Country Case Study: Denmark

Published as part of the project: Public service trade unions – effective intervention in the European Semester

Financed by the European Commission
THE EFISTU PROJECT

Public service trade unions – effective intervention in the European Semester (EFISTU) was a project running from January 2018 to December 2019 co-ordinated by EPSU (European Federation of Public Service Unions) with partner organisations – University of Nottingham and European Social Observatory – and supported by the ETUCE (European Trade Union Committee for Education). The project was funded by the European Commission’s Directorate-General for Employment, Social Affairs and Inclusion (VS/2017/0436).
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1. Context

1.1. The economic, social and political context since the crisis

Denmark has a population of 5.8 million people. It is considered to be relatively prosperous in global terms and has one of the highest GDP per capita figures in the world.

Governance arrangements are framed by the Constitution of Denmark and provide for a constitutional monarch (largely ceremonial) and a unicameral parliament (the Folketinget). Governments are typically coalitions or sometimes minority administrations that rely on non-government parties for support. In June 2015, following a general election, the Social Democrat-led government was defeated, and the Liberal Party (Venstre) took office (in a coalition, but with the Liberal Party assuming all ministerial positions). In June 2019, the general election produced a Social Democrat minority government, supported by other centre-left and left parties. This case study was conducted during a period of centre-right government.

Denmark joined the European Economic Community in 1973 and has held the Presidency of the Council several times. It has not adopted the euro following a rejection of this proposal in 2000. The Danish krone is pegged against the euro, and Denmark’s economy meets the criteria for currency convergence. Although it is claimed that Denmark’s major political parties all support membership of the euro, opinion polls suggest majority opposition in the population. Opinion polls point to strong support for the membership of the European Union, although attitudes to the euro are also taken as an indicator of an appreciable Eurosceptic tendency.

Denmark’s economy took a sharp downturn following the 2008 crisis ‘and subsequently took a long time to recover’ (Danmarks National Bank1), recovering more slowly than several comparable countries. Since 2013, the economy has been performing more strongly and real gross national product is now 8% higher than it was in 2007.

The impact of the crisis on Denmark’s public finances was correspondingly substantial and this increased recession-related public expenditure while also decreasing tax reve-

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nues. In 2010, Denmark was placed in the Excessive Deficit Procedure as the public deficit exceeded the target figure of 3%. However, it was recognised that the increase over the limit was modest and was likely to be temporary. It was expected that target figures would be reached by 2013 and, in 2014, the procedure was lifted.

Denmark has been subject to In-Depth Reviews as part of the Macro Economic Imbalances Procedure on three occasion in 2012, 2013 and 2014. On each occasion, the principal causes of concern were slow improvements in productivity and high levels of household debt. In each case, the level of concern was relatively modest, and Denmark has not been subject to an In-Depth Review since 2014.

Given the record set out above, Denmark has experienced relatively little direct intervention from the European Commission through the European Semester. Drawing on the framework provided by Stamati and Baeten (2014), the level of intervention experienced by Denmark would best be described as ‘weak’, reflecting the countries relatively strong economic performance and its stable public finances.

Table 1. Denmark – key economic data

<table>
<thead>
<tr>
<th></th>
<th>Forecast</th>
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<tbody>
<tr>
<td>Real GDP growth</td>
<td>2.5</td>
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<tr>
<td>Unemployment rate</td>
<td>4.5</td>
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<tr>
<td>Inflation</td>
<td>1.5</td>
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<tr>
<td>Nominal compensation per employee</td>
<td>3.4</td>
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<tr>
<td>Private sector debt % GDP</td>
<td>192.3</td>
</tr>
<tr>
<td>Public sector debt % GDP</td>
<td>35.1</td>
</tr>
<tr>
<td>General government balance % GDP</td>
<td>4.3</td>
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</tbody>
</table>

1.2. Social dialogue and industrial relations at national level

Denmark’s industrial relations framework has a number of distinctive features, with several elements shared across what is sometimes described as the ‘Nordic model’ (applied to Denmark, Sweden, Finland and Norway) (European Commission, 2008).

Denmark has a long-established voluntarist approach to industrial relations in which the state’s role, in the form of direct intervention, is generally limited. Employer organ-
isations and recognised unions are able to conduct their arrangements with relatively little input from the state. Collective bargaining arrangements are at the centre of this arrangement, and the proportion of workers covered by collective agreements is high (virtually 100% in the public sector). It is typically conducted at the national level in the private sector and at national, regional and municipal level in the public sector. Since the 1980s, there have been some trends towards decentralised bargaining, but these have been limited when compared to developments elsewhere. The Danish model has been described as one of ‘coherent fragmentation’ (Lind, 2019, p. 160).

Trade union density is high at 70%, although this compares to a figure of 75% during the 1990s. Density levels have been supported by a system of unemployment insurance (the Ghent model) that links levels of compensation to union membership (Lind, 2004). However, the link between unemployment insurance and union membership has been weakened as it is no longer necessary to be a member of a union to benefit from the unemployment insurance scheme. This may account for some decline in union membership levels.

Relatively generous unemployment assistance is a feature of the active labour market policies pursued in Denmark and referred to as ‘flexicurity’ (Emenegger, 2010). Flexicurity provides employers with significant freedoms in relation to hiring and firing, in return for which governments commit to maintain high levels of employment, provide decent financial support for those out of work and comprehensive skills training to support re-entry into the labour market. This is generally considered to have worked well, and to the satisfaction of union organisations, although it has been put under some strain by the economic crisis (Andersen, 2012). However, efforts to maintain public spending stability by curbing unemployment assistance were seen as a threat to the flexicurity model by several unions. These concerns were compounded by concerns about social dumping and the use of migrant labour to undercut negotiated terms and conditions.

