Introduction
The term “the European refugee crisis” has been used to label various features resulting from a sharp increase since 2014 in the number of asylum-seekers arriving in Europe from, inter alia, Syria, Afghanistan, Iraq and Eritrea. Much attention has been paid to issues such as the dangers involved in the travel of refugees and migrants (hereafter referred to as refugees) to Europe, the inability of the European Union (EU) to deal with the refugees in any united or coherent way, and the member states’ various responses at their individual borders. However, much less attention has been paid to the member states’ attempts to integrate those refugees who have been granted asylum into their labour markets.

Although some EU member states are still struggling with high levels of unemployment resulting from the Great Recession that began in 2008 and other developments, most member states might in the medium- or long-term face labour and/or skill shortages due to ageing of the population. Hence, even though the asylum-seekers without doubt represent a labour market challenge in the short run, they could potentially be assets in the longer run.

Denmark is one of the member states that is likely to face skill shortages in the foreseeable future (AE-Rådet, 2016). But, perhaps unsurprisingly, it has been the short-term challenges rather than the potential long-term benefits from the arrival of the refugees which have influenced the political agenda. The political agenda reflected the way the Danish population reacted. Although there was wide variation in the way that the refugees were welcomed by the Danish population, the share of the population that was concerned about immigration increased a great deal during 2015 and early 2016, and it became the number one issue of concern according to polls (Nielsen, 2016).

In the new liberal minority government’s work programme from June 2015, the government invited the social partners (i.e. trade unions and employers’ organisations) to rare peak-level tripartite negotiations. In this work programme, the refugee issue was not included as an issue for tripartite negotiations. On the agenda for the negotiations instead were issues such as the competitiveness of companies, education, labour migration and the shift of citizens from various forms of transfer income to employment (Regeringen, 2015). However, during the summer and autumn of 2015, the inflow of refugees continued to increase. It peaked in November, when 5 000 people – equal to 0.1 per cent of the Danish population – applied for asylum in Denmark during only one month. For all of 2015 Denmark received 3.7 asylum seekers per 1000 inhabitants, the ninth highest number among the EUs twenty-eight member states (Altinget, 2016). This changed the situation, so that when the...
tripartite negotiations started in February 2016 the refugee issue had side-lined all other issues planned for the negotiations. Now, the refugee issue was pointed to by the government as the “largest current societal challenge” and “a threat to the future of the welfare state” because of the potential burden on public finances. Moreover, the government made an agreement on the issue a prerequisite for any subsequent negotiations on other issues.

But why use tripartite negotiations to address this challenge? What was the outcome of the negotiations, and did the outcome change anything? Below, I will discuss this overall question by addressing three specific research questions: 1) What were the Danish government’s and the social partners’ interests in these negotiations? 2) What was agreed during the negotiations, and did the agreement reflect the Danish model of labour market regulation? 3) What are the expected impacts of the agreement on the refugees’ labour market situation as well as on the Danish labour market model?

However, before these questions are addressed, it is necessary to provide a framework by describing the institutional set-up of Danish labour market regulation and the situation of non-western migrants in the Danish labour market.

**Institutional Set-up of Labour Market Regulation and the Situation of Non-Western Migrants**

The Danish labour market model is characterised by limited labour legislation and comparatively strong trade unions and employers’ organisations which establish regulation of wages and working conditions (and some social benefits) through collective bargaining. The collective agreements cover more than three-quarters of employees, including the large public sector (Due and Madsen, 2006; DA, 2015). Although decentralisation of collective bargaining to sector and company level has been seen in Denmark too, it has been in the form of “organised decentralisation” and not the neo-liberal near-dismantling of collective bargaining models as seen in a number of Anglo-Saxon countries (Traxler, 1995; Visser, 2016). Moreover, the label “flexicurity” has commonly been used to describe the context of Danish labour, because of a presumed balance between low job protection, a high level of social security and extensive active labour market policies (ALMP), which has created a labour market with high levels of job creation and mobility (Madsen, 2005).

