stewards will so to speak get ‘our product’ from the works council and thereby also from the company instead of getting it from the organisation to which they have their natural affiliation”.*

The EU-sceptical position of the Danish trade union movement has also been visible at ETUC congresses. Both in Helsinki (1999) and in Prague (2003) the Danish affiliates were sceptical to the recommendations from the congresses because EU legislation was seen as threatening the Danish system based on bi-partisan voluntarism. In Seville (2007) the Danish unions had very few suggestions for changes to the proposed action plan. A main reason for this was perhaps a careful phrasing of the proposed actions by the preparatory committees recommending both legislation and collective bargaining as ways which unions should further in order to achieve results

### **Enlargement and Laval**

The inclusion of new EU member states in 2004 awoke new concerns among the trade unions on the risk of social dumping. Especially workers from Poland and the Baltic States were seen as a potential risk for Danish pay and working condition standards. The restrictions that were passed in the Danish Parliament (*Folketinget*) took off some of the pressures, but the unions wanted more control with the influx of labour. The trade unions, in particular in the building sector, are still very much on the alert on the issue. It is difficult to control whether foreign companies operating in Denmark adhere to Danish pay and working conditions, especially when the key elements are to be found in collective agreements that include provisions from sector-level as well as local bargaining.

A strong challenge to the voluntarist Danish system emerged from the European Court's Laval decision (C-341/05). Although the Court actually acknowledged the right to conflict in order to get a collective agreement, the decision was in favour of the Latvian employer operating in Sweden as the Court found that level of pay in the geographical area should be made more accessible and easy to find for the company (premise 110) as a precondition for respecting the regulation (the agreement). This was seen as a major defeat, also among Danish trade unions, and they shared the worries that ever since were expressed by the ETUC and affiliated unions. In 2008 a tripartite commission recommended the Danish Government to pass legislation which made it clear that the level of pay should be made transparent for the foreign company as a precondition for unions being allowed to take industrial action.

The Danish Minister of Employment announced that the recommendations will be passed as legislation and that this would save the right to industrial conflict, but as the LO has stated, this may only be a solution for the immediate future. How the pay levels shall be made sufficiently transparent and be put into practice is still an open question (spring 2011) because most sector-level

collective agreements operate with so-called minimum pay systems which do not stipulate the normal or average pay level. In a longer perspective, however, the Danish unions agree with the ETUC that a more durable solution should be found. How this will be done is also unclear at present and there is considerable concern among trade unionists about the effects of EU regulation on Danish IR: together with the banning of closed shops in 2004 this case has reignited a lot of scepticism towards EU regulation. It is not popular that the ruling of EU lawyers can supersede national IR regulation.

### **The Euro Pact**

When the European Commission in 2010 presented its Europe 2020 strategy as a follow up on the Lisbon strategy it was clear that nothing had changed in the basic trust in liberalist ideas on the healing forces of the market (European Commission 2010). The obvious problems that caused the so-called financial crisis since 2008 were not faced by this strategy apart from one remarkable thing: the bad boys of the classroom should have stricter rules and tougher sanctions. When the Merkel-Sarkozy initiative was launched early 2011 this became even more apparent: the Irish, Portuguese, Spanish and not least Greek malaise should not repeat itself in the future. The so-called Europlus Pact to be discussed and accepted by the Europeans in March 2011 included a lot of measures to improve competitiveness and co-ordination of the economic policy in the member states (economic governance).

As a non-Euro country Denmark was not part of the original signing from 11 March but on the meeting 24-25 March Denmark signed together with other EU-countries.

Already during 2010 the ETUC was sceptic to the 2020 strategy as it contained less focus on social and labour market issues than previous strategies. This scepticism escalated further during 2011 when the Merkel-Sarkozy initiative flavoured the pact. At the ETUC Congress in Athens in May the main focus was on the mobilising for social Europe and the main criticism was that the Euro Plus Pact was focusing on austerity measures and not economic growth and more jobs. In the approved Strategy and Action Plan 2011-2014 it says:

*” The ETUC has been highly critical of the restrictive terms of “help” being made available to distressed member states. We have alleged that they are less a helping hand, and more a punishment. They risk killing growth and jobs in the countries concerned. They require cuts in public sector pay, minimum wages, public services, pension entitlements and unemployment benefits. They interfere with the autonomy of the social partners.” (ETUC 2011)*

While the ETUC fiercely maintained its opposition to the Europlus Pact, the path of the Danish LO (and FTF) was different. On 11 March the chairman of the LO said that

