

CEDEFOP

Final Draft

SOCIAL DIALOGUE ON VET (Vocational Education and Training)

Denmark

November 1999

Human Resources Development

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Abbreviations

| | |
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| AC | Danish Confederation of Professional Associations |
| AER | The Collective Employer Fund |
| AF | Public Employment Service (Arbejdsformidlingen) |
| AMS | Danish Labour Market Authority (Arbejdsmarkeds Styrelsen) |
| AMU | Labour Market Training Courses (Arbejdsmarkedsuddannelser) |
| ATB | Job Offer Scheme (Arbejdstilbud) |
| BFU | Paid Leave for Education (Betalt frihed til uddannelse) |
| CEDEFOP | European Centre for the Development of Vocational Training |
| CO Metal | Central Organisation of Metalworkers in Denmark |
| CTC | Continual Vocational Training Committee (Efteruddannelsesudvalg) |
| CVT | Continuing Vocational Training |
| DA | Danish Employers Confederation (Dansk Arbejdsgiverforening) |
| DEL | Danish Institute for Educational Training of Vocational Teachers (Danmarks Erhvervspædagogiske Læreruddannelse) |
| DI | The Confederation of Danish Industries |
| DKK | Danish Kroner |
| DS&MF | Danish National Union of Smiths and Fitters (Dansk Smede og Maskinarbejder Forbund) |
| ECU | European Currency Unit |
| EGU | Basic Vocational Training (Erhvervsfaglig grunduddannelse) |
| EU | The European Union |
| EUR | The Council for Vocational Training (Erhvervsuddannelsesrådet) |
| EUD | Vocational Youth Training |
| FTF | Confederation of Salaried Employees and Civil Servants |
| GDP | Gross Domestic Product |
| HK | Union of Commercial and Clerical Employees in Denmark |
| IDV | Courses funded by Tuition Fees (Individuelle kurser) |
| ILO | International Labour Organisation |
| IVT | Initial Vocational Training |
| KAD | The Women Workers' Union in Denmark (Kvindeligt Arbejderforbund) |
| LO | Danish Confederation of Trade Unions (Landsorganisationen i Danmark) |
| OECD | Organisation for Economic Co-operation and Development |
| RAR | Regional Labour Market Council (Landsarbejdsrådet) |
| SD | Social Democratic Party |
| SiD | General Workers' Union in Denmark (Specialarbejderforbundet i Danmark) |
| TC | Trade Committee (Fagligt udvalg) |
| VET | Vocational Education and Training |
| VEUD | Adult Vocational Training (Voksenerhvervsuddannelse) |
| VTP | Enterprise-adapted Courses (Virksomhedstilpassede kurser) |
| VTU | Further Technical Training Courses (Videregående træning og uddannelse) |
| VUC | Adult Education Centre (Voksenuddannelsescentre) |
| VUS | Educational Support for Adults (Voksenuddannelsesstøtte) |

Preface

Representatives of the two main organisations of the Danish labour market, LO and DA, as well as representatives of the Ministry of Labour and the Ministry of Education and key persons with specific insight into the Danish VET system have supplied important inspiration and input for this report. At the very outset of the task, through discussion of the overall set-up and specific comments to the questionnaire, and after completion of the second draft of the report through valuable discussion, comments, and proposals for clarifications.

Also, the secretariats of the trade committees and the vocational training committees have contributed significantly to the report, two thirds of these committees returning the questionnaires we sent out, meticulously filled in.

And, finally, the CEDEFOP secretariat has been an important co-operation partner in the process of reporting, giving highly valuable comments both to the first and second draft reports, and inspiring the process through a number of suggestions for additional relevant information to be included in the report.

We highly appreciate this support, without which we had not been able to strike the same careful balancing of views and opinions, which is hopefully the outcome of this report.

The study has been carried out by Hans Genefke Jørgensen with the assistance of Tomas W. Breddam.

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1. Executive Summary

In a recent OECD review of the Danish youth education, the examiners characterised Denmark as

“... a country of individualistic non-conformists, who are ambiguous about their relationship with the State or with other large systems of Government and administration having a long tradition of seeking consensus and conciliation in tackling issues in politics, industrial relations, and in communal and personal situations. In part, at least, that mix of freedom and consensual politics has contributed to the general liberality and openness of Danish society and to the wide spread acceptance of welfare State politics”.

This statement touches upon a number of key issues for analysis of the role of the social partners in the development and actual state of the Danish VET set-up: The perception of the role of the state, the Danish tradition of consensus-building in politics and industrial relations, and the demand for openness and transparency as a precondition for the widespread public acceptance of the welfare state and the corresponding high taxation rate.

The actual debate on the Danish VET system

During the 1980s and 1990s the VET system in Denmark has repeatedly been subject to adjustments to update the system and tune it to flexibility and new technology, but also to simplify the system, to reduce the excessive number of specialised education, and in general to make the system more user-friendly and cost-effective.

Nevertheless, it has for years been said that the Danish system is relatively costly compared to the systems of other countries, and much more complicated. In fact, it was said that it is so complicated that neither participants nor employers were able to establish just a fair overall view of the system. Among many other things, this links to the Danish tradition for having a huge number of training and educational institutions, in contrast to countries, we in other contexts compare with Denmark.

In 1998, this general concern for the Danish system for Vocational Education and Training (VET) led to a decision in the government to launch an inter-ministerial assessment of the VET system to create a solid basis for a debate on the future set-up and development of the Danish VET system. A working group was set up, headed by a representative of the Ministry of Finance and with participation from the Ministry of Education and the Ministry of Labour. At the outset of the task, the social partners were asked to supply input for the work in the sense that they were asked to comment on the Terms of Reference for the inter-ministerial working group.

But apart from this communication, the social partners were completely excluded from information on the progress of the work and from any dialogue with the working group during the 11/2 year of internal ministerial assessment, until the final report of the working group was presented in September 1999. At the same time a schedule was presented for the further process of debate. This schedule involved the social partners in the sense that another working group was set up, composed by representatives from a quite broad group of representatives of employees and employers, with secretary assistance by the ministries. The task was to go through and comment the report from the inter-ministerial working group

so as to supply input for the political debate, which was to follow. 11/2 month was set aside for this task.

The outcome was printed and made public, as were all other key documents of the process for assessment of the VET system. As such, it seems to be an example of a fairly open and transparent process, based on a dialogue between the key ministries and later on involvement of the social partners.

As comments to the TOR for the task (in 1998, before the analysis started) the social partners spelled out their basic demands to the VET structure. The employers' organisation, DA, among others, stressed:

- VET activities should be considered as an investment, and the same demands on yields should be set up for such investments as for all other investments;
- Benefits of the training favour both the individual person, the society, and the enterprise. Consequently, public co-funding of the activity is essential;
- The three major VET activities were suggested gathered under the same ministry (the Ministry of Education);
- User payment should be introduced in all VET systems;
- Better co-ordination should take place of the many different systems of reimbursement of the participants in training courses; and
- Training should take place outside working hours, to the extent possible.

Similarly, the LO contribution focused on basic values of the workers, such as:

- The need for life-long education and training;
- The need for improvement of the least educated so as to qualify them for merits and recognised levels of education (and thus for qualified employment);
- The emphasis on a dual educational approach, combining practical training and theory in a recurrently shifting curriculum;
- Workers' confidence in job security, based on dynamic qualifications of the workers for shifting jobs in a society and workplace under constant change.

On top of these relatively traditional demands, LO raised and argued for a number of more wide ranging ideas, such as

- The workplace as the arena and focal point for development of competencies;
- The tripartite alliance among employers, employees and the state as the principal alliance and basis for the improvement of competencies;

- The need to break down traditional trade-based areas of competencies and to recognise that future demands of the work force will be much broader and ever changing, leading to cross-trade education and qualifications;
- And, nicely in accordance with the employers: The need for decentralisation and local autonomy to identify the most adequate needs for training and development.

These visions were not only committed to the structure of continued social partner relations, but also to the need for a flexible and adaptable structure, even if it implies that basic, traditional positions for the working class movement should be set aside.

After the release of the report, the comments from the social partners were much more specific. There were issues where the social partners stressed different points of views; but all in all, they were overshadowed by the many and important areas of mutual consensus such as, among many others:

- The need for a reform ensuring an adult VET system with opportunities for all to achieve recognised competencies and merits, warning, at the same time, the government not to introduce cuts in the expenditure for the VET system for all the better educated groups;
- To focus the efforts of the Government on set-up of principles for a long-term holistic solution of the problems of the VET-system with a horizon far behind next years' negotiation for the national financial budget – instead of short-term cost reductions;
- The conclusions of the report to shift the focus of problems from the former problem of need for job rotation supported by VET activities towards the actual need to prevent bottlenecks at the labour market through increase of the total workforce and through increase of the needed qualifications;
- To generally agree on all key issues missing or insufficiently assessed in the report.