Because of the flexicurity model and other labour market features, Denmark has been seen as a role model – at least until the Great Recession caused a more than doubling of the unemployment level. However, the Danish model’s ability to include non-western refugees, immigrants and their descendants (hereafter “non-western immigrants”) has never been among its strong points. Nevertheless, a long period of near-uninterrupted economic growth from the mid-1990s until the Great Recession increased employment rates among the non-western population even more than among other groups (Mailand, 2011). Still, a Eurostat report with figures from 2008 – that is before the employment rates of non-western immigrants stared to decline in Denmark – showed that in EU-27 Denmark had the largest employment gap (16 percentage points) between “non-nationals and nationals” (Eurostat, 2010). The employment gap between non-western immigrants and other

---

1 ALMPs in Denmark include several human capital features. Although workfare-inspired elements such as make-work pay policies have gained more weight in ALMP in recent years, it would be wrong to describe the policy as neo-liberal.
groups has increased since the Great Recession, illustrating that non-western immigrants in Denmark – as in many other European countries – have a more peripheral position in the labour market than the working-age population on average.

With regard to immigrants’ access to the country, a detailed description of this is beyond the scope of the present article. Briefly, however, during the last fifteen to twenty years Denmark has shifted its policies from being relatively open to being one of the most closed countries in Europe. This is especially the case regarding family reunifications (Liversage and Rytter, 2014). Further tightening has taken place during the last three years, the latest being a government decision in September 2016 not to receive any more UN quota refugees.

A number of possible explanations can be raised for the weak inclusion of non-western immigrants in the Danish labour market. These explanations focus on features related to the immigrants themselves, the companies, the education system, and the labour market and immigration regulation systems.

First, although they have had several positive effects, the comparatively high minimum wages across sectors are nevertheless a barrier to everyone with a low qualification level, because the high minimum wages make employers more demanding with regard to the employees’ skill-level and productivity (Tranæs, 2006). Since non-western immigrants in Denmark on average have lower qualifications than other groups, they are more exposed to this barrier.

Second, it is difficult for immigrants with higher education levels to get access to jobs with adequate pay. That might be because the specific competences obtained through their education are not relevant in a Danish context, or because employers may not understand the content of the education, or because of an a priori lack of openness towards foreign degrees (Gorinas and Jakobsen, 2015).

Third, the lower average qualification level is in itself a barrier to employment, although the non-western immigrants’ education achievements – especially those of girls and women – have been closing in on those of ethnic Danes (Hvidtfeld and Schultz-Nielsen, 2008; Cevea, 2016).

Fourth, Danish immigration policy might have included an indirect barrier affecting the employment rates of non-western immigrants: Labour migrants in general show higher employment rates than refugees and family-reunified migrants, basically because employment is a stronger driver behind the migration of this group than the other two groups. But for long periods since the mid-1970s, Danish immigration legislation has blocked the entrance of labour migrants, but not blocked the entrance of refugees and family-reunified migrants (Tranæs, 2012).

Fifth, various forms of direct and indirect ethnic discrimination are not an unknown phenomenon in Denmark, both in the educational system and at the workplace (Slot, 2011; Jensen, 2011). With the immigration-sceptical Danish Peoples Party growing to become the second biggest party in Parliament, and with most other Danish political parties getting increasingly immigration-sceptical too, one would expect increasing tensions at workplace level between ethnic Danes and non-ethnic Danes. However, the only known large-scale empirical analysis has pointed in the opposite direction. In 1999, 47 percent of employees were positive towards recruitment of immigrants in their workplaces. In 2007, this share had increased to 83 per cent (Miller et al., 2007). In the meantime, interestingly, immigration scepticism in the population as a whole and in the Danish Peoples Party share of voters had increased substantially – but so had the share of ethnic Danes having non-ethnic Danes as colleagues. The more open attitude at the workplace has been explained by positive experiences with new colleagues of non-Danish origin (Miller et al., 2007).
Unfortunately, the survey has not been repeated in the same form, and newer surveys have not been conducted.

Sixth, the non-western immigrants have, since the Eastern enlargements of EU in the 2000s, gradually faced stronger and stronger competition from labour migrants from Eastern Europe; they tend to have comparatively higher qualifications and flexibility, and – in some cases – lower wage demands (Andersen & Felbo-Kolding, 2013). It is especially in cleaning, hotel and catering work that a large number of the non-western immigrants face competition from the “new” labour migrants.