*“it is completely unacceptable if the EU intervenes in wages and violate the Danish tradition that workers and employers find the right level themselves. That is the reason why we clearly reject the pact.” (Politiken 2011)*

The FTF had exactly the same point of view (FTF 2011), but already 22 March the opinions of the two main organisations had completely changed. They now supported the pact. They both expressed their satisfaction with the pact and that they had now got guarantees that the EU would not intervene in wage setting in Denmark, as expressed by the chairman of the LO:

*“I am satisfied that Denmark joins the Euro Pact with a broad political mandatet hat favours economic growth and employment in Europe. It is important that we stand together in Europe to get people back into employment.” (LO 2011)*

This U-turn may seem remarkable. The ‘guarantees’ they have got for the non-intervention in the Danish labour market was that the political opposition in the Danish Folketing (the Social Democrats and the People’s Socialist Party) at a meeting in the Parliamentary committee on Europe (Europaudvalget) had supported the Government’s policy on the pact which among other things states that “the Pact builds upon national self-determination on the economic policy and respect for national labour market models”. (Folketinget 2011).

It seems like the major concern of the LO and the FTF is the prevalence of the ‘Danish Model’ and not so much a concern of being on line with the ETUC in its interpretation of the political contents of the pact. Consequently it may also occur that the Danish unions are less critical to the neo-liberalist strategy than their European colleagues are, and that they have national priorities as their prime focus.

### **The theory of EU as a threat to ‘the Danish model’**

As has been shown, Danish union views on EU regulation in the industrial relations area have been quite sceptical. If we leave the Laval court ruling aside – this is a case that constitute a threat to all unions – and concentrate on how Danish unions have reacted to the directives coming from the EU – then how can their policy and behaviour be explained? In other words, which considerations, which theory, lie behind the policy?

First of all, there is a strong belief in the blessings of the fundamentally voluntarist Danish system of industrial relations. Again we can listen to the metal worker president (LO 2003, 17-18, our translation):

*”We certainly prefer agreements to legislation. This goes for Denmark, and it goes for Europe. We think that what we have done in Denmark for many, many years, namely that the labour market parties are the ones who negotiate the conditions in the workplaces is what is most durable and binding. That is also why we are worried when we see colleagues asking for legislation in areas where they think things are progressing slowly or where they cannot get far enough with agreements. We believe it will be strainful, if not destructive, for the parties’ possibilities to enter into agreements which they afterwards feel obliged by”.*

In Denmark there is strong support for this so-called Danish model characterised as mentioned earlier by a minimum of legislation and an emphasis on voluntary, collective bargaining as the way to resolve labour issues. Trade unions support the model because it gives them a strong position in the system, and because they believe that the roles they play in it secures a high affiliation rate. Employer organisations support it because it frees them from detailed, inflexible legislation for instance on employment protection, working time and minimum pay. Finally, politicians support it

because they believe it is the best way to avoid conflicts and because the parties are orientated towards growth and competitiveness and thus prepared to act in a 'responsible' way.

The quotation above expresses a widely held belief that 'too much' legislation, irrespective of whether it comes from Copenhagen or Brussels, will threaten to disrupt the system by shifting the delicate balance it rests upon. Notably there is a perceived risk that the employers will pull back their support for the system and instead unilaterally pursue their stated aim of deregulation. The collective bargaining system is perceived as a *quid pro quo* system which is disturbed when one of the sides – in this case the workers – 'gets something for nothing' through the legislative road. In particular, this view has been forwarded by the FTF and unions attached to the bargaining cartels (Sørensen 2000).

The theory of the EU as a 'threat to the Danish model' has not only thrived in the trade union movement, but also in the academic field. On the basis of their studies of the Danish collective bargaining system Jesper Due and Jørgen Steen Madsen in the early 1990s invented 'the Danish model' as the concept that is now generally used to describe the Danish industrial relations system. They also formulated the theoretical expectation of EU regulation representing a threat to the Danish model. During the 1990s they seconded the trade union movement in its demand that EU directives should primarily be implemented in Denmark through collective agreements rather than legislation. If this could not be done the whole system would be at risk (Due et al 2000: 154):

*"The implications for the Danish model are real. If the requirement that all workers are to be covered by the political directives means excessive supplementary legislation, this will drastically alter the balance between collective agreements and legislation in the Danish model. This, in turn, will reduce the influence of the labour-market organisations, and the trade unions in particular risk losing members. Why join a union if you are already entitled to the rights via legislation?"*

Faced by a case at the European Court prepared by the European Commission, the Danish government in 2003 finally backed down from the position developed by the labour market parties and the government in the early 1990s, namely that implementation of EU directives could and should take place solely through collective agreements, at least in cases where this was deemed preferable by the parties. The problem with such an implementation procedure was of course its failure to guarantee the rights of the directives to employees not covered by collective agreements. The change in position implied that the typical method of implementation became a mixture of including the directives' provisions in collective agreements – for those workers that are covered – and supplementary legislation aiming at workers not covered by collective agreements.