So far, it seems that the social partners' role in the debate paints a picture of the social partners getting together, fighting in unison against any Government proposal for reductions of the VET activities or of the funding for such activities. In this, each of the partners seems to accept a number of compromises to establish and strengthen the partnership consensus. Even where such consensus goes against traditional positions of the partner or against proposals of political parties, which the partners usually associate with, the consensus with the social partner seems by the end of the day to be more important.

Thus, the framework for the actual debate on the VET system in Denmark is set, and all the key players have had a fair opportunity to state and lobby for their opinions. We are, however, still awaiting the political debate, and what solutions may arise from this debate.

These issues are elaborated in detail in section 6 of this report.

The role of the social partners in Danish policy and especially in the development of the VET system

The legitimacy of the social partners in Denmark relies traditionally first of all on their role in the collective bargaining. But after Denmark joined the EU in 1972, the role of the main organisations (i.e. the confederations for employers (DA) and employees (LO)) was considerably decreased, as a number of economic and labour market instruments were “harmonised”. Already at that time (mid 1970s) the question was raised in LO what should be the long-term basis for member support of the trade unions, federations of trade unions, and LO. And the then chairman of LO, Mr. Thomas Nielsen pointed to the need for a much ‘broader’ scope of LO activities, focusing on issues such as workers' health and the working environment, social security arrangements, and education and training for members of the unions.

Since then, LO and DA concentrated for a number of years on two major internal issues of concern: The issue of structural adjustment inside the organisation (restructuring in cartels?) and the issue of centralised or decentralised collective bargaining without assigning the issue of broader social involvement principal attention. During the late 1980s and most of the 1990s, the collective bargaining tended to be solved at a decentralised level, and the structural adjustment in LO turned out to be difficult while it in DA lead to the formation of DI, which took a completely dominating position in the DA. On this basis, the attention on the broader social scope came up again, as the confederations had a common interest in positioning themselves, after a long period of successful decentralised collective negotiations at the labour market.

After the, to some extent, successful contribution to the 1998 collective bargaining by the main organisations, they seemed geared to find a new and stronger platform. For LO, this includes three major initiatives:

- To put up for debate and for approval by the congress (late October 1999) a welfare programme for the members of the confederation so as to include this programme as part of the political programme of LO;
- To achieve an agreement with DA on a “Climate agreement” to set the framework for the collective bargaining in 2000;
- And to be an active player in the tripartite negotiations on Vocational Education and Training (VET) system, scheduled to take place late 1999 and early 2000.

The welfare programme was presented to the congress and, as expected, a number of the member federations raised concerns on the proposal. However, congress approved the proposal (with some amendments). And together with DA, LO has been highly successful reaching an agreement on what has been named a “Climate agreement” for the next collective bargaining.

So, the next major test for LO will be whether it can achieve a compromise on the issue of Vocational Education and Training, which, at the same time, is acceptable to the members / member organisations and constructively points towards a role for the LO members at the workplaces in the next millennium. Analysis of this process and the role of the social partners in this process are discussed in section 5.

Analysis of social partner based trade committees and continuing training committees

To analyse the day-to-day co-operation among the social partners in detail, a questionnaire was sent to all trade committees (part of the system for Initial Vocational Training (IVT)) and to all continuing training committees (part of the system for Continual Vocational Training (CVT)). The intention was to examine in detail which resources are spent on this co-operation, how these resources are used, and for which short- and long-sighted objectives.

The main conclusions from the analysis were:

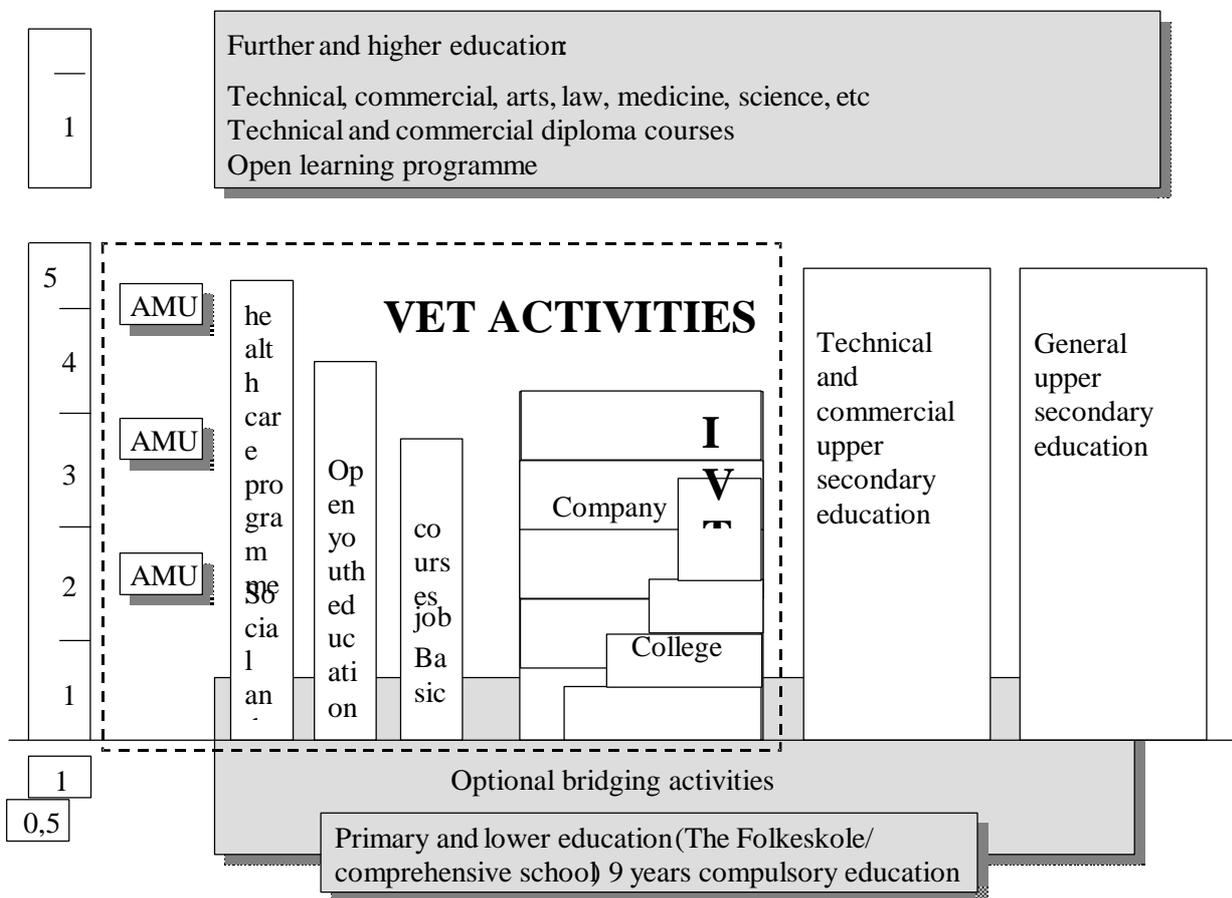
- Trade committees seem to use almost twice as many resources per committee as continuing training committees. This may be due to the nature of the tasks for the two different types of committees;
- On average, the administrative costs for a Trade Committee (TC) are approximately DKK 2,420,000 per year. And for a Continual Vocational Training Committee (CTC) the costs are approx. DKK 1,540,000 per year. All in all, the full cost of the system of committees can be estimated to be around DKK 250 million per year;
- The organisations cover most of the funding, especially for the TCs. For the CTCs, contributions from the state make up almost one third of the costs, on average;
- Priorities of the committees are formulation and development of policies, and as a second priority: the professional development of education/training;
- As to priority setting of the activities, co-operation with centres/schools is the overall first priority, and the pedagogical/professional development the second, even though the TC indicates that simplification of the institutional set-up for the future will be of high priority;
- The budgets of committees in the trade and service, public sector and to some extent graphical sectors seem substantially to exceed the budgets of secretariats for other sectors. Especially the budgets for the TC secretariats in these sectors seem to be high;
- To some extent the patterns of priority setting and sources for funding (for the CTC committees) seem to be more or less similar for the following groups:
 - For industry, building & construction, clothing and textile (organisations contribute between 60 and 90% of the funding),
 - For trade & services and for the transportation, organisations contribute around 10%, while they for the local level public sector, and the graphical sector contribute around 30-40%.