Seventh, the ALMP for non-western migrants has not been very successful so far. A recent large-scale quantitative analysis of the activation measures in municipalities found that a large share of the refugees that find jobs within the first three years of their stay in Denmark do it at an early stage of their stay and find it themselves; only few are helped into employment by the various activation measures they take part in (Arendt et al., 2016).

Eighth, although it is difficult to say how much it has impacted on the employment rate of immigrants, it is relevant to mention the Danish trade union movement’s approach to immigration. Most attention by far has been paid to various forms of labour from Central and Eastern Europe, which the trade unions welcome if migrants work according to Danish levels of wages and conditions. In this regard the trade unions have had some success in formulating policies against “social dumping”, both unilaterally and with the employers, as well as in getting the issue onto the political agenda (Arnholtz and Andersen 2013). Regarding non-western immigrants, including refugees and non-European work migrants, the trade unions have been much less outspoken about access to Denmark. They have taken some steps in order to enlarge their membership base among the immigrant population and they have participated in ALMP projects targeted immigrants, but less often initiated them. The trade union movement’s approach to immigrants could be described as an “equal treatment” approach, where non-discrimination is the leading star, but where not much action is taking place (Mht-consult, 2004; Mailand, 2011). More proactive policies such as diversity management are not employed, contrary to the situation in the British trade unions (Greene, Kirton and Wrench, 2004).

The 2016 Tripartite Negotiations2

Although the social partners play an important role in formulating labour market regulation in Denmark, the role more often takes the form of bipartite (self-)regulation than tripartite negotiations involving the government. Tripartite negotiations do take place in relation to specific issues related to the labour market (such as ALMP and further training), but tripartite negotiations on more than one issue at a time are rare. The latest examples of negotiations of this broad type are from 1987 and 2012 – and in 2012 the negotiations failed (Mailand, 2015). That the leader of the opposition was invited to participate in the tripartite negotiations in May 2015 towards the end of his electoral campaign (in case he won the general election) can be explained by two factors. First, he could foresee that his government would be of the weak minority type and therefore could need support from extra-parliamentary forces and he wanted to demonstrate his ability to do what the social partners want.

2 Where nothing else is stated, the sources for the analysis in this section are interviews with key negotiators conducted shortly before the negotiations process started and telephone interviews with some of the same negotiators conducted during the negotiation process.
Democratic government had failed to do in 2012 – reach a broad agreement with the trade unions. Second, the increasing number of asylum seekers would be impossible for the government to integrate in the labour market without help from the social partners.

Contrary to previous broad tripartite negotiations, the negotiations were divided into phases related to the different issues. The government dictated that the refugee issue should be the only issue on the agenda for the first round and made an agreement on this issue a prerequisite for any further negotiations.

All three parties had procedural interests as well as substantive interests in the first phase of the negotiations. For the government, it would be a major political victory to accomplish what the previous government could not: a tripartite agreement on an issue of great societal importance. Regarding the substantive interests, the government needed – in their own understanding – the social partners’ help to employ the refugees in order avoid large cuts in welfare or increases in taxes.

The trade unions too had strong interests in the negotiations. After their power base had weakened somewhat in recent years and after the failed 2012 negotiation, they needed to show that they were still a relevant actor when major societal challenges were addressed. Moreover, they needed an agreement to get to the next phases of the tripartite negotiations, which were expected to include their priority issues. Regarding their substantive interests, their main interest in the first round of negotiations was defensive: to avoid an agreement that would replace trade union members’ jobs with jobs for refugees – or that would provide the refugees with assistance and benefits above the level that the trade unions’ unemployed members could expect.

The employers’ organisations had the least to lose and were – in line with tradition – the least enthusiastic about entering tripartite negotiations. Regarding their procedural interests, they could, just as the trade unions, use an agreement to show their societal relevance (by trying to solve a major challenge to society), but they needed this less than the trade unions. Regarding the substantive interests, the employers had a defensive interest in avoiding burdens being put on their companies. However, there were potential benefits for employers if a solution was found that reduced wage levels for some groups of refugees and immigrants.

