

A stylized world map composed of a grid of grey dots, with several dots highlighted in red to represent specific countries or regions.

# Trade Unions in Denmark

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October 2012

- Danish industrial relations are characterised by an absence of statutory regulation and a high degree of corporatism. Trade unions remain strong players in the Danish labour market due to their comparatively high unionisation rates and high collective bargaining coverage.
- However, the trade union system is under immense pressure: In recent years »yellow unions« have experienced gains in membership while the traditional unions are losing out. Whilst collective agreements are covering the majority of workplaces, relative gains of yellow unions typically not embarking on collective bargaining may weaken this main mechanism by which employment is regulated. Already, some »independent employers« have shown less willingness to sign collective agreements.
- The Danish political system has traditionally been regarded as highly corporatist meaning that trade unions and employers associations had privileged access to influencing, designing and implementing policies affecting their members and the political economy in general. Different factors have been weakening the trade unions influence on policy-formulation since the 1980s. Lately, both tripartite negotiations on contentious issues like weekly working time as well as the rallying of unions behind political parties' agendas may have become more difficult.



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## 1. Summary

Danish trade unions remain strong players in the Danish labour market due to their comparatively high unionisation rates and high collective bargaining coverage. Statutory regulation is still scarce and collective agreements are the main mechanism by which employment is regulated. Union density is around 67 per cent and bargaining coverage at 75–80 per cent of the workforce. Similarly, unions have traditionally been able to influence policy-making in tandem with employer associations through corporatist channels. Instrumental to this influence is the so called Ghent-system, by which unions administer unemployment benefits funds (*a-kasser*). This system has traditionally provided a dual-membership mechanism of both union and unemployment benefit fund and thus relatively robust union densities even during periods of unemployment.

However, unions are facing a host of pressures that are challenging the various strong holds of unions. Union membership is declining and especially Danish LO – the confederation for skilled and unskilled workers – has experienced large reductions during the last 10–15 years. Alongside, more secular trends of decline in unionism, LO is suffering from structural changes in the labour market due to education, but also net losses of members to the so called »yellow unions«. These unions played a relatively minor role until a legislative change allowing for cross-occupational unemployment benefit funds. Hereby, the traditional monopoly for unions of unemployment insurance within the various occupations was broken and the organisations are now competing over members. Thus far, the »yellow unions« have experienced soaring membership while the traditional unions are losing out. From a systemic point of view, this development is perilous for three reasons. Firstly, »yellow unions« are typically not party to collective agreements. So, members of »yellow unions« are not contributing to the particular self-regulation of employment that the traditional social partners uphold through collective bargaining and the labour court system. This »free-rider« problem arises because every employee at a covered workplace will receive the terms and conditions of the collective agreements – regardless of membership. If the development continues there will come a tipping point after which traditional unions will no longer be able to retain bargaining coverage which in turn might spur politicians to pass statutory regulation of employment.

Already there are signs that unions are having troubles at workplaces with many non-members or »yellow« members. Secondly, the political clout of traditional unions will inevitably suffer from losses of representativeness. Corporatist policy-making has already been challenged by more pluralist forms of inclusion in decision-making and declining unionism will only add to the challenge that unions should not be given privileged influence. Thirdly, the traditional unions are trying to weather the cost-crunch of declining membership dues by merging and restructuring their organisations. The trend is towards large general unions with some occupational resemblance, for example 3F and HK for unskilled workers and commercial/clerical workers, respectively.

Another challenge is of external nature. Labour migration – and especially the free movement of labour and services within the EU – is putting pressure on the implementation and coverage of collective agreements. Many industries such as construction, agriculture, transports and private services are dealing with large numbers of posted workers or work under the radar of unions. This makes it very hard to uphold standard rates of pay in the absence of statutory minimum wages. Social dumping has become a principal item in collective bargaining rounds where unions are trying to achieve better enforcement and monitoring instruments. Similarly, the incoming Social Democratic government of 2011 has pledged to fight social dumping through additional funding.

## 2. Trade Union Landscape

The Danish union movement was historically built around the guilds system which preceded the Industrial Revolution. As a corollary, the organisational structure and development was centred on local associations of skilled workers with the subsequent organisation of unskilled workers and new occupations during the 20<sup>th</sup> century. Industrial unionism never developed in Denmark as it did in the neighbouring country Sweden.

Over time, local associations formed national union federations with the aim of providing coordinative capabilities that would match or supersede the development of employer associations. The first union confederation to be formed was *De samvirkende Fagforeninger* (now LO) in 1898 in which union federations for skilled workers and unskilled workers would pool their resources.