2. Introduction to the Danish VET system

2.1 The Danish VET system and the focus of this report

Denmark is one of the smallest countries in Europe with just over 5 million inhabitants. It is favoured by only a few raw materials in the subsoil, which means that the country's most important resource is its workforce which is fairly well educated and flexible. A large number of Danish women are actively employed on the labour market, and the total workforce is around 3 million people. However, only a few decades ago, agriculture was predominant, and it is mainly due to the educational system that the adjustment from an agricultural to an industrial and service-oriented society has been possible.

Table 2.1: The Danish Educational System



Source: DEL: Carl Bertelsmann Prize 1999, Feb. 1999

In the figure, the training and education activities which together form the Danish vocational education and training (VET) system are indicated, comprising all in all five elements:

1. The initial vocational education and training (IVT);
2. The basic job courses;

3. The open youth education system;
4. The social and health care programmes;
5. And the system of labour market training courses (the AMU system).

Out of the five elements we shall in this report concentrate on the first, third and fifth programmes. Conclusions from these three programmes will, in respect of social partner involvement, to a high extent, also be valid for the programmes two and four.

Among these three principal programmes, the third and fifth programme both target Continual Vocational Training (CVT). To some extent, they are overlapping, even though they are based in two different ministries (the Open Youth Education in the Ministry of Education and labour market training courses in the Ministry of Labour). The programme on Initial Vocational Training (IVT) is based in the Ministry of Education.

2.2 Key figures of the Danish VET system

In Denmark, education is compulsory between the ages of seven and sixteen, and at the moment 95% of those completing compulsory education continue their studies in various youth education programmes. Apart from a few rather small programmes, there is free access to all VET programmes.

Table 2.2: The relative distribution of young people within the main areas in the years 1982 and 1995:

| Per cent of cohort | 1982 | 1995 |
|---|-------|-------|
| Upper Secondary Education (gymnasium) | 26 % | 43 % |
| Higher preparatory Examination (Hf) | 6 % | 5 % |
| Higher Commercial Examination (Hhx) | 6 % | 11% |
| Higher Technical Examination (Htx) | 0 % | 2 % |
| General and Vocational Upper Sec. Education, TOTAL | 38 % | 52 % |
| Vocational Education (IVT) | 48 % | 41 % |
| Not starting on General and Vocational Upper Sec. Education | 14 % | 7% |
| TOTAL | 100 % | 100 % |

Source: DEL: Carl Bertelsmann Prize 1999, Feb. 1999

As can be seen, in the 1990s the trend has been an increase in the numbers opting for upper secondary education (gymnasium) at the expense of vocational education and training.

The share of a cohort which does not start an education was down to 7% in 1995, and today it is down to 5%. However, almost 50% of the actual Danish labour force has not completed a formal professional training course (with a diploma), and there is a pronounced lack of adequate professional qualifications, particularly amongst the unemployed and

amongst those employed in agriculture, transportation and other private service industries. In contrast, the level of training is high in the public sector.

Increased resources have been allocated to enhance the public effort, both in the field of Initial Vocational Training (IVT), Continual Vocational Training (CVT) and in the field of training for the unemployed. In particular, the government programme "Education for All" has targeted youth unemployment by attempting to ensure that as many young persons as possible complete qualifying youth training. And today youth unemployment is below 5% in Denmark. Development during the period of 1985 to 1996 showed a two to three time increase of funding for each of these three activities.

Table 2.3: Total cost of vocational education and training in Denmark 1996:

| | Million DKK (ECU) | Percent | Percent of GDP | Per capita DKK (ECU) | Centr. gvt. contribution |
|--------------------|----------------------|---------|-------------------|-------------------------|-----------------------------|
| IVT | 8,886 (1,178) | 32% | 0.88% | 1,693 (225) | 59% |
| - Public contrib. | 5,553 | - | 0.57% | 1,058 | |
| - Private contrib. | 3,333 | - | 0.33% | 635 | |
| CVT | 12,529 (1,662) | 45% | 1.24% | 2,386 (316) | 29% |
| - Public contrib. | 3,680 | - | 0.36% | 700 | |
| - Private contrib. | 8,849 | - | 0.87% | 1,686 | |
| Unemployed | 6,335 (840) | 23% | 0.62% | 1,207 (159.4) | 89% |
| TOTAL | 27,750 (3,680) | 100% | 2.74% | 5,286 (701) | |

Source: CEDEFOP: The Financing of Vocational Education and Training in Denmark, 1999

As indicated, central government contributed almost 60% to the IVT and almost 90% to the training of unemployed, but only 29% to the CVT which is mainly funded by the labour market contributions paid by tax payers (71%). Correspondingly, enterprise contributions for IVT are 38% and nothing for the training of unemployed. The additional some 10% for training of unemployed are supplied by the local government funds (municipality level).

On the next page, table 2.4 shows a breakdown of these costs.

For the Initial Vocational Training, the general vocational training makes up almost half of the total public IVT costs, while the taximeter costs make up 40%.

Private contributions to the IVT is almost exclusively contribution from the collective employer fund (arbejdsgivernes elevrefusion, AER).

Table 2.4: Breakdown of costs for vocational education and training in Denmark, 1996

| | Million DKK | Percent |
|--|---------------|------------|
| IVT | 8,886 | |
| <i>Public contribution</i> | <i>5,553</i> | <i>100</i> |
| - General IVT | 2,484 | 45 |
| - SOSU programmes (funded regionally) | 271 | 5 |
| - SOSU programmes (funded by state) | 9 | 0.2 |
| - Agricultural education | 91 | 1.6 |
| - Taximeter for institutional costs | 1,356 | 24 |
| - Building taximeter | 919 | 16 |
| - Subsidies for specific purposes | 189 | 3.4 |
| - State educational grants | 230 | 4.1 |
| <i>Private contribution</i> | <i>3,333</i> | <i>100</i> |
| - Funded by collective employers fund to comp. | 2,706 | 81 |
| - Funded by coll. employers fund to students | 398 | 12 |
| - Indirect sources of funding | 229 | 7 |
| | | |
| CVT | 12,529 | |
| <i>Public contribution</i> | <i>3,680</i> | <i>100</i> |
| - Labour market training (AMU) | 1,637 | 44 |
| - Labour market training, invested capital | 35 | 1.0 |
| - Subsidies to individuals partic. in AMU training | 1,000 | 27 |
| - Open education | 753 | 20 |
| - Adult educational support (VUS) | 23 | 0.6 |
| - Courses at inst. of higher education | 216 | 6 |
| - Other state-financed CVT | 14 | 0.4 |
| - Educational support for sailors | 2 | 0.1 |
| <i>Private contribution</i> | <i>8,849</i> | <i>100</i> |
| - Direct costs for work places (publ.+private) | 4,544 | 51 |
| - Indirect costs for work places(public+private) | 4,305 | 49 |

- Direct indiv. costs (user fees, open educat.) 257 2.9

Source: CEDEFOP: The Financing of Vocational Education and Training in Denmark, 1999

For the Continual Vocational Training the contribution for labour market training AMU makes up almost half the total public contribution, while subsidies to individuals participating in AMU training makes up another fourth. Contributions for open education makes up 20% of the total public costs for CVT.

Private contributions to the CVT consist of two almost equal contributions from direct and indirect costs for work places.

Further Danish benchmarking statistics are listed in Annex 6, for the years 1993 and 1995. First of all they indicate a remarkable decrease of unemployment, a trend which has continued from 1995 and up until now to the extent that lack of qualified staff today is a major concern of both employers and the involved ministries.

2.3 Principal areas of social partner co-operation

When it comes to the actual implementation of vocational education and training, the tripartite collaboration plays a principal role. A network of committees with equal representation of parties organised according to trades and sectors work closely together with the governmental agencies under the Ministries of Education and Labour. The Ministries set out the framework for the VET system and control the funding for these activities as well as the quality of the activities, while the social partners are key players on how to fill out this framework. In addition to their role as consultants for the Minister of Education and the Minister of Labour, through participation in high-ranking advisory committees, the social partners play a major role in defining the curriculum of training and education. This takes place through participation in national trade committees and through continuing vocational training committees, both at national and sector level. On a more everyday basis, the social partners, along with representatives of local authorities, play an important role in the implementation of training schemes and vocational educational programmes. This takes place through their active involvement at board level in training centres and educational colleges as well as through their participation in local training committees for support of local training institutions. In addition to counselling the two responsible ministers, the committees set out the framework for the contents of the initial and continual vocational training. The social partners are seen as the ones to know the demands and needs of the enterprises best, and when they agree on certain education and training activities, it is difficult for anyone to cast doubt on these programmes.

Through collection of earmarked labour market tax contributions (mainly from the employees), the government provides the major part of the financial expenses for the VET activities, including a course allowance. Today, such contributions are regulated as part of the labour market negotiations, which, for a number of years, have taken place every second year. These contributions are so vast that they are the key to understanding the strong impact of the employees on the immediate and long-term priorities of the social partner co-

operation concerning the VET system through the committees at national, sector, and local levels.