The division of the negotiations into separate phases and the prerequisite of a refugee agreement put pressure on the social partners to reach an agreement, if they wanted to discuss anything other than refugees. This pressure was especially felt by the trade unions, who were very eager to discuss education, labour migration and other issues with the government and the employers.

The tripartite negotiations started in mid-February 2016, but preparation started several months before. Important in this phase was a discussion about the possibility of allowing newcomers in the labour market a lower wage for at least a period, a so-called “introductory pay” (indslusningsløn), so as to overcome the above-mentioned barrier of high collectively agreed minimum-wages. Introductory pay had been discussed before, also in relation to other target groups than refugees, but the initiatives have never materialised due to resistance from, especially, the trade unions. This time the proponents of introductory pay – mostly labour economists, the largest refugee NGO Dansk Flygtningehjælp, right and centre-right politicians and some employers’ organisations – were met with flaming resistance. However, it was only when the Confederation of Danish Employers (DA) and the largest trade union confederation, the Danish Confederation of Trade Unions (LO), in a joint letter refused the entrance wage, that the debate cooled off somewhat. This was likely because the proponents could see that introductory pay in a pure form was not realistic with the dominant...
labour market organisations being against it. The agreement of these two dominant social partner organisations was process-related: Wages were not an issue for tripartite negotiation and subsequent legislation, but for bipartite collective bargaining. Moreover, and related to the content, LO’s resistance was also grounded in the fear of replacement of those already employed. One of the two large general workers’ member unions added that they were never going to sign a tripartite agreement including introductory pay.

Apart from the government and the social partners, the negotiations also included the organisations Danish Regions and Local Government Denmark (KL) – the latter responsible for accommodation and integration of refugees as well as for the activation policies delivered through the job centres. Very little time was allowed for the negotiations. An agreement was expected at Easter. The terms of reference stated that in 2015 alone 25 000 refugees were expected, and more were expected to arrive in the following years. Moreover, the terms of reference stated that in general the efforts to integrate refugees had not been successful previously.

Three themes were lined up for the negotiations: (1) “A closer focus on employment in integration initiatives”, focusing on language-related initiatives and the role of the public authorities in employment initiatives; (2) “Better opportunities for companies to employ refugees”; and (3) “Simpler and more flexible initiatives targeting companies”, which basically was about reducing administrative burdens and other limitations for the companies’ involvement in the activation policies (Beskæftigelses ministeriet 2016a). Despite the tight deadline, an agreement was reached at Easter. The negotiations were difficult, and it was especially difficult for the trade unions to establish the necessary intra-organisational consensus on the second theme, because the low-skilled unions feared that some of their employed members would be replaced by refugees.

The agreement included no less than thirty-two initiatives, all connected to the first two themes of the terms of reference. The most important of these could be said to be: 1) better assessment of the refugees’ competences, 2) an a priori expectation that the refugees are ready to work (unless the assessment of competences shows otherwise), 3) more vocational focus in the Danish language courses for refugees and immigrants (including the possibility that courses take place at workplaces), and 4) a new “basic education for integration” (integrationsgrunduddannelse, IGU).

The third theme of the terms of reference never materialised in any agreement due to disagreements between the employers and the trade unions, but attempts were made until the last day of the negotiation process.

The IGU was the core of the agreement. The initiative was agreed between LO and DA, with the other actors waiting on the sidelines. IGU is a combination of work and education/language courses that could take a maximum of two years. The eligible group consists of refugees 18–40 years old. They will be paid a student allowance for the twenty weeks on education/language courses, and wages according to the collective agreements’ rates for trainees, the “vocational basic education” (erhvervsgrunduddannelserne, EGU)3, on which the IGU was modelled. The wage rates for trainees vary between the collective agreements. The companies that hire IGU trainees will receive a bonus of approximately 2 700 euros per trainee when the IGU is initiated and another 2 700 euros when it is completed. Importantly, the IGU will not be the only measure in the Danish activation policies that could be used to support the refugees’ labour market integration. It is a supplement to existing

---

3 The EGU is a special type of vocational education with longer periods at an employer and shorter periods at school, compared to the standard dual vocational education.
measures (Beskæftigelsesministeriet, 2016b).