Table 1: Membership in union confederations 1985-2012 (thousands)

	1985	1990	1995	2000	2005	2010	2012
<b>LO (workers)</b>	1.119	1.138	1.208	1.167	1.142	955	872
– LO share	65,8 %	63,8 %	64,9 %	62,4 %	60,3 %	52,9 %	48,9 %
<b>FTF (salaried workers)</b>	309	325	332	350	361	358	353
– FTF share	18,2 %	18,2 %	17,8 %	18,7 %	19,1 %	19,8 %	19,8 %
<b>AC (academics)</b>	74	103	132	150	163	137	142
– AC share	4,4 %	5,8 %	7,1 %	8,0 %	8,6 %	7,6 %	8,0 %
<b>LH (managerial)</b>	24	71	75	80	76	83	91
– LH share	1,4 %	4,0 %	4,0 %	4,3 %	4,0 %	4,6 %	5,1 %
<b>Yellow unions</b>	13	31	53	68	94	173	218
– Yellow unions' share	0,8 %	1,7 %	2,8 %	3,6 %	5,0 %	9,6 %	12,2 %
<b>Independent unions</b>	161	115	62	55	57	98	108
– Independents' share	9,5 %	6,4 %	3,3 %	2,9 %	3,0 %	5,4 %	6,1 %
<b>Total membership</b>	1.700	1.783	1.862	1.870	1.893	1.804	1.784
<b>Union density rate (members/labour force)</b>	69,8	68,2	73,1	71,5	71,7	67,4	67,4
<b>Union density rate (excl. alternative)</b>	69,3	67,0	71,0	68,9	68,1	60,9	59,1

Source: Due et al. 2012.

Subsequently, in 1899, the so called September agreement was signed between LO and DA (*Dansk Arbejdsgiverforening*) whereby the right to organize and represent workers was established alongside the managerial prerogative at the workplace. The main agreement is the centrepiece of Danish industrial relations and statutory regulation is scarce except on health and safety.

Similar main agreements have been established in the public sector and with the two other main confederations, FTF (established in 1952 for salaried workers) and AC (established in 1972 for academics). Unions also formed unemployment benefits funds which since the 1960s have been heavily subsidized and also reformed by the state. The system created a dual membership logic – a so called Ghent-system – which sustained high union densities even during long periods of high unemployment.

Table 1 depicts the development in union membership across union confederations and LH (for managerial staff), ideological alternative unions (see below)

and unions outside confederations (for specialized occupations). The demarcation lines for union membership have historically been established through the so called »borgfredsaftale« between LO and FTF that had particularly many instances of conflicts over memberships. Hereby, principles and procedures for dividing members were established for both union membership and unemployment benefit fund membership. The principle was mainly based on education and occupation and generally corresponded to collective agreement demarcations. There are about 600 collective agreements in Denmark. Obviously, technological change and new educations often disrupted stability calling for conflict resolution between the different unions.

The stability was also threatened by a law of 2002 on unemployment benefit funds which allowed for cross-occupational unemployment benefit funds. This spurred the erosion of demarcation lines in the realm of unemployment benefit funds but also to some extent in the realm of union membership. Today, especially unemploy-

ment benefit funds but also unions compete over members – irrespectively of collective agreements – which is the explanation of the membership growth of ideological alternative unions also called »yellow unions«. These »yellow unions« reject the practice of industrial action and are very seldom parties to collective agreements with employer associations. As a consequence, they can provide a cheap dual membership package containing unemployment insurance and union services (typically legal advice). Conversely, LO unions have suffered hard from a general decline in unionization, secular trends in the employment structure and the competition from cheaper »yellow unions«. A symbolic turning point came when the LO share of total membership dropped below 50 per cent by the end of 2011.

So, while the union density rate in Denmark is still comparatively high at 67,4 per cent of the labour force, the effective density rate (excluding yellow unions) stands at 59,1 per cent in 2012. Certain industries are particularly suffering from low density rates while others have shown resilience. In general, the public sector is – as seen in other countries – still highly organised, while some private sector industries are in trouble.