2.4 Actual problems and challenges for the VET system

The aim of the existing public continuing training system is a labour force, which is highly qualified at a professional level. This is first of all to make sure that an adequately qualified workforce is available to the enterprises, and to qualify unemployed persons for jobs so as to avoid a major group of permanently unemployed, cut off from the labour market. However, experiences from the business sector indicate that professional expertise and professional qualifications are not sufficient to ensure success in the labour market. Personal attitudes and qualifications, such as adaptability to systems, problem-solving skills, flexibility and ability to co-operate are becoming increasingly more important, and even though the education and training system in Denmark has been strengthened in recent years, a number of problems still exist. Thus, a very recent report from the Danish Ministry of Finance, Education and Labour, entitled "Ways and means in publicly financed adult and supplementary training courses" lists the following actual problems:

- "In fact there is a real problem of qualification of the work force in Denmark, in the sense that 52% of the force is actually unskilled. Even though this share will for certain decline in the years to come, it is still the prognosis that it will be about 42% in year 2013. This must be considered in the light of the ever increasing demands for qualifications and the demand for a professionally flexible and adaptable work force, able to respond to the demands of new and ever changing technologies;
- Considering the system in a holistic perspective, the Danish system is still rather complicated and split up. Improvements have been made with the reform of the IVT-system in 1989, but still the interaction between the IVT and the CVT is not well functioning;
- From the perspective of a specific employer or employee, the full supply of educational offers is almost boundless, and the division in two systems under the training schools and the centres for labour market training courses (AMU-centres) respectively, certainly adds to the complexity;
- Also, as concerns the training and education of unemployed the possibilities offered are so wide spread that it is difficult, even for experts in the field, to establish an overview of the many activities;
- And finally, since the 1970's there has been a more or less permanent shortage of apprenticeship positions in the enterprises, considered a fundamental basis for the technical education in Denmark. And it seems impossible for the employers to set up the necessary number of trainee positions in the enterprises."

3. Overview of the Social Partners in Denmark

3.1 History of trade unions and employers' association

The Danish Model, based on tripartite co-operation and on a close dialogue and share of responsibility among the organisations of employers and employees, is first of all set up and developed on the basis of the labour market negotiations, and especially on the basis of the collective bargaining among the labour market parties.

A conflict a hundred years ago is the key to understanding the set-up and roles of the social partners, and to such extent, to the understanding of the Danish Model. After a long and devastating labour market conflict in 1899, in which each trade acted relatively independently, a number of agreements were achieved among the labour market parties:

- Accept by the two parties of an umbrella confederation of trade unions (LO) as well as a confederation of employers as responsible partners for future general collective bargaining at the labour market;
- Set-up of a set of “playing rules” for conflicting among the partners (or member organisations of the partners) as well as for possible resolution of the conflicts, the “Principal Agreement” (Hovedaftalen);
- Set-up of a Conciliation Board and a set of “playing rules” for this board, to try to mediate between conflicting partners as part of the process of bargaining; and
- Set-up and rules for a collective Industrial Court to rule on the basis of the agreements of, amongst others, the Principal Agreement.

Since then, this set-up has been the corner stone for conflict resolution on the labour market and for regulation of disputes for almost a hundred years, and in all essentials, it is still in effect.

On this basis, successful collective bargaining has been the principal element of legitimisation both for the confederation of employees and for the employers' trade organisations in the sense that this has clearly been the visible main activity of the LO (confederation of trade unions) and of the DA (confederation of employers). At least this situation prevailed until the mid 1970s.

Denmark joined the EU in 1972, and already after a few years it was clear that important frameworks for the future collective bargaining agreements as well as for macro-economic adjustments of the national economy would be set out from Bruxelles. In addition, the power struggle, which had been going on between the federations of trade unions and LO ever since the beginning of the century, was gaining new ground after a number of highly centralised collective bargaining agreements during the 70s. This resulted in renewed demands from the federations for decentralisation of the labour market negotiations.

As a consequence of these developments, a public statement was made in the mid 1970s by the then chairman of the Danish LO, Mr. Thomas Nielsen, that the role and probably the

legitimacy of the whole confederation of LO was on stake in the sense that it could not be anticipated that LO would continue to be a key player in the collective bargaining process. Consequently, the legitimacy of the confederation and the support by member organisations and individual employees would be undermined if new essential areas of responsibility for LO were not identified and developed. As such new possible areas of activity, Mr. Nielsen specifically pointed to the tasks of putting in place the overall framework for upgrading of qualifications and other broader socially oriented support activities for the members of LO. Of course, this statement formed a basis for intense debate at the time; but almost 20 years should pass before the issue was put on the agenda in earnest. And it only came so far after a series of collective bargaining successfully concluded at decentralised (i.e. trade union/sector) level during the late 1980s and early 90s.

However, the latest collective bargaining in 1998 was completely different from the many previous ones, in the sense that it resulted in a major conflict (first of all over the *general* demand for six weeks of paid holiday a year), which the trade unions could not handle. And even though the conflict by the end of the day was solved through political intervention, it was only after the main organisations, LO and DA, had almost reached an agreement, which then formed the basis for the intervention. Thus, the main organisations were back on track, having demonstrated that they still have a major role to play when it really comes to major, general questions for bargaining on the labour market.

Since then, LO and DA have continued the successful co-operation in the sense that they have just recently agreed on a detailed schedule of activities for the next collective bargaining (to take place in the year 2000). To carry through this schedule, LO and DA are assigned major roles in the full process of bargaining. And the development of Vocational Education and Training seems to be one of the major issues for negotiation, which could bring the main organisations back in the "driver's seat". In such sense, it seems that 20 years of gradual decline of the role of the main organisations in the collective bargaining process might have come to a turning point. These problems will be dealt with in more detail in the following.

3.2 LO and the role of centralised bargaining

For the past one hundred years, the Danish labour movement has been united in one unitary organisation, with a high union density among workers. As shown below, there has, since 1940, been a substantial growth of the Danish labour force. However, LO has experienced an even higher growth in the number of LO members so that the union density has increased from around 50% to almost 80% in 1990. This compares to a growth from 604,000 organised members in 1945 to 1,440,000 members in 1990.

Table 3.1: Growth in labour force and number of unionised workers (numbers in 1000)

| | Labour force | | Members, total | | LO members | Union |
|------|--------------|------------|----------------|------------|------------|-------------|
| | Number | Growth (%) | Number | Growth (%) | Growth (%) | density (%) |
| 1940 | 1.223 | - | 626 | - | - | 51 |
| 1960 | 1.534 | 25 | 858 | 37 | 43 | 62 |
| 1975 | 2.053 | 34 | 1.392 | 62 | 30 | 68 |
| 1990 | 2.638 | 28 | 2.082 | 50 | 42 | 79 |

Source: Due, Madsen, Jensen, Petersen: *The Survival of the Danish Model*, 1994, p. 158.

The labour movement in Denmark has been completely dominated by the Social Democratic Party (SD). For long periods, like in all other countries in Europe, the Moscow-oriented Communist Party and a number of left-wing parties, not belonging to the Soviet block, have challenged it, and also liberal/conservative parties have tried to challenge the Social Democrats' domination of the labour movement.

While the opposition to the right has mainly challenged the SD through the launch of alternative, right-wing trade unions (without success), the left-wing opposition has focused on building an opposition to the SD within the trade unions. Such opposition supported by the Communist Party was fairly strong in the 1930s and especially in the late 40s, but in 1956 the Communist Party split on the question of the Soviet invasion in Hungary, and the general secretary and a majority of the members formed the Socialist Peoples Party (SF).

But even though the Communist Party since then lost almost all power in parliament, it continued for many years to have a strong position in the labour movement at many of the big work places in and around the major cities. And together with the "new left" opposition to the SD (which had a fairly strong representation in parliament, but much less influence at the work places), they managed in the aftermath of the oil-crisis to question the dominating position of the SD in a number of the major trade unions during the 1970s and the beginning of the 1980s.

For the role of LO this had the important effect that the SD-dominated LO leadership decided that the left-wing opposition by all means should be kept out of major influence on the collective bargaining. Partly because they feared that a left-wing domination might undermine important parts of the social contract, which carried both the political and the labour market relations (the whole basis from the 1899-compromise). And partly because they feared that the left-wing opposition might win further support among the workers if they managed and were allowed to demonstrate a major economic break-through in the bargaining and thus to undermine the "realistic" policy of the "social contract".