Despite some of the developments identified above, and often associated with increasingly de-regulated labour markets, the robustness of Denmark’s industrial relations model has endured with little fundamental challenge to its operation. Lind (2019) describes it as ‘a very stable set of relations that has not changed much and continues to structure cooperation between labour and management’ (p. 151). One consequence of this stability is that industrial conflict, in the form of industrial action, is quite rare. This is reflected in the relatively few ‘days lost’ due to industrial action, with the clear exception in recent years being the 2013 lockout of Danish teachers when 930,300 days lost were recorded (compared to 10,200 the previous year). Although this dispute was resolved through a legislative intervention relating to working time, some have argued that it highlights a vulnerability in Danish public sector industrial relations (Høgedahl and Ibsen, 2017).

Public service provision is not entirely in the public sector, but the Nordic model has tended to reject wholesale privatisation of public assets, and so much public service work takes place in the public sector. There are a large number of trade unions in the public sector, thirteen of which are affiliated to EPSU. They are among over 20 unions that are members of the OAO coordinating organisation which is also affiliated to EPSU.
The main trade union organisation for public services is *Fag og Arbejde* (FOA), which represents education support workers, health workers (but not nurses), care workers, some transport workers (public bus workers) and cleaning and maintenance workers. FOA has nearly 180,000 members and is Denmark’s third largest union. Teachers are organised in several unions in a system of ‘adjacent multi-unionism’ whereby unions coexist in the same sector, but do not typically compete for the same members. The European Trade Union Committee for Education (ETUCE) has five member organisations in Denmark with the unions representing early years educators, primary teachers, secondary teachers, the vocational sector, university teachers and education workers in cultural industries.

Until the 1st January 2019, Danish trade unions were organised through three confederations: the Danish Confederation of Trade Unions (LO), the Confederation of Professionals in Denmark (FTF) and the Danish Confederation of Academics (AC). On the 1st January 2019, LO and FTF amalgamated to form the Confederation of Trade Unions (FH), bringing together the unions representing manual and blue-collar workers in the public and private sectors with professional workers from the public sector in a single confederation. AC continues to organise unions representing engineers, doctors, university lecturers and professors.

### 1.3. The European Semester and public services

In the first iteration of the European Semester, a key focus for Denmark was to address issues caused by the financial crisis and Denmark’s placement in the Excessive Deficit Procedure. In 2011-12, Denmark received a recommendation urging it to ‘adopt binding multiannual spending ceilings’ (European Commission, 2011, p. 5) for local, regional and central government in order to meet the targets contained in the medium-term budget strategy.

Within the Semester in Denmark, public services rarely feature with any prominence, with by far the most attention devoted to education. In 2011-12, Denmark received a recommendation to:

‘Speed up the implementation of reforms to improve the quality of the education system. Reduce drop-out rates, particularly in the vocational education sector, and increase the number of apprenticeship places available’ (EC, 2011, p. 6)

The focus on education and vocational education in particular has been a recurring theme in Denmark’s engagement with the European Semester.

Other issues identified in the first set of recommendations related to competition policy in the private sector and housing policy framed in private sector terms rather than related to social housing.
In the following year (2012-13), Denmark was urged to implement its education reforms ‘without delay’, with the aim of improving the ‘cost effectiveness’ of the education system (EC, 2012). This is significant as Denmark is one of the highest spenders on education provision within the EU (6.9% of GDP in 2016). Other public services were not mentioned in the 2012 CSRs, although local and municipal services were urged to open up procurement arrangements to greater competition.

Addressing the needs of migrants is identified and framed in terms of access to the labour market. This is another theme that features throughout Denmark’s Semester documentation, although seldom in Country Specific Recommendations. The issue is repeated in the 2013-14 CSRs (EC, 2013), as are most of the recommendations related to education (including the need to address issue of ‘cost effectiveness’ in education). Other public services do not feature in the 2013-14 Country Specific Recommendations.

In 2014-15, there continues to be a CSR focused on education although this now relates very clearly to employability issues and meeting the demands of the labour market (EC, 2014). The needs of migrants have also been subsumed into the education-focused CSRs. Public services beyond education do not feature in the CSRs and other CSRs focus on improving competition in specific private sector markets.

From 2015-16 onwards, Denmark experiences a very limited number of CSRs (two in each of 2015-16 (EC, 2015) and 2016-17 (EC, 2016), and one 2017-2018 (EC, 2017)). These focus on ensuring budget stability and on tackling declining growth in productivity. Public services do not feature in these CSRs, with the exception of 2016-2017, when the government is urged to incentivise co-operation between businesses and universities.

In 2017-18, Denmark’s Country Report identifies ‘on-going recovery’ and, therefore, a ‘window of opportunity’ to ensure sustainable growth. Economic growth is claimed to be growing at its most rapid in a decade. Investment is increasing.

As Denmark’s economy grows, the Country Report identifies a number of labour market problems, including skills shortages, which in turn are linked to weak participation rates in vocational education and training. Migrant workers, especially those who are non-EU, face particular challenges in the labour market.

The 2017-2018 National Reform Programme (Ministry for Economic Affairs and the Interior, 2018), in responding to the Country Report, focuses mainly on economic considerations and Denmark’s response to the previous year’s CSR. Public services, consequently, have a limited profile in the NRP, with only education receiving attention (within a discussion about meeting EU2020 targets). The report catalogues a substantial record of educational reform (school sector in 2014, vocational education in 2015, adult, continuing and further education in 2017 and university governance in 2017). The report commits the government to strengthening the links between higher education and the labour market.
The Council’s report presenting the CSRs (EC, 2017), in its preamble, identifies labour shortages as a significant problem and, linked to this, it highlights problems relating to limited digital skills. Concerns relating to education focus on the underperformance of students from a migrant background and are referred to in the recitals (the text that precedes the actual CSRs):

‘the integration of children with a migrant background in the education system remains a key challenge, resulting in lower education performance on average compared to other children’ (EC, 2017).