While the decline in unionization is general it nevertheless seems that unionization in services is somewhat more in decline than for example manufacturing and construction. Moreover, studies have shown that to a large degree the unskilled workers opt-out of membership and that younger workers choose not to be members in the first place. These relationships also hold when background factors such as income, gender and workplace characteristics are controlled for (Ibsen et al. 2011). Immigrants are less unionised than domestic workers, but the negative relationship largely disappears when controlling for other factors. The declining membership has not yet had severe consequences on the collective bargaining coverage although there are some signs of decline. By and large, unions belonging to LO, FTF and AC bargain with private and public employers over the terms and conditions, while the »yellow unions« and the independent unions bargain for a very small share of the labour market. Approximately 75–80 per cent of the labour force is covered by collective agreements.

As noted above, the demarcation lines of membership has to a large extent followed the demarcation lines of collective bargaining. A key driver in this dynamic has

been the structure of employer associations. In other words, unions have had to restructure to match the organisation of their counterpart. Since the 1970s there have been some significant structural changes to the union movement following this dynamic.

On the backdrop of major industrial unrest in consecutive bargaining rounds of the 1970s, employers – with metalworking companies in the lead – agreed that changes had to be made to the bargaining structure. The most important change was the decentralization of wage bargaining from confederate level to federate level with a system of pattern bargaining around the exposed manufacturing sector. Instrumental to this development was the creation of Danish Industries in 1991 on the employer side whereby manufacturing companies joined forces to centralize bargaining authority vis-à-vis unions. In turn, manufacturing unions tried to match this move by enlarging the bargaining cartel for metalworking called CO-metal. The new cartel was – and still is – called CO-industry. Similar creations were discussed in construction and services but they never materialised as cartels with bargaining authority. However, in the municipal sector the bargaining cartel, KTO, has bargaining authority for manual and salaried workers. In the state, bargaining cartels also exist – OAO/Stat, SKAF and CFU representing workers, salaried workers and civil servants, respectively.

The creation of bargaining cartels can be seen as a compromise between two camps. The first camp believed in creating industrial or sector unions, thus limiting the number of unions to a very few. This way, resources would be optimised and the difficult question of demarcations would be largely solved. The other camp wanted to maintain the decentralised structure of the union movement believing that occupational identity and local presence were keys to a vibrant membership base. Forming bargaining cartels some authority has been delegated and centralised but the federate unions have in most cases retained their ownership of agreements. Nonetheless, the recent membership decline has forced unions – especially in the LO-confederation – to look for ways to minimise costs through mergers. In 2005, SiD (general workers union) and KAD (female workers union) merged to form 3F and in 2010 TIB (construction and manufacturing skilled workers) joined 3F. Similarly, general workers unions exist in commerce and office work – HK – and in personal service and public sector



Table 2: Union density rates across industries<sup>1</sup> (NACE coding 2003)

	1996	2008	1996–2008
<b>A-E. Manufacturing etc.</b>	83	77	–6
<b>F. Construction</b>	84	76	–8
<b>G. Commerce</b>	70	62	–8
<b>H. Transport</b>	81	71	–10
<b>I. Hotel and Restaurant</b>	62	49	–13
<b>K. Finance and Insurance</b>	84	78	–6
<b>L-N. Business services etc.</b>	67	61	–6
<b>O-U. Other Private services</b>	78	72	–6
<b>G-Q. Private services in all</b>	74	65	–9
<b>A-Q. Private sector</b>	78	69	–9
<b>A-Q. Public sector</b>	89	86	–3
<b>A-Q. All sectors</b>	81	75	–6

Source: Ibsen et al. 2011.

work – FOA. The question remains whether smaller occupational unions will merge or remain independent members of LO. Evidence suggests that while there are cost reductions to be reaped from mergers, members are not uniformly satisfied with large general unions (Due & Madsen 2011). For a foreseeable future, the confederations will still have a coordinating role to play due to the rather decentralised structure of the Danish union movement.

### 3. Core Tasks of Trade Unions

As mentioned above, Danish industrial relations are characterised by an absence of statutory regulation save for the notable exception of health and safety. This means that unions have a wide range of collective tasks<sup>2</sup> including: 1) bargaining over terms and conditions, 2) implementing these at the workplace, and 3) interpreting agreements and sanctioning breaches through the Labour Court system. This collective rep-

resentation is flanked by more individual services to members including 4) legal advice and representation, 5) career development, 6) education, and 7) membership benefits. Moreover, unions promote the political interests of their membership vis-à-vis the government at municipal and national level. On this latter point see section 3.

By far the most important task of trade unions is the collective representation through bargaining and implementing collective agreements. Table 3 summarises the development in collective bargaining coverage from 1997 to 2007.