This is key to understanding the long range of highly centralised collective bargaining. It was important to the SDs to keep left-wing dominated trade unions (among which a couple of the relatively important metalworking trade unions in Copenhagen) out of reach of local bargaining and agreements. These highly centralised bargaining took place in the full period of 1965, 1967, 1969, 1971 and 1973, involving conciliation Board and concatenated conciliation proposals. And during the critical period of the late 1970s they were followed by a series of political interventions in the collective bargaining (by a Social Democratic government!) in 1975, 1977 and 1979. This contributed to wearing out the strength and

legitimacy of the SD government, which deliberately stepped down in 1982 (following a collective bargaining, which in 1981 were concluded peacefully through decentralised agreements). For a number of reasons the left-wing opposition weakened substantially around and after 1980.

Table 3.2: Degrees of centralisation in the collective bargaining, 1934-1998

| | |
|--------------------------|---|
| Centralisation degree 1: | <p>“Decentralised” bargaining. Solution reached by the parties directly involved, i.e. sub-organisations (national trade unions or cartels and employer associations). <i>Years: 1935, 1948, 1958, 1981, 1987, 1989, 1991, 1993, 1995</i></p> |
| Centralisation degree 2: | <p>“Decentralised” bargaining. Solution reached by the parties directly involved, but without involvement of the main organisations, i.e. LO and DA. <i>Years: 1946, 1948</i></p> |
| Centralisation degree 3: | <p>“Centralised” bargaining. Main organisations reach a solution on general issues for the entire LO/DA area. <i>Years: -</i></p> |
| Centralisation degree 4: | <p>“Decentralised” bargaining. Solution reached by the parties directly involved in the agreements. Centralised via the concatenation of agreements by the Public Conciliator. <i>Years: 1987, 1989, 1991, 1993</i></p> |
| Centralisation degree 5: | <p>“Decentralised” bargaining, with the involvement of the main organisations. Centralised via the concatenation of agreements by the Public Conciliator. <i>Years: 1934, 1935, 1938, 1948, 1950, 1983, 1989, 1998</i></p> |
| Centralisation degree 6: | <p>“Centralised” bargaining, where no solution is reached until the Conciliation Board is involved and a concatenated conciliation proposal is submitted to the parties. <i>Years: 1952, 1954, 1958, 1961, 1965, 1967, 1969, 1971, 1973</i></p> |
| Centralisation degree 7: | <p>Political intervention (e.g. enactment of the Public Conciliator’s conciliation proposal as legislation, prolongation of the existing agreements, compulsory arbitration). <i>Years: 1936, 1937, 1946, 1956, 1961, 1963, 1975, 1977, 1979, 1985</i></p> |

Source: Due, Madsen, Jensen, Petersen: *The Survival of the Danish Model*, 1994, p. 159

The new government, which took over in 1982 was a centre-conservative-liberal government, headed by the Conservative Party. With minor adjustments, it kept office until 1993 when a SD-lead Government again took over. A major confrontation was foreseen on the collective

bargaining between the government and the labour movement. But the collective bargaining in 1983 was concluded successfully through decentralised negotiations, after concatenation of agreements of different trades by the Public Conciliator. And after a culmination of the confrontations during the political intervention in 1985, the situation changed completely, and a long period of successful decentralised bargaining followed in 1987, 1989, 1991, 1993 and 1995 (this last agreement for a period of three years). Please cf. the above table 3.2.

The break-through for the new era was a general agreement agreed upon among the parties in 1987. It stated that the future collective bargaining should be concluded with an overall economic commitment, which should be slightly under the average of the results achieved by the labour movements in a series of neighbouring countries, which were the main competitors of Denmark. This agreement has, in unison with the weakened Danish left-wing movement and their failing foot-hold on the Danish work places after the collapse of the Soviet Union, led to a decade of decentralised collective bargaining from 1987 to 1998. The consequence of this development seems to have been a marginalisation of LO in relation to the collective bargaining, and through this a complete rethinking and reformulation of the role of the Danish Confederation of Trade Unions. This development will be analysed in detail in main Section 5.

3.3 Internal conflicts and oppositions within LO

During the full period from the Second World War until today, LO has experienced a continuous decline in number of member trade unions and number of local trade unions, while the number of members and especially the average size of national and local unions have increased tremendously, as shown in the below table 3.3.

Table 3.3: Development of LO membership and structure

| Year | National trade union | Local trade union | Members | Average size of nat. union | Members per local union |
|------|----------------------|-------------------|-----------|----------------------------|-------------------------|
| 1950 | 70 | 3.541 | 656.406 | 9.377 | 185 |
| 1960 | 68 | 3.568 | 776.457 | 11.418 | 218 |
| 1970 | 56 | 2.120 | 895.995 | 16.000 | 429 |
| 1975 | 42 | 1.785 | 1.011.691 | 24.089 | 567 |
| 1980 | 35 | 1.475 | 1.277.748 | 36.507 | 866 |
| 1985 | 30 | 1.393 | 1.411.753 | 47.058 | 1.013 |
| 1990 | 28 | 1.315 | 1.440.186 | 51.435 | 1.095 |
| 1992 | 26 | 1.256 | 1.469.136 | 56.505 | 1.170 |

Source: Due, Madsen, Jensen, Petersen: The Survival of the Danish Model, 1994, p. 153

Focusing on the rooting of LO in the Danish labour market, the below table 3.4 shows that LO through this whole period has organised a substantial part of the unionised workers in Denmark. But the structural development in Denmark during this period also gave raise to increased activities especially within the public sector and the service sector, and especially

the Confederation of Salaried Employees and Civil Servants (FTF) grew considerably since 1960 and now organises around one fifth of the employees. Also other main organisations have gained ground, such as the Danish Confederation of Professional Associations (AC).

Table 3.4: Main organisations share of unionised workers (percentage)

| | LO | FTF | AC | FR | Other |
|------|----|-----|----|----|-------|
| 1945 | 96 | - | - | - | 4 |
| 1960 | 79 | 12 | - | 3 | 5 |
| 1975 | 73 | 16 | 4 | 3 | 4 |
| 1990 | 67 | 19 | 6 | 1 | 7 |

Source: Due, Madsen, Jensen, Petersen: *The Survival of the Danish Model*, 1994, p. 159.

LO remains, however, the organisation, which completely dominates the organisation at the Danish labour market. In numbers this is illustrated in the below table 3.5, which also highlights the growth of the number of unionised employees within a couple of areas of employment.

Table 3.5: Growth in LO's membership

| | 1945 | 1960 | 1975 | 1990 |
|---------------------------|---------|---------|-----------|-----------|
| Membership | 604.000 | 776.457 | 1.011.641 | 1.440.186 |
| Growth (in %): | | | | |
| • Overall | - | 29 | 30 | 42 |
| • Women, | - | 21 | 33 | 48 |
| • Salaried employees | - | 17 | 25 | 40 |
| • Public sector employees | - | - | - | 32 |

Source: Due, Madsen, Jensen, Petersen: *The Survival of the Danish Model*, 1994, p. 155.

But being the completely dominating organisation also levels the field for internal conflicts and debate. And as the LO originally linked closely up with the Social Democratic Party (SD), this also gave room for a number of politically dominated internal conflicts.

Furthermore, the federations of trade unions which form the basis for LO have, as stressed repeatedly by Due, Madsen, Jensen and Petersen, always retained their sovereignty and never handed over to LO the full responsibility (and powers) to regulate tensions between federation member organisations as well as negotiations with the confederation of employers. This has ensured the coherency of the Danish confederation of Trade Unions, but it also has complicated the role of LO tremendously. And it might in some cases have been a hinder to set the targets for the labour movement, and to achieve them.

Since the very launch of LO, the main conflict has been between the skilled workers (mainly represented by the Danish National Union of Smiths and Fitters (DS&MF) and the unskilled workers, organised in the Danish General Workers' Union (DAF, now SiD). This conflict has its very roots in the set-up of LO, merging the two principal groups of workers at the time

(beginning of the 20th century): The skilled and the unskilled workers. And the conflict has been going on for decades, until it finally, through the 70s, gradually seemed to water out.

Conflicts have, amongst many others, concerned whether collective bargaining should take a centralised or a decentralised form. First the DAF stressed their demand for a decentralised approach (as they found they could not have their demands accepted and set through by the LO). Later the roles shifted, and in the 1980s DS&MF wanted decentralised negotiations, so that they could take benefit of the lack of highly qualified specialists needed in the booming part of the Danish enterprises.

A specific conflict between the two federations of trade unions has been the debate on cartels, which has been going on since the 1960s, still without reaching consensus or agreement. Especially the two federations mentioned seem to have had conflicting positions on this issue.

Many of the internal conflicts, however, seem to have been overtaken by the general development in the Danish society. Examples are that the SDs during the 1980s strongly advocated the need for “solidarity” while the liberal and conservative parties stressed the values of “individualism”. Now more than a decade later, it seems evident that individualism has won this battle, having amongst many other things the consequence that employees interest in unions is decreasing. An important contribution to this development might have been the debate on compulsory financial contribution by all members of LO to the Social Democratic Party in the 1980s.