In 2017-18, Denmark received a single Country Specific Recommendation focused on increasing competitiveness in the domestically oriented services sector.

1.4. The European Semester, trade unions and social dialogue

As already indicated, Denmark has an established and generally robust system of social dialogue and industrial relations and these characteristics are replicated, at least at a procedural level, in relation to European Union issues and the European Semester. Several years ago, the Danish government established a forum specifically for trade unions, employers and civil society organisations to discuss European Union issues with government and, specifically, matters related to EU2020. Over time, this agenda has become focused around the European Semester, and meetings are timed in the year to coincide with key moments in the Semester cycle. However, the forum is not exclusively focused on the Semester and, sometimes, meetings are devoted to other issues, for example, Brexit.

Danish trade unions take European issues seriously and, up to 2018, the three trade union confederations pooled resources to maintain a Brussels office with two full-time staff and an intern (this position is maintained beyond 2018, but now serves only the new confederation, FH, following the merger of LO and FTF in January 2019). Education unions separately maintain a similar arrangement with the presence of an employee who works at least a part of each week in Brussels. Both the trade union confederation and the education unions consider their offices in Brussels to be an important feature of their strategy to engage effectively with EU developments. One confederation official and the confederations Trade Union Semester Liaison Officer (TUSLO) commented that Brussels-based EU politics is ‘networks based’, and a permanent presence in Brussels improves access to these networks. The confederation officials based in Brussels ‘get information that we don’t’ according to the confederation interviewee.

Confederation strategies for engaging with EU issues generally involve working with several groups of policy actors: MEPs, the European Commission, the Danish govern-
ment and the ETUC. MEPs are seen as helpful, as they are receptive to political pressure. However, it is recognised that their role in the European Semester remains marginal.

The view was expressed by a confederation official that, in the Danish context, applying pressure to the national government remains the most effective form of social dialogue and political action. Given that Danish unions generally have good access to government on policy matters, it was argued that ‘the European Semester does not have much value in creating a tri-partite forum’ as such forums already exist.

Within the Danish trade union movement, there are a range of attitudes towards the European Union generally and the European Semester specifically. The view was expressed that the Danish government had a generally low level of engagement with the Semester, seeing it as important to ensure compliance with EU fiscal rules by other Member States, but having relatively little to say to Denmark specifically. The fact that Denmark receives very few CSRs was seen as positive by some, but not all, trade union interviewees and it was felt that the government also appreciated receiving few recommendations. One trade union interviewee summarised critically what they believed to be a general perception held in government and elsewhere:

‘In Denmark we don’t take the Semester seriously. We know we have to participate – it’s part of the game. But we don’t necessarily think it is helpful for us. We are not threatened by it. We participate to the extent that we need to, then we forget all about it.’

Despite being given a relatively low priority by several trade union interviewees, it was recognised by trade unions that there was a need to engage with the process and to try to influence reports within the Semester process. The TUSLO argued that reports such as the Country Report perform an ideational role in that they ‘become the truth about the good and bad of the Danish labour market’. The confederation, therefore, always participated in Semester processes through submitting reports and responding to consultations. It was recognised that when the Commission invited participation by social partners, there was a genuine interest in the issues raised: ‘it is not a charade’. However, the view was expressed that the national government appeared to have little interest in seeking social partner participation in the development of the National Reform Programme.

Outside of the formal mechanisms of the Semester, the trade unions also maintained good relations with the European Commission through informal contact with the Desk Officer in the DG Employment, Social Affairs and Inclusion. In this case, the official was Danish and had been in the role some time. Their direct knowledge of the Danish system, combined with knowledge acquired in the same role over time, was seen as enormously helpful. Education unions also maintained direct links with the Desk Officer in their relevant DG, meeting every couple of months. In both cases, through the confederation and the education unions, the approach was to provide the relevant Desk Officers with any information that the unions felt would be helpful for the Commission to know. Although union interviewees were often sceptical of their limited impact on key
set-piece Semester consultations, they also felt confident that, because of the on-going informal contact, Commission officials were well aware of union concerns and priorities. It was recognised that building such relationships was much easier because the unions have Brussels-based personnel: ‘arranging a meeting is easy. No effort.’

The confederation welcomed the introduction of the European Pillar of Social Rights and recognised that, by locating this in the Semester, each reinforced the importance of the other. However, consistent with comments above, the EPSR was seen to be of limited value in the context of the existing Danish welfare system.

Representatives of FOA were aware of the European Semester and the content of CSRs but, generally, had limited engagement with the process. It was indicated that there were a range of attitudes within the Danish trade union movement in relation to the Semester, with this diversity also represented in the leadership of the union. The views of interviewees identified some of the perceived threats from the Semester, such as privatisation, austerity and public spending cuts, and social dumping. It was recognised that these were not necessarily Semester issues per se but, rather, wider threats from globalisation trends, of which the European single market was seen as a key element.

FOA officials indicated they were happy to engage with Semester processes through their own national confederation (LO the time) and, at a European level, EPSU. These organisations were identified as part of an ‘Early Warning System’ that would alert the union to issues that might impact FOA members. Should such an early warning system be triggered, it was argued that the union would mobilise in order to defend members’ interests. However, given the relatively few CSRs received by Denmark, and their focus on private sector concerns, the Semester was not viewed as a priority area. As one official indicated, ‘we can get more progress through other means’ (that is by a focus on national government and policy).