Typically agreements last 2–3 years during which time a peace obligation exists. This means that industrial action is unlawful unless it is part of a sympathy strike or blockade to force an employer to be covered by an agreement where none exists. This possibility is the chief procedure to compel employers into a collective agreement.

Since the 1980s, collective bargaining in the private sector has been decentralised from the confederate level to federate level – with the intermediary level of bargaining cartel playing a big role in manufacturing as noted above. In the public sector, bargaining cartels play a major role as well.

1. Note that the density rate for all sectors is slightly higher in this table due to different sampling methods. The reader should therefore focus more on the trends of unionization than on the levels of unionization in this table.

2. Note that we exclude the tasks of unemployment benefits funds (*a-kasser*), the tasks of which consist in active labour market policies (activation, training and placement of unemployed) and payment of benefits.



Table 3: Collective bargaining coverage across employers' associations 1997–2007

	1997	2002	2007
<b>DA (private sector)</b>	89	91	90
<b>FA (finance)</b>	96	93	91
<b>SALA (agriculture)</b>	95	95	84
<b>Others/independent</b>	57	53	45
<b>Private sector total</b>	75	73	71
<b>Public sector<sup>3</sup></b>	100	100	100
<b>Total<sup>4</sup></b>	84	83	80

Source: Due & Madsen, 2011 based on DA Arbejdsmarkedsrapport 1998, 2003 and 2009.

For the majority of the labour market, industry level agreements stipulate the terms and conditions including wages, working time, notice periods, pension, sick pay, educational leave, parental leave, shop steward representation etc. During the recent two decades, there has been a trend to decentralise wages and the organisation and distribution of working time to the company level where shop stewards and management will agree on the actual level and design of provisions. However, agreements at industry level set minimum standards under which company level parties cannot settle. This so called minimum wage system applies to 85 per cent of DA members. For the remaining 15 per cent a so called normal wage system applies whereby the industry level agreement sets a standard rate. In order to compensate for wage drift in the minimum wage area, normal wage agreements contain larger wage increases in industry level bargaining. In addition, the organisation and distribution of working time is nowadays bargained at the company level with procedural requirements and working time supplements guaranteed in the industry level agreements. Local organisation and distribution of working time require local agreement between management and shop stewards. In case of disagreement, provisions from the industry level agreement apply.

Concomitantly, social partners have agreed on various non-wage provisions in industry level bargaining rounds. The introduction of pension schemes in the early 1990s

3. The estimate for public sector employees is most likely too high as some civil servants have individual contracts.

4. The estimates of bargaining coverage only include workplaces with more than 5 employees. Some surveys suggest that the bargaining coverage was lower than 80 per cent at around 75 per cent in 2010 which might be explained by the exclusion of very small workplaces in the figures reported in table 3 (Larsen et al. 2010).

signalled a new era in collective bargaining as it introduced a welfare state item into the bargaining arena. While initially unwelcomed by union members, these welfare state items have gained popularity during the recent two decades. In 1995, Danish Industries and CO-industry created a fund for parental leave and in 2004 similar arrangements were created for the entire LO/DA area. The creation was remarkable as parental leave was normally considered the domain of governments and indeed political influence weighed heavily on the collective bargaining round in 2004. In 2007, educational foundations were created to ensure rights to skill development. This was another ground breaking decision which introduced another item – rights to continuous vocational education – into the realm of collective bargaining. Again, the government had a role to play by inciting social partners with additional funds if they agreed on creating the foundations.

These three items – pension, parental leave and education – have blurred the boundaries between the collective bargaining arena and the political arena but they have also reinvigorated the bargaining agenda at industry level in a time of wage decentralization. The appeal to politicians has been that social partners can lift some financial burdens from the tax-based welfare state and they can do so because of high coverage rates.

However, bargaining coverage is not complete which has posed some problems concerning the implementation of EU-directives. A *modus operandi* has been found by which directives are implemented through collective agreements and subsequently so called »follow-up« legislation applies to the remaining 20–25 per cent of the labour market on individual contracts. The high coverage rate is a key pillar for retaining a highly voluntarist model of industrial relations.

As noted above there are, however, minor signs that declining union densities in some industries is affecting the ability of unions to conclude collective agreements with employers. Mainly it is the ability to conclude agreements with independent employers, i.e. outside employers' associations that deteriorated in the period. This seems to reflect low union density in service industries like hotel and restaurants and retail with small workplaces. More research is however needed to confirm this hypothesis.