### **Towards a less ethnocentric position?**

The main thrust of the theory of EU as a threat remains intact. It is still the predominant view that EU regulation based on legislation – especially if it hits core collective bargaining areas - will have harmful effects on the Danish model. This view has had its stronghold in the FTF (Sørensen 2000) and among union officers and officials who are responsible for collective bargaining whereas the

LO as a peak organisation has shown more interest in developing proactive policies toward European integration. An LO publication from 2001 discussing collective agreements versus legislation simply stated, "The Danish Model is not threatened" (LO 2001, 1) and argued for a more nuanced view on improvements in labour standards achieved through legislation.

With a basis in the voluntarist Danish tradition the trade union movement after the century turn attempted to formulate a more offensive policy pointing at alternative methods of EU regulation. Since the late 1980s Danish unions have propagated negotiations between ETUC and UNICE (now Business Europe) as preferable to the legislative way. But only recently has this position been developed in a more realistic way that begins to take the employers' reluctance to negotiate at the European level into account. The 2003 LO Congress opted for connecting the wish for negotiations with demands for a framework agreement between ETUC and UNICE(now Business Europe)/CEEP – defining procedures for negotiations at the European level – as well as a European labour court with authority to rule in conflicts that have a transnational character. However, and contrary to the ETUC position, the Danish resolution explicitly refused to demand a right to strike at the European level. As long as this is not part of the package, it will be difficult to drag the employers to the European negotiation table.

Thus, as far as orientations toward European integration are concerned, Danish unions' first priority remains the national corporatist system and good relations to the other parties in this system. The wishes to advance European industrial relations are held in check by this first priority, but they do exist. When the Danish LO president congratulated the EC/EU with its 50<sup>th</sup> anniversary in 2007 his assessment was a positive one:

*"European workers have also benefited from the co-operation. This, for instance, is true of the many minimum standards on occupational health and safety and employment relations and social rights which in a number of areas have also led to progress in Denmark"* (23.03.2007, [www.lo.dk](http://www.lo.dk), our translation).

He also stressed that the EU has an important role to play in securing a global regulation aiming at fair conditions vis-a-vis multinational companies and the global economy.

It would perhaps be an exaggeration to claim that Danish trade unions have adopted a less ethnocentric position in EU matters. They are still sceptical to EU involvement in the regulation of the Danish labour market because they simply believe that things are better regulated in Denmark than elsewhere. Apart from the case on the Euro Plus Pact – where Danish unions not share the ETUC scepticism – it seems that the Danish unions during the past few years have become less in opposition to their European colleagues and sister organisations. One reason for this may be that the ETUC has applied a much more flexible strategy to deal with European regulation with the result that Danish unions are much more relaxed when issues are discussed at European trade union level. Another reason is that since the end of the 2000s the progress of 'social Europe' has virtually stopped; the process of extending and harmonising labour rights across the EU seems to have been halted. Therefore, the challenges to Danish unions at this front have to a large degree disappeared. The new challenges mainly come from the increased competition within European labour markets and European court rulings defining market freedoms vis-à-vis trade union rights. Danish unions are here in the same boat, so to speak, as unions in many other countries.

### **Part III: Conclusions and prospects**

**Skal vi ikke udelade dette afsnit? Det er meget en gentagelse i forhold til det foregående? Og så lidt en opsummering, behøves den? Kan noget måske indgå i en indledning? Jeg synes det er udmærket. Dele af det kan bruges som abstract også. Hvis det bliver til en rigtig artikel, ikke?**

When Denmark joined the EEC in 1973 the trade unions were divided in their attitudes to Europe. Although the trade union main organisation, the Danish LO, recommended to vote 'yes' many of its member unions were against. The ensuing reluctance to engage in industrial relations at the European level has been a lasting result of this division, although scepticism was accompanied by active policy formulations from the mid 1980s when the Single Market and its social dimension came on the agenda. Still, national corporatist arrangements took priority over an interest in a Europeanisation of industrial relations – so much more as the latter was conceived as a threat to the former as was the case regarding several IR directives and, more recently, certainly in the Laval case and presumably the Euro Plus Pact.