The IGU is obviously a compromise between interests – and a compromise that was painful especially for some of LO’s member organisations to accept. For LO it was a key concern to avoid the inclusion of an entrance wage in the agreement. By limiting the IGU to two years, making it a temporary arrangement for three years, limiting it to “young people”, modelling it on vocational education and including a period of education, the “entrance wage” as a permanent solution was avoided. Moreover, by modelling IGU on – and embedding it in – the collective agreements, the self-governance principle of the social partners was respected and the critique of social dumping was reduced. Still, against their will, LO had to accept that the education part of the IGU is only twenty weeks out of 104 weeks, and that refugees up to 40 years were included, whereas the EGU includes twenty to forty weeks of education and is only for young people up to the age of 30 (Ministeriet for Børn, Undervisning og Ligestilling 2016). The biggest challenge for LO’s intra-organisational support, however, was that the trainee wage rates in some of the sector- and occupational-based collective agreements were very low – down to around 50 per cent of the normal wage for the job. Hence, the IGU in the low-wage sector was especially vulnerable to the critique of wage dumping, and the Secretary General of one of the two large Danish workers’ unions, FOA, would not support the agreement. Although there was criticism by other trade unions as well, FOA was the only one of LO’s member organisations that did not support it at the end of the process; the vast majority supported the agreement. Regarding the employers, they avoided any compulsory agreement and any quantitative target that would facilitate naming and shaming in case of limited use of the IGU. Moreover, like the trade unions, they avoided initiatives that could be used as a Trojan horse to undermine the social partners’ self-governing rights regarding wage-setting. Moreover, they got an opportunity for low-paid labour, at least temporarily.

**Conclusion and Future Prospects**

Returning to the research questions, it can be concluded that the actors’ procedural interests in the tripartite negotiations showed substantial overlap, while the substantive interest differed to a greater extent. The effects of differences in the substantive interests were reduced because the government used the “bait” of other negotiation rounds on issues that the trade unions were especially interested in. This facilitated the negotiation process.

Although the broad tripartite negotiations in Denmark as described are rare, the agreement still reflects the Danish labour market model. This was so, firstly, because the core of it – the IGU – was negotiated between the DA and the LO, and only afterwards approved by the other social partner organisations and the government. Secondly, it was modelled on an education scheme found in the collective agreements. And thirdly, no companies were forced to take part in the IGU, but were granted a bonus if they did. This is in line with the Danish “voluntarist” tradition of ALMP, where carrots rather than sticks are used to engage employers.

The use of carrots rather than sticks raises the question of whether the employers had an appetite for taking the carrot. This is not certain. Hence, the question is if the IGU will be used extensively and – in combination with existing measures and the other thirty-one initiatives of the tripartite agreement – if it will make an important difference. If not, the IGU and the rest of the tripartite agreement might be classified as a “much ado about nothing” agreement. At the time of writing (November 2016), it is too early to evaluate, but the take-up at this early stage is very limited.
(Frandsen, 2016). Regarding the impact on the Danish labour market model, the use of the IGU has to be very extensive if it is going to influence the wage level – and hence the Danish labour market model – in more than very restricted areas.

What is safe to conclude is that the number of refugees coming to Denmark declined in 2016. The number of new refugees that the municipalities are expected to find accommodation for was in August 2016 reduced from 17 000 to 7 500 (Dagbladet Information, 2016). Whether this drop is influenced by the tightening of Danish immigration policies or not, the development is in line with the overall drop in the inflow of refugees to Europe. Still, the labour market integration of the refugees who have already arrived and those that are expected to come will still represent a challenge to the Danish labour market model and its actors.

REFERENCES

København: Gyldendal.


**BIOGRAPHICAL NOTE**

MIKKEL MAILAND is Head of Research and Associate Professor at the Employment Relations Research Center (FAOS), Department of Sociology, University of Copenhagen. His present research interests cover neo-corporatism/tripartism, non-standard employment, EU-level labour market regulation and public sector industrial relations. [Email: mm@faos.dk]