Education unions sought to engage more positively with the Semester and could see clear value. Most obviously, it was seen as providing a ‘critical eye’ from outside Denmark which might help the country engage with issues that are seen as problematic. The example provided was the Commission’s concern with the educational achievements of students with a migrant background, which had featured prominently in Country Reports over several years. However, the education union interviewee expressed frustration that it remained difficult to see the issue addressed in the National Reform Programme. Consultations about the Semester are ‘vertical’ with no opportunity for social partners at sectoral level to have ‘horizontal’ discussions with Ministries. As a consequence, there is little opportunity to influence the NRP. The education union representative described the NRP as a political statement of government priorities and not readily open to influence by trade union input. The education unions develop a response to the NRP but send this to the Commission rather than seeing it as an opportunity to influence government policy.
1.5. Country performance in relation to the European Pillar of Social Rights/Social Scoreboard

Denmark is considered to have relatively generous welfare provision, with a strong welfare state being a core feature of the so-called Nordic model. One manifestation of this provision is reflected in the relatively high spending levels Denmark commits to services such as health and education. The levels of support provided by these services, and the recognition that the services are generally well managed and provide good value for money, is one reason why public services have not featured prominently in the European Semester process. For example, services such as health and social care, which have a significant profile in many country reports and associated recommendations, receive relatively little attention in Denmark’s reports.

Given the above, it is not surprising that Denmark performs relatively well on the vast majority of indicators on the Social Scoreboard. In the 2017-2018 Social Scoreboard, Denmark scores in the two highest performing categories on 11 of the 12 published indicators (five rated as ‘best performers’ and six identified as ‘better than average’), with only one indicator identified as ‘good but to monitor’.

Table 2. Denmark’s performance on the 2018 Social Scoreboard (European Commission, 2018a)

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<tr>
<th>Rating</th>
<th>Indicators</th>
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<tbody>
<tr>
<td>Best performer</td>
<td>At risk of poverty or social exclusion</td>
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<td></td>
<td>Youth NEET rate</td>
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<td></td>
<td>Employment rate</td>
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<td></td>
<td>Impact of social transfers on poverty reduction</td>
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<td></td>
<td>Children with less than 3 years in formal childcare</td>
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<td>Better than average</td>
<td>Early leavers from education and training</td>
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<td>Gender employment gap</td>
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<td>Income quintile ratio</td>
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<td>Unemployment rate</td>
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<td>GDHI per capita growth</td>
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<td></td>
<td>Self-reported unmet need for medical care</td>
</tr>
<tr>
<td>Average</td>
<td>None</td>
</tr>
<tr>
<td>Good but to monitor</td>
<td>Individuals’ use of digital skills</td>
</tr>
<tr>
<td>Weak but improving</td>
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<tr>
<td>To watch</td>
<td>None</td>
</tr>
<tr>
<td>Critical situation</td>
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2. The 2018-2019 European Semester Cycle

2.1. The European Semester process and participation of trade unions

The 2018-2019 European Semester cycle commenced formally in September 2018 when President Juncker presented his ‘State of the European Union’ address to the EU Parliament (European Commission, 2018b). Much of the focus of the address was on key political questions facing the future of the European Union, although there was also a clear reaffirmation of the Commission’s commitment to ‘take better care of the social dimension’ and to renew the goal of a more social Europe. This commitment was reiterated by Commissioner Thyssen who highlighted the Semester as the ‘key instrument’ in seeking upward social convergence.

In the Autumn package, published shortly after in November 2018, a generally optimistic note is struck in relation to economic growth and job creation, although it is noted that growth patterns remain uneven. The 2018-2019 Annual Growth Survey indicates a number of persistent and emergent challenges exist, and these are identified as follows:

• Persistent income inequalities and levels of poverty that have proven enduring

• Weak productivity growth

• High levels of public and private debt

• Sustainability of welfare systems

• Skills mismatches and shortages

• The impact of digitisation

• Migration

• Withdrawal of Central Bank stimulus packages

These are significant, and several of the factors feature prominently in the Semester documents in specific relation to Denmark.
Before publication of the Autumn Package, the country-based fact-finding visit of the Commission took place in the week commencing 8th October. The early timing of this visit provides an example of how many Semester processes have been ‘pulled forward’ in order to make the extremely tight timeframes more practical. Equally, it illustrates the way that many processes happen simultaneously and should not be seen as a simple linear and sequential process in which each stage follows that notionally precedes it in the model. To illustrate the point, it was pointed out by a Commission official that preliminary work on the Country Reports has commenced prior to the President’s State of the European Union address. In a similar way, Ministry officials described how the National Reform Programme is drafted before publication of the Country Report, to which it is technically a response.

Several Commission officials visited Copenhagen for the fact-finding meetings. The European Semester Officer for Denmark is largely responsible for organising the programme and meetings were organised with government ministries, employer organisations, trade unions and industrial interests. There is no prescribed list of invitees and new invites can be extended each year when relevant to specific issues. Meetings with government departments were formed around a pre-circulated agenda with ministry officials describing receipt of a list of questions from the Commission prior to the meeting. The confederations met with representatives of DG Employment, Social Affairs and Inclusion. In this case, a list of priority issues is provided by the Commission, however, the agenda is quite open with considerable space for social partners to raise their own issues. During the fact-finding mission, the education unions had their own meeting with the Desk Officer for DG Education and Culture. The open agenda allows trade unions to raise the issues they wish. Unions reported that the Commission was eager to listen. However, it was also noted that the schedule was busy and hence meetings could feel rushed.

Trade union interviewees indicated that they followed up the meeting by supplying documents to the Commission officials. One confederation official commented that an issue that was discussed at some length, and that subsequently featured prominently in the Country Report, was that of skills shortages, although the confederation did not claim to have placed the matter on the agenda. The confederation welcomed the debate but argued that the analysis presented in the Country Report reflected the employers’ perspective on the issue more than that of the trade unions.

Alongside these meetings, bilateral discussions are held at director- and ambassador-level at two points in the year (November and April) to discuss different aspects of the Semester (CSRs in November and Country Reports and NRPs in April). In recent years, the second of these meetings has not taken place as it has been deemed unnecessary.