Together with a number of other discussions, this has little by little eroded the support for the trade unions and even the support for the SD party - at the same time as the number of members continued to increase. So, today the LO members are spread quite evenly on almost the full range of political parties, a substantial part of the members voting for instance on liberal and conservative parties. In many respects this has further complicated the management of LO and stressed the need for a new orientation of the confederation, setting an agenda through which the independence of the SD party is made clear, at the same time as it focuses on the social and professional problems and interests of the members of the trade unions.

At the recent congress of LO (end of October 1999), the Chairman, Mr. Hans Jensen, launched a new program on creation of welfare for employees. And even though amendments and adjustments to this proposal were accepted by the congress, the programme was ‘grosso modo’ accepted. This might be another indication that LO is entering a new era, with a much broader vision than has been the basis for the confederation during the first 100 years of existence.

In Section 5, it has been tried to put such a vision into a holistic picture of the actual development of the confederation, to address the question whether the ongoing changes will ensure the active support from the employees and to assess the specific role of the VET in the future strategy of LO.

3.4 The Danish Confederation of Employers (DA)

It has often been stressed that the origin of DA was neither based on a strong demand among the employers nor on common ideological feelings, binding the employers together and developing the confederation. In stead, it was a simple need for an institutional framework to establish and develop a centralised bargaining system of arbitration to face the challenge posed by the confederation of trade unions, LO.

As to the basis for the confederation, DA itself refers to the following “four main pillars”, which quite explicitly stress the strongholds of the confederation:

1. The basic agreement with LO, which enshrines the peace obligation and guarantees the employers’ management prerogative;
2. Article 22 of DA’s statutes, which ensures DA’s right to exercise a veto in relation to agreements concluded by its member organisations. Thus, no sub-organisation (or single employer) can conclude a collective agreement without explicitly stating that the agreement is subject to approval by DA’s leadership;
3. The Public Conciliator’s right to concatenate the votes cast on conciliation proposals, which ensures that all agreements are approved if the majority votes in favour of the proposal. This means that a specific agreement area cannot be exposed to the risk of industrial disputes at the whim of a national trade union;
4. DA’s common reserve fund, which makes DA a powerful and credible counterpart in its dealings with LO.

Among these, Due, Madsen, Jensen and Petersen in their book “The Survival of the Danish Model” focus on the second pillar (p. 161):

“In any consideration of Danish industrial relations it is worth noting that the employers’ central bargaining actor, the Danish Employers’ Confederation (DA) is vested with a degree of authority in representing its members far exceeding that enjoyed by the federation of Labour. The impact of this circumstance upon the techniques and results of collective bargaining is one of the most interesting aspects of Danish industrial relations”.

The authors stress that this difference among the two partners forms an important basis for understanding the different ways the two confederations have taken, amongst other as concerns the formation and development of cartels. Contrary to DA, the member federations of trade unions of the LO never handed over the final responsibility for concluding collective bargaining to LO, but maintained the supreme powers themselves.

In the below table 3.6 the development of DA and its associations are outlined. As can be seen, a fairly vast number of associations formed the basis for the confederation at the end of the Second World War, and this number only declined very slowly until 1986. In contrast, a major reduction took place in the period of 1986 to 1991, and since then this trend has continued, as well as the trend to reduce the number of single firm members.

This reduction was first of all due to a series of institutional mergers and adjustments, which took place among some of the DA key member organisations during the period of 1989 to 1992. This restructuring was first of all part of an internal power struggle among employers, one of the principal issues being whether the main organisations could and should retain a dominant position. The other important issue was which organisations should merge.

Table 3.6: Development of DA's membership and structure

| | Number of associations | Single firm members | Number of firms | Number of employees |
|------|------------------------|---------------------|-----------------|---------------------|
| 1951 | 253 | 326 | 24.071 | 331.043 |
| 1961 | 255 | 325 | 22.769 | 380.411 |
| 1971 | 198 | 206 | 24.072 | 365.400 |
| 1981 | 157 | 48 | 22.651 | 474.400 |
| 1986 | 151 | 45 | 22.642 | 519.800 |
| 1991 | 48 | 5 | 29.913 | 555.000 |
| 1993 | 34 | 4 | 28.227 | 589.000 |

Source: Due, Madsen, Jensen, Petersen: *The Survival of the Danish Model*, 1994, p. 163.

Traditionally, there has been two main groups within DA: The Metal Industry Employers (Metalindustriens arbejdsgivere), which traditionally has been the biggest of the federations, representing about one third of the wage sum of the confederation, and The Industrial Trades Organisation (Industrifagene), which represented just over 10% of the wage sum. These two federations had traditionally been adversaries, as the Metal Industry Employers was mainly based on member enterprises dealing with exporting while the Industrial Trades organisation was the representative of enterprises, which mainly targeted the Danish home market. This demarcation line had existed for decades, and it was, in fact, a major surprise when it was announced in October 1989 that the merge of the two organisations had been approved, forming the new organisation The Industrial Employers (Industriens Arbejdsgivere). This new institution now represented almost half of the total wage sum, and it would evidently be capable of deciding matters in its own area, and of influencing developments in other areas as well, as collective bargaining was still to be jointly co-ordinated.

However, the supremacy of the industrial sector in DA was further reinforced when it was decided to amalgamate the Industrial Employers with the trade association The Federation of Danish Industries (Industrirådet). The new organisation was named The Confederation of Danish Industries (DI), and it was formed following the collective bargaining in 1990-91. This way, DI was empowered to promote the interests of Danish industry in every field.

But even though DI this way was set up as *the* dominating player within DA, other groups also existed. In addition to the industry area, three other areas were prominent: The trade area, the building & construction area, and the transportation area. Institutionally, these areas are increasingly organised in cartels.

It was on this basis that many of the former small member organisations of DA were merged, so that the number of member organisations shrank from 150 to 51 in less than a year. This

was done on basis of voluntarism, but after the merge of the two federations, which for years had been adversaries, there was a general openness towards concentration.

One of the principal aims for these mergers was to reduce the number of collective agreements from the about 650 when the process began to 20-25 or even fewer. This was supported by the two campaigns for “One firm – one organisation” and “One firm – one collective agreement”. The outcome of the collective bargaining 1991 was a substantially reduced number of collective agreements. But what will be the consequences for DA if the reduction in the number of federations as well as collective agreements continues to succeed? What functions will be delegated to a confederation of employers when there are only 5-10 major employer-federations left, each one capable of tackling any issue arising from the agreements?

One possibility might be that DA is approaching the beginning of the end as a large and powerful confederation, which controls its members' collective bargaining. The fact that key positions at all representative institutional levels are filled with persons who, in addition, take their position in society and their principal income from positions in their respective enterprises indicates that such restructuring might not be met with the same opposition from within the system as would be the case if a similar restructuring was put at the agenda for LO. If this will be the scenario for DA's development, DA might be a secretariat, enjoined with the task of co-ordinating and promoting employers political interests, concentrating more and more on policy issues while there will be still less involvement in the collective bargaining. The final outcome might be that DA's main task in the future will be political lobbying, formal or informal.

But another option is, however, a scenario in which the role of DA will experience a renaissance of the main organisations. In such case it is probable that the collective bargain will be only one among a number of key responsibilities assigned to the DA/LO partnership. In Section 5 we shall return to this possible alternative scenario and analyse what might be the role of development of the Vocational Education and Training in this process of reformulation of the positions of the social partners.

4. VET in the Context of Structural Change

4.1 History

The Danish vocational education and training system is built on traditions dating back to the guilds of the Middle Ages, when the crafts guilds formulated very strict rules regarding the training of apprentices.

At the beginning of the 19th century, attempts were made to supplement practical training with theoretical instruction. This initiative arose from local trade or master-artisans' associations, but in 1857 and 1862 acts were set through parliament, which completely changed the former roles of the crafts guilds and thus ended the guilds' organisation and control of vocational training. The question of systematic vocational education and training was only put back at the agenda of Parliament by the end of the 19th century, when the industrialisation began in Denmark and there was a shortage of qualified labour. Since then, legislation in this field has had to keep pace with the social as well as the technological development.

Adaptation of the VET system to changes in society during the 1950s and 60s

Especially two aspects of the development of society have set the framework for the development of the Danish VET system: The transformation of the Danish society from an agriculturally oriented production towards industrialisation, and the problem of unemployment which, during the late 1970s and most of the 1980s, was among the highest in Europe and therefore has been a principal factor deciding which VET activities to launch and when to launch them.