A main reason for members' and some trade unions' scepticism has been ethnocentrism rooted in the insecurities which could follow from the European integration process. 'Social dumping' was seen as a threat to Danish labour standards and more generally the welfare system. Levelling out the standards in Europe would simply lower Danish standards, it was expected. These attitudes are still there but are taking other forms. Perhaps the reason for a much more relaxed attitude among Danish unions is that they now have got a more trustful relationship to their European sister organisations because of the much softer strategies of the ETUC. European trade unions are not only demanding legislation, but also want more space for collective bargaining. So the Danish unions can focus on fighting against EU statutory regulation (and the Court) and get understanding and support from other trade unions regarding the importance of collective bargaining.

At the end of the day the issues are the same, namely social dumping and the preservation of the voluntarist model. The recent inclusion of the new member states from Eastern and Central Europe has sparked a concern that poor workers would invade the Danish labour market and press down regulatory standards, and recent decisions from the European Court of Justice have revitalised the fears from the 1990s stemming from the many directives that European regulation eventually shall ruin the 'Danish Model', and eventually weaken the trade unions because they will lose a lot of members who cannot see any reason for joining a union when legislation or the lawyers have the main power.

On this background some conclusions can be drawn: *Firstly*, Danish trade unions have been and to some extent still are reluctant to European integration. But seen in the perspective of the relatively strong minority of unions opposed to membership in 1973, the present scepticism is much weaker. Most unions consider the overall monetarist macroeconomic strategy as successful since the mid-1990s, but there still exists widespread scepticism to EU regulation of a specific character (i.e. directives), mainly because it challenges national regulation based upon collective bargaining.

*Secondly*, the overall trend of increasing European integration – via changes in the Treaty – has stimulated the Europeanisation of Danish trade unions in the sense that unions have become much more aware of the European agenda and gradually adjusted to it. Especially the single market campaign in the late 1980s and the subsequent Maastricht Treaty gradually convinced the unions that they could benefit from the economic and monetary integration, and the programme for the social dimension calmed them somewhat down in their anxiety of social dumping. The employment

growth that took off from the mid-1990s in Denmark underpinned the belief that membership of the the EU was a good overall political and economic framework.

The political dimension, however, has always been less important to the unions. Danish unions have not turned more European because of expectations for good and better regulation of the labour market from the EU. Perhaps even the opposite because the ethnocentrism and the belief that the 'Danish Model' is an optimal system of labour market regulation is a widespread feature of trade union attitudes.

*Thirdly*, a main reason why Danish unions have reduced their internal footdragging strategies in the ETUC may be that ETUC strategies increasingly comprehend both legislation and collective bargaining. This gives room for preserving Danish voluntarism and may have paved the road for further and closer co-operation with European sister organisations. But so far Danish unions have not been pushing strongly for European regulation. They are rather passive supporters of the ETUC policies for more social regulation, and are keen supporters of the ETUC criticism of the European Court's violation of trade union rights. The interpretation among union leaders in Denmark is that they have not changed policies or strategies, but the ETUC has. This interpretation of convergence also goes concerning EU labour market policies as witnessed by the discourse on flexicurity. It is not the Danes who have converged to EU policies, rather it is the opposite: the EU has adopted Danish policies.

The future prospects for trade union attitudes and behaviour to the EU are difficult to foresee. The prosperous days of the monetarist regime may be history now with the emerging crisis (autumn 2008). Will this give room for another and less market-oriented strategy for economic and employment growth which may be more attractive for trade unions? Or will financial uncertainty and growing unemployment figures result in more protectionism and/or tougher competition between the nation states which will give unions even harder times in future? Or will the future bring new life to European unity and political and regulatory convergence?

There are no signs of Danish unions abandoning their belief in the voluntarist system of labour market regulation, but the pragmatism of at least the past 10 years or so, which have taught the Danish unions to live with EU legislation and perhaps to realise that this may not harm union interest representation, may be continued. If the ETUC continues its present openness and its differentiated strategy allowing for both legislation and collective bargaining, Danish – and Nordic – unions will maintain and probably further develop their constructive attitude to the European sister organisations.

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