Preparation of the Country Report has begun in earnest by early November with key issues beginning to emerge during that month. The Country Report for Denmark was published on the 27th February 2019 (EC, 2019a). It assessed Denmark’s performance in relation to meeting EU2020 targets and addressing the previous year’s CSRs. The ‘Executive Summary’ is summarised below, followed by further analysis of relevant sections.
of the full report. The Executive Summary is significant because it is agreed that Country Specific Recommendations must be linked to issues identified in this section of the Country Report (and thereby eliminating the possibility of Member States receiving unexpected CSRs).

Denmark’s Country Report identifies a broadly ‘favourable economic environment’ with solid economic growth, translating into strong figures for employment and job growth. Private sector investment has grown considerably since the crisis. Public sector investment ‘remains high’ but has fallen, from 3.9% of GDP in 2014 to 3.4% in 2017. This suggests that, although economic growth is increasing, public investment is not keeping pace. Public spending, more generally, is identified as stable, with a broadly balanced budget in 2018-19.

Denmark is generally making ‘good progress’ against EU2020 targets, although it is recognised that it is unlikely to reach its target for reducing the number of people at risk of poverty and social exclusion.

Despite a generally optimistic outlook in the Country Report, a number of problems are identified with several relating to wider challenges identified by the AGS. High levels of household debt have been identified as an on-going problem in Denmark and, although there are some signs of such debt falling, this remain a problem for which contingency plans have been put in place. This indebtedness may contribute to sharply rising house prices in some urban areas. Housing issues are perceived as problematic (homelessness is identified elsewhere in the report) although there is no discussion of social housing. Another problem that is identified, and which has been on-going in Denmark, is a declining rate of productivity growth, especially in the domestic service sector. Limited productivity growth also links with emergent skills shortages as the economy grows, but skills development lags behind. It is recognised that skills shortages are in part addressed by migrant labour. However, it is also noted that government social security reforms have been designed to discourage inward migrant labour and that migrants in the labour market often occupy a peripheral position. Increasing participation in vocational education is identified as an important priority.

In the main body of the Country Report, it is acknowledged that there has been significant investment in vocational education, although there remain concerns about overall participation rates and retention/early exit from the system. There are also concerns about the weaker performance of migrants in the education system and the higher drop-out rate among male students.

Overall, it is acknowledged that ‘the Danish education system is performing well, with educational outcomes above the EU average’ (EC, 2019a).

Similar sentiments are expressed in relation to the healthcare system which is described as ‘well performing’ with relatively high levels of expenditure (10.2% of GDP and 2.5% of GDP on long term care). The report identifies the health reforms of January 2019 which intended to shift the focus towards primary care (and reducing the number of hospital
visits) but which also involved changes in governance changes through ‘closing down the regional councils’.

Other public services receive relatively little attention in Denmark’s Country Report. Concern is expressed about deteriorating road congestion, and the proposal to electrify the rail network is identified. However, there is relatively little in the report about investment in public transport per se. Denmark is identified as having relatively high levels of digitised public services (90% of government forms are submitted electronically compared to the EU average of 56%).

In the 2018-19 Country Report, the detailed outcomes of the Social Scoreboard are reported. In 2018-19, the Scoreboard is expanded with country performance assessed over 14 indicators (12 in 2017-18). Denmark is identified as performing ‘well’, however, its performance compared to the previous year is much less strong. It is worth noting that three factors – ‘at risk of poverty or social exclusion’, ‘youth NEET rate’ and the ‘employment rate’ – all fell from ‘best performer’ status to ‘good but to monitor’.

**Table 3. Denmark’s performance on the 2019 Social Scoreboard (European Commission, 2019b)**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Indicators</th>
</tr>
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<tbody>
<tr>
<td>Best performer</td>
<td>Impact of social transfers on poverty reduction</td>
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<td></td>
<td>Children &lt; 3 years in formal childcare</td>
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<tr>
<td>Better than average</td>
<td>Gender employment gap</td>
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<td></td>
<td>Income quintile ratio</td>
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<td></td>
<td>Long term unemployment</td>
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<td></td>
<td>GDHI per capita growth</td>
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<td></td>
<td>Self-reported unmet need for medical care</td>
</tr>
<tr>
<td></td>
<td>Net earnings of a full time single worker</td>
</tr>
<tr>
<td>Average</td>
<td>Unemployment rate</td>
</tr>
<tr>
<td>Good but to monitor</td>
<td>Early leavers from education and training</td>
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<td></td>
<td>Employment rate</td>
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<tr>
<td></td>
<td>Youth NEET rate</td>
</tr>
<tr>
<td></td>
<td>At risk of poverty or social exclusion</td>
</tr>
<tr>
<td></td>
<td>Individuals’ use of digital skills</td>
</tr>
<tr>
<td>Weak but improving</td>
<td>None</td>
</tr>
<tr>
<td>To watch</td>
<td>None</td>
</tr>
<tr>
<td>Critical situation</td>
<td>None</td>
</tr>
</tbody>
</table>

Within the study, the European Pillar of Social Rights (EPSR) did not have an explicit impact on the 2018-19 Semester, although there was clear evidence of potential future impact. One education union interviewee argued that the EPSR was the most significant development in the Semester for Denmark in 2019 and that its likely impact would be
considerable. Although Denmark continues to score relatively well, its deteriorating situation was identified as very important and likely to be used by social partners in future to put pressure on government. At the same time FOA was considering a policy paper in which senior officers were arguing that the introduction of the EPSR, and its embedment within the Semester, would require to adopt a more proactive approach to Semester engagement in the future. In both cases, these developments were emergent but significant, with the EPSR acting as a catalyst for greater trade union engagement and leverage.