In addition to the vocational education, state intervention in the area of continuing vocational training was introduced during the economic and political climate of the 1950s and the early 1960s, when labour market policies played an important role in the overall policy of the Social Democratic Government.

In 1960, the Social Democratic Government created the National Labour Market Authority (Arbejdsmarkedsstyrelsen), and the AMU system, which was to be responsible for providing CVT for unskilled workers on the labour market. In addition, it was set up to support the industrial development by subsidising industry indirectly through the provision of low-price training courses for its workforce. The AMU-centres were set up at a time when a general shortage of labour and the technological development in industry created a demand for semi-skilled labour, focusing mainly on upgrading of unskilled workers. To such an extent, the system was in line with basic Social Democratic policy, and it was subject to broad consensus at a time when also the employers strongly felt a need for more qualified workers at the labour market.

CVT was placed under the Ministry of Labour and not under the Ministry of Education, because at that time CVT was considered a labour market policy issue. This implies that any further training after the completion of a basic vocational education is no longer the responsibility of the Ministry of Education.

In 1965, CVT for *skilled workers* was also established and placed under the AMU-system. At that time, the economy was booming, there was a shortage of adequately qualified labour force, and the labour market parties of the skilled workers realised that it was also necessary to maintain and develop the skills of the older skilled workers.

During the 1960's, the Danish industrial production increased rapidly, but the number of apprenticeships declined. In order to compete with new, attractive upper secondary school programmes, the system had to be reformed, and from 1972 experiments were conducted with work study programmes and basic vocational training and education at the commercial and technical schools. On this basis, a new kind of initial vocational training and education system was set through in 1977, which puts strong emphasis on the interaction between theory and workshop training. With a few adjustments and a modernisation at the beginning of 1991, this system still forms the basis for the actual initial vocational education and training system.

4.2 Institutional set-up of IVT and CVT

From the beginning of 1991 a new institutional set-up was put in place both for the IVT and the CVT systems, implying a far-reaching system of decentralisation. The system also gave advisory bodies at lower levels much more influence on education and training and assigned substantial decision-making powers to the vocational training schools and training centres.

For the IVT-system, powers of decision were transferred from the Ministry to the school boards and responsibility was delegated by the trade committees to their representatives in the local training committees. Thus, the principal aim of the reform was to bring about more autonomy for the social partners to update the technical aims and content of training programmes, while at the same time ensuring that there would be more openness towards initiatives from schools, enterprises etc. The focus of these initiatives being to make sure that a set-up was established, sufficiently quickly responding to enterprises' demands and needs for adjustment of qualifications. Thus the following hierarchical system was created (please also cf. Annex 4 A: Diagram of the institutional set-up of the VET within the ministry of Education):

- At central level the Vocational Training Advisory Council (Erhvervsuddannelsesrådet – EUR) was to concentrate (as advisory body to the minister) on general and relational functions. The members of this council is appointed by the social partners on a bipartite basis, the chairperson appointed by the minister.
- Also at national level, the 55 trade committees (also bipartite institutions) have a decisive influence on the occupational aspects of training, including decisions on duration and structure of courses and on training objectives, framework rules and course content.
- And finally, at local level, the school boards are to administer the block grants allocated by government instead of the previous specific central allocations. In addition, the board decides, in collaboration with local interests on vocational training courses, on continuing training etc, which the school wants to offer.

- The local training committee is responsible for mapping out the detailed content of courses, but it should be done in close co-operation with the school principal and the board, and generally, it is the main function of the local training committee to assist the schools in planning the content of the courses given, providing advice on all matters concerning training and strengthening the contacts between the school and the labour market.

Actual course certificates are awarded by the trade committees so as to ensure country-wide recognition of the quality of the training and at the same time to achieve status for the courses as certified recognised youth education. Thus, labour market approval of the courses is critically ensured by their decisive role in the trade committees.

Similarly, the set-up of the management structure for the Continual Vocational Training is laid down in the 1993 Act on labour market training (illustrated in annex 4 B: Structure of the labour market adult vocational training system). A new financial management system has been put in place as regards the initial vocational training programmes. This new system classifies the different training programmes in various categories, and the fee to be paid (per week for each participant) will depend on the category.

The new financial management system is common for the VET training at the technical and business schools and at the AMU centres. Thus, it aims at creating closer ties between the training provided by the training centres and the training provided by these schools at the same time as a maximum of responsibility is handed over to the training institutions. The new system contributes to a better utilisation of the capacity and resources available, and at the same time, all types of qualifying labour market training will be included in a single programme, irrespective of whether it is a matter of training of unskilled workers, skilled workers or supervisors, etc.:

- A National Training Council is advising the Minister of Labour on issues common to all labour market training schemes, being a bipartite institution with an equal number of representatives appointed by the two parties of the labour market, and with a chairman appointed by the minister.
- Also at national level trade committees are set up, if employers and employees consider that there is a need for such a committee, and if the National Training Council approves. Around 50 such committees exist, each with members appointed for a period of four years. The expenses of the secretariat and other costs of the committees are to be funded by the partners themselves. These committees play a decisive role in updating the labour market training courses, having the following functions:
 - to identify and make recommendations on training requirements in the sector;
 - to formulate proposals on training programmes for the sector, and on syllabuses for individual courses;
 - to propose experimental and development work;

- to develop and propose training courses for instructors in particular technical or occupational sectors.
- At local level the 24 AMU centres have had more freedom of action, for instance through the introduction of revenue-funded courses (IDV) and through enterprise-adapted courses (VTP), for which the enterprises pay 100% and 50% of the course costs, respectively, in return for having the training tailor-made to their needs. More generally, the concept of management by objectives has been introduced in the AMU-centres, offering the centres the possibility of adapting the courses to local needs at the same time as the commitment to preserve a nation-wide merit-conferring status of the courses is maintained.

Thus, the central authorities will continue to exercise responsibility for the development of education and training courses as well as for the proficiency standards and national recognition of the qualifications achieved; while the schools and centres increasingly will be responsible for the teaching process, and for which courses to offer. The overall bearing principle for this set-up is the strong and close co-operation between the two social partners and between these partners and the state.

4.3 From focus on unemployment to focus on qualifications

In 1982, the Social Democratic Government was superseded by a Conservative/Liberal coalition Government, which was - with minor changes in the set-up - in power until 1993. Under this Government, comprehensive structural changes were implemented in the entire education and training system. The changes comprised extensive law reforms in 1985 and 1994, continuing the development of the close co-operation with the social partners. Among others, this was reflected in the set-up of central councils to support the decisions of the Minister as well as the set-up of sector-oriented committees for all major trades.

These councils and committees were all set up with an overwhelming majority by the social partners and with equal representation of employers and employees, so that the social partners through these councils and committees achieved a decisive influence on the aims and the elaboration of the education and training programmes. A principal objective for the joint committees was to make sure that contents and form of the education and training programmes corresponded to the demands and needs of the specific sectors of the labour market. Since then, these committees have played a decisive role for the formulation and development of training programmes for semi-skilled workers as well as for the further education and training of skilled workers.

The cornerstone of the vocational education programmes is the combination of practical training in the workshop of an enterprise and theoretical and practical training at a technical or commercial college. On average, the initial vocational training lasts between 3 and 5 years with approximately one third of the time spent in the workshop of an enterprise.

In 1994, the "active labour market policy" was launched by the then newly installed Social Democratic lead government, to a high extent as a continuation of the policy of the

conservative government which took office from 1982 to 1993. And this initiative was followed in 1995 by the government's "programme for fast-track access to jobs and working life". Both programmes focused on getting unemployed workers back into working life as soon as possible.

The background was the experience of the 1980s that an increasing part of the Danish workforce was unemployed for longer periods of time, implying that many in fact permanently lost the contact to the labour market. They developed into a position of permanent unemployment, and only few were able to return to the labour market after years of unemployment. With a demographic decrease of the Danish work force, this was a matter of serious concerns to the ministries, the employers and of course the trade unions.

Consequently, the reforms have concentrated on means to bring as many as possible back into jobs as quickly as possible. The principal initiatives concentrated on quick return of unemployed persons into new jobs, and on opening of new permanent jobs. For instance, the legislation introduced favourable leave schemes for additional professional training to persons in permanent employment on the condition that they be replaced by unemployed (the job rotation principle). Thus, the focus for the CVT was also on the training of persons in permanent employment, from the private as well as from the public sector. And since 1997, AMU-courses have been open to everyone who is deemed qualified for the professional entering criteria.

Since 1996, all AMU centres have been autonomous institutions with approved statutes and with overall responsibility vested in the management board of the institution. Clear rules have been laid out for reimbursement of the institutions, based on the number of trainees, the "taximeter principle", and competition among the AMU centres as well as between AMU-centres and the vocational training business and technical schools has increased. The objective was to decentralise and to hand over management responsibilities to the management and the boards of the schools and training institutions so as to increase the competition within a clearly defined economic framework, common to all the institutions. This way, the cost-effectiveness of the centres is supposed to rise substantially.

