



## **Jobs and Growth**

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### **'Jobs and Growth' - what to learn from the Danish flexicurity-experiences**

- Denmark has become a poster-child for how to adapt to globalisation. And also for the discussion around flexibility and security, Our flexicurity model has ensured high levels of employment and labour market participation, low unemployment; and one of the most competitive economies in the world. It is therefore sometimes seen as the bumble-bee that shouldn't be able to fly, but still flies with speed and strength. So I have been asked to share some of our experiences - particularly from the perspective of workers.

### **Danish mobility due to workers' abilities to take on new tasks**

- The flexibility of the Danish labour market is often used to explain the mobility and adaptivity of our workforce and the dynamism of our economy. But it is not the rules on hiring and firing that makes Danish workers more mobile. It is the ability they have to look for new, better jobs.
  - According to the OECD's own measures, the Danish labour market is less liberal than the Anglo-Saxon ones and only relatively more liberal than most countries in continental Europe.
  - There are other areas where the Danish model stands further out from the rest of the OECD. And they are the ones that make the difference (economic security, education and competencies, and active labour market policies).
- The mobility and adaptation of Danish workers is based on three things:
  - 1) the economic security to take risks,
  - 2) a high educational level plus continuous training and life-long learning,
  - 3) active labour market policies.
- High levels of unemployment benefits mean that workers are not afraid of losing their jobs for a short period. Education and training means that workers know that they can get the new jobs that are created in our economy. And active labour market policies mean that people stay unemployed for as short a period as possible and don't lose their skills while they are unemployed.

- It is the high investments in these three areas that make Denmark differ from other OECD-countries.
  - Indeed, as a share of GDP, Denmark for example spends almost 3 times as much as the EU-average on active labour market policies. And per unemployed person, we spend 5-6 times on active labour market policies as much as a country like the UK.
- So while flexicurity often becomes a discussion between only flexibility and security, our experience is that it is the focus on training, life-long learning and active labour market policies that makes the real difference.

### **Developed in cooperation and trust between the social partners**

- But maybe the most important thing is that the Danish model has been developed in a tripartite way, between workers, employers and changing governments. Almost no legislation, -but based on agreements between employers' organisations and trade unions. Very high level of trust as the foundation. And of course very high rates of unionisation and employer organisation as the basis for this.
  - This also means that it is the social partners that are the stable component in the model, which ensure the continuity. Both workers and employers know that a new government will not change things - to either of their advantage:
- This trust and cooperation is what gives Denmark its main competitive advantage!

### **Workers embracing globalisation and taking responsibility for globalisation strategies**

- There are 2 important consequences of this involvement of the social partners:
  - 1) Workers embrace globalisation because they feel that they are in control.
  - 2) Workers take responsibility for ensuring that they and the Danish economy is always ready for globalisation because they know that it gives them opportunities and in the long run is what they win from.

I can illustrate both things:

- Danish workers are rated as the most optimistic workers in the world when it comes to globalisation. And the Danish trade unions have deliberately chosen to see globalisation as something positive rather than something negative; something that gives opportunities rather than limitations.
- Danish trade unions often prioritise funds for training and life-long learning instead of core wage increases. This was the case in the last round of collective bargaining in the private sector, where we secured an individual training-fund for every worker.

## **What can the rest of the world learn from the Danish experiences?**

- So the question is what the rest of the world can learn from the Danish experiences? Well, these are some of the things:
- To face 'change' head on rather than to try to hide away from it. To be offensive rather than defensive.
- To not focus too much on the rules that should ensure mobility, but more on the ability for people to move. To create incentives rather than take away rights and protection. And therefore not to focus too much on liberalising labour markets.
- To not think that governments should design everything, but rather to leave much of this to the social partners themselves. They are the ones who will have to live with the rules and regulation, and should therefore have most influence on them.
- To encourage the strength and autonomy of the social partners. To make sure that they can lift the responsibilities. Therefore, to create the right framework for employers' and workers' organisations to organise and to grow.
- To remember that every country has its own characteristic. And therefore, that no country can fully copy the model of another country, but should rather develop its own model according to its own context. But of course also that inspiration always helps when doing this.