Compared to other countries, bargaining coverage is rather high although it is not complete due to the lack of *erga omnes* or extension provisions as seen in for example Germany and France. Coverage solely depends on voluntary agreement either through membership of associations or independent agreement between union and employer. Once an agreement is in force it covers all employees at the concerned workplace, that is, it also covers non-union members or members of »yellow unions«. Commentators have remarked that this creates a considerable »free-rider« problem as non-members receive the same terms and conditions as members. Nonetheless, employers and many union-officials are adamant to changing this principle as it provides as safeguard against competition over terms and conditions between members and non-members. Recent industrial conflicts have revealed a remarkable lack of knowledge in the general public about the regulation of the Danish labour market. A large share of wage earners is unaware that their terms and conditions are regulated through collective agreements, begging the question of why they would want to pay union fees.

Turning to the individual representation, these services have undoubtedly gained more prominence due to the fact that wage bargaining has been decentralised and because traditional unions are competing with the »free-rider« issue mentioned above. It is however doubtful whether improved services can make up for these incentives to opt for non-membership or membership of »yellow unions«. Unions are providing membership benefits on a range of issues such as credit cards, holiday packages, career counselling, individual grievances, wage bargaining techniques, and individual additional wage insurance in case of unemployment. These individual services are especially important for the high skilled unions in AC, which have many members on individual wage contracts. Here career development, includ-

ing training and wage bargaining skills, has become very important, and the union is also seen as a way to build professional networks that can be used in the future.

#### 4. Political Clout of Trade Unions

The Danish political system has traditionally been regarded as highly corporatist meaning that trade unions and employers associations had privileged access to influencing, designing and implementing policies that affected their members and the political economy in general (Scheuer 1998). With an encompassing membership base a wide range of policy domains are relevant to unions.

The unfettered corporatist influence was challenged in the 1980s when a Conservative-Liberal government decided to pursue monetarist economic policies to curb wage-inflation spirals that had haunted the 1970s. As in other countries, this low-inflation economic regime required wage-moderation. In Denmark this was established through on the one hand a freeze and later abolishment of the cost-of-living adjustment in the 1980s and on the other hand pattern-bargaining around the manufacturing norm from the late 1980s and onwards. The focus should be on the competitiveness of exporting companies and the name of the game was to discipline sheltered industries and the public sector.

Concomitantly, the social partners were slowly losing their grip on policy-making. Traditionally, major reforms of labour market policies and the welfare state would entail establishment of commissions that made proposals to governments that would readily pass them with parliament. On these commissions, unions and employers associations were self-evident members. However, from the 1980s and onwards, access to commissions was made more open and the recommendations were not automatically passed by parliament. This does not mean that social partners were completely side-lined but it meant a comparative loss of influence from a once privileged situation. Instrumental to retaining influence was – and still is – the union administered unemployment funds which make unions a natural player in labour market policies. However, this has not stopped governments from passing reforms in direct opposition to union recommendations. Commissions nowadays are appointed by governments and typically will consist of a majority of civil servants and external experts, while representatives of social partners constitute a minority.

For the LO-unions developments were particularly significant. In the 1980s, they had to accept the low-wage economic regime under the headline of saving jobs. This meant that their chief battle force, wage bargaining, had been circumscribed. In 1987, unions together with employers signed the »Common Declaration« with a vow to keep labour costs in line with foreign competitors. The compensation was the aforementioned pension schemes built into collective agreements. 1987 was a symbolic turning point for unions that had accepted that there was a new game in town in which they had to play along the agenda of the international economy rather than the domestic power relations. As such, the 1980s gave signs of strategic challenge in redefining union priorities for the 1990s and 2000s. Two key questions had to be answered: 1) How to create good jobs in times of fierce international competition and tight public budgets, and 2) How to defend and develop the Danish welfare state. The threat of outsourcing and global competition had become evident in the late 1980s and 1990s as low skilled manufacturing jobs left the country – an early example being the textile and garment industry. While in some countries, unions had called for better job protection measures, unions in Denmark preferred continuous vocational training either through the public vocational training system – AMU – or through employer financed initiatives. Indeed, the later education foundations of 2007 can be seen in this light. Education and creation of sustainable jobs were the chief responses to globalisation and continuous job creation. In the early 1990s, the incoming Social Democratic government headed by Prime Minister, Poul Nyrup Rasmussen, embarked on a reform of the active labour market policies to reinvigorate the labour market. Activation alongside training were seen as the key tools for success and together with high unemployment benefits and relative ease of hiring and firing, the so called flexicurity model was in effect. The policies of flexicurity to some extent survived during the subsequent Liberal-Conservative government, headed by Prime Minister, Anders Fogh Rasmussen, however with the notable reforms of the unemployment benefit system. On a few occasions, the interests of trade unions were marginalised. The first incident came in 2002 when the law on cross-occupational unemployment benefit funds was passed (see above). The second incident came in 2004 when labour market policies were decentralised to the municipal level contrary to union arguments that this would mean a fragmented approach to unemployment. And the third incident came in 2010 when the