Following publication of the Country Report, the Copenhagen office of the Commission organised a major presentation at which Commission officials presented on key aspects of Denmark’s Country Report. This event was divided into two sections, with the first providing an overview of the general macroeconomic position and the Social Scoreboard, and the second reporting on investment issues (identified as the novel feature of the 2018-19 Country Reports). The event was perceived as an opportunity for the Commission to explain and justify its thinking in the Country Report, rather than being a genuine exchange of ideas. This reflects the purpose of the meeting as one intended to inform future discussions, such as those relating to the NRP, rather than an opportunity to take issue with the contents of the Country Report.

Shortly after this meeting, the European Semester Officer met with HK, the union representing local government employees, to further discuss the European Semester and its workings. In the words of the ESO, this led to the union ‘having renewed interest in the European Semester’. One practical outcome of this interest was the formation of a group, in April 2019, convened by the confederation and involving trade unions seeking to further coordinate their activities in relation to the Semester.

The response of the Danish government to the Country Report was published as the National Reform Programme on the 15th March 2019 (Ministry for Economic Affairs and the Interior, 2019). The NRP makes clear that it is based on data available up to the 12th March, which is nine working days from publication of the Country Report. Thus, it is clearly the case that the NRP is being drafted long before the Country Report is made available and this analysis was confirmed by government officials. This schedule, therefore, rather undermines the claim that the NRP is a response to the Country Report, with one trade union interviewee commenting ‘those documents are not linked’. Rather, the NRP should be more accurately seen as a political statement of the response to the previous year’s CSRs and on-going progress against EU2020 targets.

The NRP report offers a positive assessment of Denmark’s economy, describing it as having ‘entered a boom phase’. In general terms, the NRP offers a more optimistic analysis of some of the key issues and challenges identified in the Country Report, with household debt, house prices and skills shortages all deemed to be within acceptable parameters. Productivity issues are also considered to be improving as a tighter labour market drives investment in capital.

Issues relating to the integration of migrants are discussed almost entirely within a labour market context, rather than in any wider social discussion. Here, considerable emphasis
is placed on the Integration Training Programme (IGU) as a means of providing refugees with the skills necessary to participate in the labour market. At times, the language relating to migrant workers is strongly directive, such as the report sub-head asserting that ‘More women with an immigrant background must become employed’.

Those public services that do feature in the NRP are those that are most closely linked to EU2020 targets. There is therefore a significant amount of space devoted to different phases of education, with much of this representing on-going reform, and with several policies dating back beyond the government at the time of the report or being the result of cross-party collaborations. In the substantial discussion of education issues, there is no mention of the experience of migrant students, despite this receiving significant attention in the Country Report. Separate to the section on education, there is a discussion of the government’s policy in relation to early years care and education. The government’s policy, ‘1,000 days programme: a better start to life’, is presented together with a DKK 1 billion commitment ‘to improve the social policy measures in the first and most important years for children from socially vulnerable families’.

The NRP’s discussion of early years provision is nested in a wider set of policies relating to social exclusion and attempts to tackle poverty. Here, the report is generally optimistic of recent trends and believes the government’s commitment to incentivising work is paying dividends.

The report does not address directly Denmark’s performance on the Social Scoreboard. Denmark’s performance is recorded in the Country Report, although this appears for the first time in the Draft Joint Employment Report, published as part of the Autumn Package (in November).

Social dialogue with regard to the National Reform Programme takes place under the auspices of the ‘Contact Committee for the Europe 2020 Strategy’ which is concerned with EU issues, generally, but also includes dialogue with stakeholders on the European Semester. Details of this process are contained in Chapter 5 of the 2019 National Reform Programme in which the Contact Committee is described as ‘a parallel consultation forum’ to parliamentary committees whereby:

‘The Committee is an important forum for dialogue between decision-makers and interest organisations on the European growth and employment agenda and is of key importance in terms of achieving a consensus on Danish priorities in the growth and employment area’ (Ministry for Economic Affairs and the Interior, 2019).

The meeting to discuss the National Reform Programme was held on the 20th February. Those attending had been pre-circulated with copies of the draft NRP and were able to make contributions at the Contact Committee meeting and also in written form. The meeting has a broad attendance and the view was expressed that, sometimes, the views of social partners get somewhat lost in the wider range of issues discussed. Trade unions regret that they do not have a specific forum to discuss issues relating to the labour mar-
ket. The timing is perhaps significant with the meeting being held one week before the publication of the Country Report.

Trade union interviewees participated in the Contact Committee meeting and also submitted written comments on the draft NRP that had been circulated. The NRP reports the following:

‘Committee members subsequently had the opportunity to submit comments in writing. To the extent possible, the comments submitted by the Committee are reflected and incorporated in the National Reform Programme’ (MEAI, 2019).

However, in contrast to some other countries, there is no effort to record who submitted feedback to the Committee or to provide a summary of the feedback provided. The Danish government does not make the submissions it receives available online.

The Country Specific Recommendations for Denmark were published in draft form on the 5th June 2019 (2019c) and in final form and without amendment on the 2nd July 2019. In keeping with previous years, Denmark received limited recommendations (two in total). The second recommendation referred specifically to steps required to address potential money laundering and arising directly from a case involving Danske Bank. The first recommendation urged the Danish government to direct its investment-related expenditure towards developing vocational education, research and development and supporting infrastructure investment to tackle road congestion.

There was no formal consultation/social dialogue over the CSRs due to their limited nature. Rather, the final CSRs were published through the European Commission’s website and the website of the relevant Danish Ministry. The trade union confederation responded to the publishing of the CSRs with a statement from the confederation President2. The statement broadly welcomes the recommendations, in particular, the reference to vocational education which, the confederation argues, has been badly affected by funding cuts.