government passed a law that halved the duration of unemployment benefits to two years and capped the tax exemption for union fees. The latter element was seen as a direct confrontation by the government as it was argued to help the »yellow unions« to recruit members from the traditional and more expensive unions.

In 2011, the LO-unions rallied behind the Social Democratic contender in the general elections and they were heavily involved in the write-up of a policy document on how a new government would restore the Danish economy. A crucial element in this document was tripartite discussions on working time as a way of improving Danish competitiveness. The government did indeed change to a Social Democratic one but with a weak mandate. The current government has had to implement some of its predecessor's reductions in unemployment benefits duration much to the dissatisfaction of the traditional union movement. More serious, however, was the failure in the early summer 2012 to conclude any agreements in the tripartite negotiations between LO, FTF, AC on the union side and DA, FA, SALA on the employer side. Crucially, unions were afraid of how their constituencies would react to an increase in the weekly working time. Evidently, this has been a severe blow to the union movement as it did not deliver when it mattered (regardless of the complex negotiations that led to the breakdown). As a consequence, unions now are in somewhat of a limbo as to whether they can again act coordinated vis-à-vis the political parties. Moreover, the renewed alliance between LO and the Social Democratic government did not bring about a revival of tripartism – at least not so far.

In a comprehensive analysis of corporatism in Denmark since the 1990s, Mailand (2008) concludes that the influence of social partners on activation policies, continuous vocational training and work-life balance is still strong. Actually, the social partners have increased their influence slightly on continuous vocational training. However, the influence is less on policy-formulation, i. e. the design of regulation and more during policy-implementation. Moreover, as noted above, due to social chapters on pension, continuous vocational training and parental leave in collective agreements, there is a growing overlap between welfare policies and collective bargaining which *ceteris paribus* has strengthened the political clout of unions. Taken together with the developments depicted above, corporatism in Denmark has become more complex with social partners heavily involved in

financing and delivering policies while the same policies might not have been decided with the agreement of social partners.

Turning to the European level, Danish unions have been very active in promoting and defending their interests. There are three main interests domains in which Danish unions have been particularly involved. Firstly, unions are engaged in the policy processes around EU-directives. In general, Danish unions have been active in influencing the processes and outcomes often with the aim of preserving the Danish way of regulating terms and conditions of employment through collective agreements. This has sometimes given Danish unions a reputation of being reactive towards the EU, largely focusing on »damage control« of whatever Europe would come up with (Mailand & Larsen 2011). Often, there has been a legitimate concern that directives would either undercut what Danish workers already had or that market-creating court rulings would undermine collective agreements.

Regarding the latter, the Service and Posted Worker Directives together with the European Court of Justice Laval ruling have been particularly problematic. Danish unions are afraid that free movement of workers will threaten the collectively agreed wages as non-covered workers enter the Danish labour market. The Laval ruling was seen as a threat to systems where no statutory minimum wage exists. Indeed, the issue of posting and services in Europe has rekindled activism on the part of Danish unions as they have realised that in order to be influential they need to be more proactive (Arnholtz 2012)

Secondly, Danish unions have been involved in the European employment strategy – both the discussions at European level and the write-up of national action programmes linked to the open method of coordination. Denmark's position has been rather special as it was – at least until the financial crisis – considered as a role model due to the flexicurity model. This has the side-effect that policy recommendations from the EU were seldom difficult to follow as they were already in effect in Denmark. Contrary to unions in other countries, Danish unions are seldom in opposition to the EU on employment policies (Mailand & Larsen 2011).

Thirdly, Danish unions are coordinating formally and informally with their colleagues in other European countries. There is great diversity across industries as to how

involved domestic union officials are. In the metalworking industry, strong ties exist especially with neighbouring countries such as Sweden, Norway, Finland and Germany. This ranges from informal coordination of bargaining demands to more formal coordination on sector social dialogue at the European level. More often than not, however, exchange of information across borders is used to know what is going on around Europe. At the company level, the involvement in European Works Councils appears to be a disappointment of Danish shop stewards who are used to high involvement and cooperation with domestic managers.

## 5. Prospects For the Coming Years

Danish unions are facing various challenges to retain the voluntarist industrial relations model. For some decades the challenges were external that is, international due to European integration and globalisation of capital and product markets. However, in the recent 10–15 years, internal challenges are appearing which perhaps in more fundamental ways threaten the coherency of the voluntarist Danish model. Two main challenges along the external and internal division can be identified.

The first challenge comes from declining membership. This is a fundamental threat to unions on both the organisational and political dimensions. Organisationally, the reduction in membership dues has spurred major restructuring in terms of staffing and administrative units. Especially, 3F and HK – the two major general unions – have had to cut staff but the need is general. Parallel to manpower reductions, local union branches are being merged to cut costs – sometimes with redundancies or early retirements as a consequence. Some unions have had major rounds of redundancies while others have chosen a more gradual approach. Also, LO has had to reduce staff on a couple of occasions.

As a corollary, unions are considering mergers to make their organisation leaner. Merging has the positive side-effect of matching the employer side which has also created larger organisations, but the counter argument is that members will feel more alienated. Evidence suggests that mergers are counter-productive to organising workers unless the cost reductions are translated into lower membership fees (Ibsen et al. 2011). Generally, the LO-unions have been in a long structural discussion for decades now.

Table 4: LO-unions and cartels

General unions (Teknik is only potential)	Occupational unions		Searching unions	
<ul style="list-style-type: none"> <li>– 3F</li> <li>– HK</li> <li>– FOA</li> <li>– Teknik (Dansk Metal, El-forbundet, Blik og Rør, Teknisk Landsforbund)</li> </ul>	<ul style="list-style-type: none"> <li>– SL (care takers)</li> <li>– HKKF (army officers)</li> <li>– Fængselsforbundet (prison guards)</li> <li>– Artistsforbundet (artists)</li> <li>– Spillerforeningen (football players)</li> <li>– Håndbold (handball players)</li> </ul>		<ul style="list-style-type: none"> <li>– Fødevareforbundet (food processing)</li> <li>– Serviceforbundet (services)</li> <li>– Malerforbundet (painters)</li> <li>– Jernbaneforbundet (railroad)</li> <li>– Frisør og Kosmetikerforbundet (hairdressers and cosmeticians)</li> </ul>	
Bargaining Cartel		Cooperation Cartel		
<ul style="list-style-type: none"> <li>– CO-industri (manufacturing)</li> <li>– 306.000 members</li> </ul>	<ul style="list-style-type: none"> <li>– Offentligt Ansatte Organisationers (public sector)</li> <li>– 434.000 members</li> </ul>	<ul style="list-style-type: none"> <li>– Grafisk Industri og Medie Kartel (visual and written media)</li> <li>– 30.000 members</li> </ul>	<ul style="list-style-type: none"> <li>– Handelskartellet (commerce)</li> <li>– 82.000 members</li> </ul>	<ul style="list-style-type: none"> <li>– Bygge- Anlægs- og Trækartellet (construction)</li> <li>– 138.000 members</li> </ul>

Source: Adapted from Due & Madsen 2011.

Table 4 above shows how the structure of LO is at the moment of writing. The most likely development is a general union consisting of technical occupations, i.e. skilled workers (in the table called »Teknik«). However, the searching unions in the right hand column might also try to merge. Food processing and the painters could be merged with 3F while *Serviceforbundet* and *Frisør- og Kosmetikerforbundet* could be merged with HK. *Jernbaneforbundet* could either go to *Teknik* or to 3F. It is less obvious where the occupational unions would go as they are highly specialised and thrive from being small and specific. Actually, the painters seem to follow the same logic and rejected a merger bid from 3F in 2010 and hairdressers and cosmeticians might do the same. For now, the fundamental transformation of LO into three or five industrial unions is shelved and there are no signs that it will materialise in the near future.