2.2. Facilitating effective trade union interventions – what helped and hindered?

In this section, we identify a range of factors that emerged as having a positive, or negative impact, on shaping trade unions’ effective interventions in the European Semester. In presenting this analysis, we would begin by highlighting the extent to which all these factors are shaped crucially by the Danish national context. Trade union interviewees

2 https://fho.dk/blog/2019/06/08/kommissionen-invester-i-uddannelse-og-stop-hvidvask/
identified many concerns that they face. However, in general terms, during the period this research was conducted, the economy was performing well, public finances were stable, and Denmark enjoyed relatively high levels of social welfare. Such a combination of circumstances appeared to contribute to something of an ‘arm’s length’ relationship between the European Commission, the national government and trade unions. On the one hand, the country exhibits none of the fiscal problems that invite high-stakes European Commission intervention through such mechanisms as the macroeconomic imbalances procedure or the excessive deficit procedure. On the other hand, the distinctiveness of the Danish social model (its labour market, social security system and industrial relations framework) were valued by trade unions who were often concerned that EU intervention would distort this. In essence, on the part of the Commission, there was very little ‘need’ to intervene (witness the relatively low number of CSRs over several years), while on the part of trade unions there was little ‘desire’ for intervention. The EU was not seen as providing a solution to national problems; on the contrary, it was seen as potentially disruptive to what Danish trade unions valued about the current system. That said, trade union engagement was always positive with some sectors making strong efforts to use the process constructively. This overarching analysis provides an important background to the points raised below.

2.2.1 People and relationships

Although concerned with major policy structures, it remains the case that the way particular developments unfold in specific contexts is still often shaped in important, sometimes decisive, ways by the contributions of individuals. In this case study, the importance of particular individuals emerged in various ways. One specific example identified was a change in personnel in the LO trade union confederation in which new people took on the role of engaging with the European Semester. This change in personnel was seen as influential in re-orientating the confederation to a position where it engaged more constructively with European Semester processes. Another example was provided by the Desk Officer from DG Employment, Social Affairs and Inclusion who was Danish and had been in the role some time. It was argued that this person’s background ensured they had a good understanding of the specificities, and the complexities, of the Danish labour market, but also that her time in the role allowed for positive relationships to develop between the Commission and trade unions. Both the confederation, and the education unions argued that on-going, informal contact between themselves and Desk Officers based in Brussels was important (notably, this contact was often not directly Semester-related). The relationship with the Copenhagen-based European Semester Officer was seen as important as a mechanism to ‘make things happen’ (facilitating meetings etc) but developing links with the relevant Desk Officers was seen as politically crucial.

2.2.2. Trade union resources

It has already been indicated that the trade union confederations, and the education unions separately, had a dedicated presence based in Brussels to deal with EU issues. In both cases, this was identified as being extremely helpful in terms of supporting the engagement of trade unions with European policy developments and social dialogue. This
presence provided an ‘ear on the ground’ in Brussels that ensured access to information that would otherwise not be available. It was also crucial to developing relationships with Desk Officers. In both examples, there were benefits to be gained by pooling resources (all confederations contributed to their office, as did all education unions to their own separate presence). Such a commitment represents a substantial resource but, in these cases, this was considered to represent good value. Clearly, not all national trade union movements could provide such a resource.

More generally, trade unions believed that they did not always have the resources necessary to engage with Semester processes. One interviewee commented that the Semester is a process that depends substantially on evidence-based policy but that trade unions struggled to be able to generate, or commission, the type of sizeable research studies that were capable of impacting on policy. They often relied on their own studies which were smaller scale and also open to suggestions of bias. However, at a more prosaic level, trade unions reported a constant problem of trying to ‘keep up’ with the Semester in terms of providing detailed responses to consultations. In all cases, at the level of confederations and of individual unions, the number of trade union personnel dealing with these issues was relatively small, and in one context, had recently been cut back. In all cases, it was reported that there was a trade-off between participating in the process and the impact such an intervention might have. This in turn needed to be set against the relative impact of committing to work on other priorities. In the Danish context, it was not always considered a good investment of resource to commit significant amounts of time to a process which appeared to generate few tangible benefits.

2.2.3 Process timing and organisation

Previous studies have highlighted the problems associated with a process that moves rapidly and does not allow much time for thoughtful input and considered contributions. Problems associated with timelines have in part been addressed within the schedule by bringing forward key elements of the process. For example, the fact-finding mission now takes place earlier in the schedule and, similarly, publication of the Country Reports has been brought forward. This improves the situation for those involved in generating reports, but there is little evidence that this makes a material difference to those, such as social partners, who rely on responding to documents. In these instances, the situation appears to have changed little and trade union interviewees reported the challenges of trying to generate detailed responses to complex documents with scarce resources and very little time.

Arguably, a more significant problem in the system is that opportunities for discussion and debate remain limited. Given Denmark’s traditional social dialogue frameworks, it is the case that formal opportunities for participation in the Semester process do exist (principally through meetings organised by the Commission and the EU2020 Contact Committee) but, in both cases, trade union interviewees believed the level of genuine dialogue was limited. The fact-finding mission meeting in October was considered to be an example of genuine ‘listening’ on the part of the Commission, although the meetings were described as ‘rushed’ and remained ‘one-off’ events rather than part of
an on-going dialogue. Events to ‘discuss’ the Country Reports and the draft National Reform Programme were both considered to be more cosmetic. In the former case, the report was published and clearly not open to any renegotiation. However, in the latter case, although the NRP was in draft form it was considered very difficult to amend in any meaningful sense. The NRP is seen as a highly political document in which the government makes a statement of its activities to the Commission. This does not make it open to input from others, especially when those views may be at odds with those of the governing party.

It is clear therefore that the nature of the consultative processes remains limited, with trade unions reporting a need to participate but a scepticism about the extent to which this might make a positive difference to Semester outcomes.

2.2.4. Trade union organisation – internal coherence

As mass-membership, democratic organisations with members drawn from all areas of society, it is inevitable that the range of opinions expressed within trade unions, on very many issues, will be broad. This is certainly the case in relation to Europe where Danish public opinion contains a range of views.

Within the study several interviewees referred to the complex intra-organisational bargaining that took place within unions and confederations as efforts were made to reconcile competing perspectives. For example, within confederations different unions may have different perspectives, often based on perceptions of how EU interventions impact the interests of that union’s members. These competing positions have to be reconciled within confederations. However, it is also evident that such differences exist within individual unions and, again, these differences have to be resolved at the institutional level.

Where these differences exist, we speculate that trade union engagement with the Semester process is likely to be much more cautious, participating where necessary and, certainly, in a way that protects current members’ interests, but not necessarily doing so enthusiastically. For example, where there is divergent opinion on the value of the European Semester, it becomes less likely that a confederation or individual trade union will engage with the Semester positively or will devote significant resources to trying to influence it.

These issues highlight the importance of effective internal communication and this was seen as important internally when those engaged in international work in trade unions can find the Semester crosses boundaries between international and national agendas. This can generate confusions if it is not managed effectively.

2.2.5. Trade union organisation – strategic approach and external projection

Identifying very direct impact on the European Semester can be extraordinarily difficult as linking back the specific content of a part of any report to a corresponding input made during a consultation exercise is not something that can be done with confidence.
Oftentimes, when an issue is raised in a consultation, then this adds to a debate that is already occurring. Furthermore, it may be that the issue being raised is being simultaneously raised by several other participants in the process. Although the European Semester presents as a rather simple and linear cyclical process, it is clear that efforts to influence the process are extraordinarily complex.

Arguably, this requires a strategic response by trade unions that identifies specific issues of concern but that also seeks to shift the debate that takes place within the Semester process. Within the study, an education union official described how education unions convened a pre-meeting before the fact-finding meeting with the Commission the following week. One of the aims of the meeting was to *construct a narrative* that all education unions could present to the Commission. This was not immediately easy as different unions clearly have different interests and priorities, although, clearly, working within a single sector, this becomes more possible. The intention was to seek to *shape the discourse* within the Semester at a high level, recognising that it is within these discursive frames that policy solutions are generated.
References


Appendix A:
Denmark Country Specific Recommendations 2019

1. Focus investment-related economic policy on education and skills, research and innovation to broaden the innovation base to include more companies, and on sustainable transport to tackle road congestion.

2. Ensure effective supervision and the enforcement of the anti-money laundering framework.
Appendix B:
Timeline of social dialogue interventions

The table below provides a timeline of formal trade unions contacts in relation to the Semester. An important point to note is that both the trade union confederation (FH) and the organisation of Danish education unions (DLI) place a high priority on regular, and often informal, contact with relevant European Commission contacts in Brussels. Often such contacts are not directly Semester related although they may have Semester relevance. For these social partners this more informal contact is an important dimension of their social dialogue experience.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2018</td>
<td>Fact finding mission</td>
<td>Trade union confederation (FH) meets with DG Employment, Social Affairs and Inclusion.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Education Unions (DLI) meet with DG Education and Culture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trade unions provide Commission officials with written submissions after the meeting.</td>
</tr>
<tr>
<td>February 2019</td>
<td>Country Report Published</td>
<td>EU 2020 Contact Committee established by Danish government to link relevant stakeholders to European Union related debates. Trade unions are represented by FH, with many other organisations present such as civil society organisations, local government representatives, employers’ organisations.</td>
</tr>
<tr>
<td></td>
<td>Meeting of the EU2020 Contact Committee to discuss the draft NRP</td>
<td>FH submits a formal response to the draft NRP</td>
</tr>
<tr>
<td>March 2019</td>
<td>Commission organises seminar to discuss Country Report with speakers from relevant DGs</td>
<td>Alongside this formal presentation the Commission holds a specific meeting with public sector union HK to discuss Semester issues.</td>
</tr>
<tr>
<td>April 2019</td>
<td>European Semester background group convened by FH</td>
<td>First meeting of a group of interested unions to better coordinate responses to the European Semester, under the auspices of FH. Now meets on a planned basis.</td>
</tr>
<tr>
<td>June 2019</td>
<td>Country Specific Recommendations published</td>
<td>No formal consultation with the Social Partners in relation to draft CSRs. When published FH posts a response on its website.</td>
</tr>
<tr>
<td>September 2019</td>
<td>DLI meeting with DG EAC officials</td>
<td>Meeting in Brussels to discuss implications of change of Danish government and review 2019 Semester process.</td>
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Appendix C:

Interview participants

Interviews were conducted face to face. In most cases participants were interviewed twice, with fieldwork visits in October 2018 and May 2019.

<table>
<thead>
<tr>
<th>Position</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Union Semester Liaison Officer</td>
<td>The Danish Confederation of Trade Unions (LO and now TUSLO for FH - the LO and FTF amalgamation)</td>
</tr>
<tr>
<td>Trade Union Semester Liaison Officer</td>
<td>Confederation of Professionals in Denmark (FTF)</td>
</tr>
<tr>
<td>Senior Official</td>
<td>Danish Education Unions</td>
</tr>
<tr>
<td>Senior Official</td>
<td>Public Workers’ Union (FOA)</td>
</tr>
<tr>
<td>Senior Official</td>
<td>Public Workers’ Union (FOA)</td>
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<tr>
<td>Senior Official</td>
<td>Public Workers’ Union (FOA)</td>
</tr>
<tr>
<td>Senior Official</td>
<td>General Upper Secondary School Union (GL)</td>
</tr>
<tr>
<td>European Semester Officer</td>
<td>European Commission</td>
</tr>
<tr>
<td>Government Ministry Official</td>
<td></td>
</tr>
<tr>
<td>Government Ministry Official</td>
<td></td>
</tr>
<tr>
<td>Senior Official</td>
<td>Danish Economic Councils</td>
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