More fundamentally, declining membership is threatening the representativeness and thus legitimacy of traditional unions vis-à-vis employers in the collective bargaining arena and vis-à-vis politicians. Concerning the former, as already noted above, collective bargaining coverage is still relatively high owing to the fact that employers are well organised in employer associations. The question for the future, however, is whether employers will continue to opt for collective agreements through employer associations if the workplace unionisation is weak or non-existing. Already we are seeing signs that independent employers to a lesser extent are willing to sign collective agreements and there have been prominent examples of individual employers breaking free of

collective agreements with the traditional unions – either to sign cheaper agreements with »yellow« unions or to become agreement-free. This strategy is obviously more feasible at workplaces with few union members. While still only happening on a very small scale, proliferation would lead to dualisation of the workforce into a protected core and an unprotected periphery as supposedly seen in for example Germany. Similarly, local bargaining power of shop stewards can suffer from membership decline which is especially problematic given the decentralisation of wage and working time to the workplace level. Without a clear mandate by the workforce, shop stewards will have a hard time negotiating favourable deals to their constituency. As more and more workers are either non-members or members of »yellow« unions solidarity might be crumbling and we are already seeing signs of coordination problems between competing worker constituencies (Navrbjerg & Larsen 2011). A fundamental prerequisite for decentralisation is strong shop steward systems which in turn rest on membership.

Finally, the political clout of traditional unions – especially LO-unions – is suffering from problems of legitimacy. »Yellow« unions have been quick to claim their rightful access to political decision making processes, even though they are not normally party to collective agreements. So far, the political parties have rejected such claims arguing that the lack of collective agreements is a barrier for getting political influence. However, there might be a tipping point at which politicians can no longer neglect the alternative unions and unemployment benefit funds. The recent failure of traditional

unions to reach a tripartite agreement only fuels concerns that unions are no longer able to act concertedly in major policy exchanges. If this is the case, the appeal to work with unions will wane.

Unions have been rather slow to react to the declining membership which became apparent at the beginning of the new millennium. Revitalisation strategies have sometimes looked like a patch-work of the servicing model, organising model, and media campaigns. The LO-unions opted for individual strategies at either federate or branch level, the argument being that the structure of collective bargaining should guide organising efforts. This means that the LO-confederation plays a minor role in organising while the union federations and their branches reign supreme. A handful of them have imported the UK-inspired organising model with a strong workplace and activist focus. The future of these initiatives will depend on their internal political support and their success in organising members. Reduction in membership fees has not so far been used to a large extent, but with major restructuring processes enacted, union officials seem to be willing to consider this option. It is unrealistic that traditional unions will be able to compete with »yellow« unions but they might be able to cut the costs for the dual membership package, i. e. unemployment insurance + union membership, to reduce the incentive for exits sufficiently.

The second challenge comes from European integration, that is, from the interrelated issues of EU regulation and European labour migration. As noted above, the initial concern for Danish unions was how to implement EU directives while maintaining the principle of labour market regulation through collective agreements. This was solved with direct implementation of EU-directives through collective bargaining and with follow-up legislation for non-covered workers. More problematic, however, was the EU-enlargement and prospects of labour migration of workers willing to work for wages below the standard rates of Danish collective agreements. Den-

mark in accordance with EU regulation implemented a transition regime during 2004–2009 for opening her labour market – much on the request of unions. However, once this period was over the fears of social dumping were largely a reality. Especially in construction but also in agriculture, transportation, cleaning and other private services, workers from the new member states in general are paid significantly below standard rates. As there is no statutory minimum wage, the only mechanism to enforce the standard rate is through signing and monitoring the collective agreements. This has proved very difficult for unions with many transitory companies operating in Denmark only to leave soon after completion. Similarly, many migrant workers operate under the radar of unions. The Laval-ruling by the ECJ on the basis of the Posted Worker Directive moreover complicated the work for unions as it stated that industrial action could only be lawful against foreign companies if they were in breach with the national standard rate. However, the Danish unions argued that the standard rate was actually much higher than what the collective agreement at industry level stipulated due to local wage bargaining. As such, the standard rate would be in dispute. Moreover, many of the other provisions in collective agreements would not apply. Therefore, a special law was passed with significant contributions of the social partners to ensure that the right to industrial action would be ensured on the basis of stipulations in industry level collective agreements. This did not ensure full parity between posted workers and domestic workers but it ensured the possibility of industrial action to bring the former at par with the minimum wage standards of collective agreements. In the bargaining round of 2010, the focus was on improving monitoring and enforcement procedures to combat social dumping. Unions were largely successful in getting employers on board and measures were decided specific to each industry. The jury is still out whether unions will be capable of controlling the issue of labour migration with the current measures available and the incoming government has committed funds to solving the problems of enforcement.



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### Imprint

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Hiroshimastr. 28 | 10785 Berlin | Germany

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ISBN 978-3-86498-361-0