The continuation of a conservative government policy by a new Social Democratically led government has first of all been possible because of the high level of consensus among the many partners taking part in this process. And further, both the political parties and the social partners involved, had to a very high extent the same representatives in the councils and committees after a change of government, and thus they also contribute to the continuity of policy.

In addition to the target of quick employment for unemployed, the 1997 reform focused explicitly on improvements of the qualifications of the workforce to achieve more flexibility within the enterprise and to qualify better for the use of new technology. And as both ministry civil servants and employers realise that the next critical aspect of industrial development in Denmark will be how to ensure the demanded qualifications of the employees, the focus of the CVT is shifting from training of unemployed towards upgrading of qualifications. Actually, there is increased competition between the AMU centres and the vocational schools as regards CVT programmes as well as in the field of basic vocational training and adult

vocational training. Amongst others, this has had the effect that CVT-provisions is becoming increasingly customer-oriented, demand-led and decentralised.

Since the beginning of 1997 admission to AMU courses has been open to all, and the individual training institution can decide the number of course participants for itself. It can accept all applicants in the target group for the course in question, whom are found qualified for the training.

4.4 Funding of CVT activities

Around DKK 14 billion is spent each year in Denmark on CVT activities, almost 5 of these on wage compensation and unemployment benefits (the figures are for 1993 and they are only estimates). Roughly, it is estimated that a little more than DKK 5 billion are spent on publicly funded CVT while DKK 4 billion are used for privately financed CVT activities.

Funding for these costs come from the following sources (still 1993):

- The State DKK 9,900 million
- Enterprises DKK 3,900 million
- European Social Fund DKK 275 million.

However, the state contribution is not financed through direct taxes, but from a specific "labour market contribution" (arbejdsmarkedsbidrag), which is 8% gross tax paid by all employed persons in Denmark. Total revenue from this contribution amounted to DKK 56 billion in 1996, to be allocated to three state funds:

- Unemployment benefit fund, which amongst others funds the state expenditure on adult and vocational training schemes;
- Employment promotion fund;
- Sickness benefit fund.

4.5 VET in the public sector in Denmark

Taking the point of departure in the vision of the "developing work situation", it has been agreed as part of the negotiations between the Ministry of Finance and the organisations of the employees that "The state as employer demands flexibility, responsibility and professionalism of each individual manager and employee. In return, the personnel policy of the state should ensure options to each manager and employee for professional development and development of the individual as well as for the security of the individual, which follows from such options".

Thus the major employer of the public sector commits itself to development of its employees. To implement this, councils for co-operation have been obliged on all public workplaces of any significant size since mid 1970s, dealing with planning of training and education of the

staff of the workplace as one essential issue. And on this basis a number of councils for education and training of public employees have been set up, based on representation by both representatives of employers and employees in these councils. And since the beginning of the 1990s, a central Fund for Development and Restructuring has been in place to fund such activities for employees of the state.

By the beginning of 1999 a new agreement has been put in place between the Ministry of Finance and the employees of the state, allocating an amount of DKK 74.75 million for this fund for the three year period of 1999 to 2002. Out of this amount DKK 53,75 million can be applied for by specific projects, while the rest is allocated for (amongst others) the councils for education and training of employees of the state. The following specific development projects might qualify for funding from this source:

- Projects for support of the personnel policy of the state in the areas of management, development of competencies and development of “the holistic staff member”;
- Projects for development of quality and organisation;
- Projects concerning physical and psychological working environment;
- Projects concerning excessive staff members.

Similar allocations are made at decentralised level by the counties and municipalities in Denmark to allow for staff training and education. A substantial part of this training will form part of the activities of for instance the AMU centres, and thus, it will receive the additional financial support, which is channelled to support the activities of the centres.

4.6 Ongoing CVT development

Technical vocational training courses seem not to attract a sufficient number of young people. To deal with this problem, recurrent attempts of simplification and adaptation to practical working environment have been introduced over the past decade, but evidently they have not been sufficiently radical to rectify the problem. For this reason the discussion on making the VET more attractive and at the same time more oriented towards future demands is on-going in Denmark.

Some of the key issues, which over and over again come up in this discussion, are the following:

- The need to make the technical area more intelligible, more transparent and more accommodating of different trainees’ backgrounds;
- The need to create a more open and flexible structure;
- The need for a more simple structure, especially by the start of the education, allowing for the build-up of a wider range of basic qualifications so as later on to allow for a wide range of possible specialisation and for more flexibility in the jobs;

- Some basic key-principles for the future VET, such as:
 - Free entry;
 - Demand-led operation;
 - Payment by participants; and
 - A general need for the schools to be highly market-oriented.

In addition, the ministries involved have pointed to a number of aspects where the Danish VET system seems to be less cost-effective than in countries which Denmark is normally compared with:

- “A relatively high share of Danish employees take part in the CVT activities. Only Sweden is more or less at the same level. However, statistics indicate that both Sweden and the Netherlands have an internal CVT activity especially in the bigger enterprises, which is several times the activity of the public institutions;
- In Sweden, the public expenditures for CVT have been reduced to almost half during the period of 1993 to 97, even though the rate of unemployment has remained almost unchanged during this period. The report concludes that the Swedish cuts are mainly due to reductions in the costs for each man-week of training. A similar development has not taken place in Denmark;
- Danish enterprises spend almost 20% less on CVT (made up as share of total salaries) than the 12 EU countries as a whole, and almost 50% less than France, Italy, the UK and the Netherlands. It should, however, be taken into consideration that in Denmark there is a relatively high number of enterprises with less than 10 employees.”

To assess these aspects, a working group was set up in 1998 with representatives from the Ministry of Finance, the Ministry of Labour and the Ministry of Education, in order to assess the publicly financed vocational education and training in Denmark and to suggest adjustments of this structure. The report from this working group, “Targets and Means in Publicly Financed VET in Denmark”, has just been released (September 1999) offering an excellent opportunity to explore in-depth the mechanisms actually in place in the Danish VET system for the social partners to take part in and influence the VET policy through dialogue at policy level. Amongst others, it refers the comments of key social partners before and after elaboration of the report, and on this basis we will assess the process of dialogue on this report in detail in section 6. This is the most up-to-date and the most elaborately documented example of social partner relationship concerning VET in Denmark, and thus it is an excellent case study for this report.

The arguments for maintaining the actual structure with a VET-system set up in two ministries are the same as they were in the 1950s: CVT is considered a labour market policy issue, because it is aimed at all occupational groups and because all courses have nationwide recognition. In such respect the CVT in Denmark serves the dual objective of ensuring that employers can always recruit employees with the necessary skills and that the employees have the opportunity to improve their skills and their position in the enterprise.

Consequently, the AMU-activities should remain under the responsibility of the Ministry of Labour.

The open education is a general opportunity for all to maintain or improve their qualifications during leisure time. This part of the CVT should consequently remain under the Ministry of Education, it is argued.

5. Capabilities and Roles of Social Partners and other VET Actors

5.1 Social partner co-operation – situation in the mid 1990s

In Section 3 of this paper it was described how the roles of the social partners developed, with focus on the period from the 1970s until the mid 1990s. Thus, the situation after the conclusion of the collective bargaining in 1995 could be summed up as follows:

- **The Danish Confederation of Trade Unions (LO)** had been pushing hard for highly centralised collective bargaining during the 1970s. But after a conservative/liberal government took office in 1982, such bargaining were for the years 1987, 1989, 1991 1993 and 1995 concluded at decentralised level.

This had weakened the position of LO considerably in relation to the major federations of trade unions; but at the same time these federations had generally failed to set through a highly demanded restructuring, based on the formation of cartels.

For almost 20 years an internal discussion had been going on in LO on the need for other key activities than the collective bargaining as the ones to ensure the long-term legitimacy and member-support for the confederation. A focus on broad social concerns for the members had been pointed to as an important task for the organisation. It had, however, proved difficult to achieve a real break-through for such a new policy-orientation, even though a major attention was on the aspect of Vocational Education and Training.

Generally, the LO was facing the problem that its member federations had never handed over final executive powers to the confederation (contrary to the position of DA).

- **The Danish Employers' Confederation (DA)** shared the problems and concerns of LO in respect of having member organisations take over the collective bargaining which up until then had been the major means of legitimacy for the creation and development of DA.

It further faced the challenge of a considerably higher concentration of the member organisations than LO, especially as one organisation The confederation of Danish Industries (DI) during the beginning of the 1990s set through a number of mergers.

The employers had been driving the process for the decentralised collective bargaining, and the major organisations of each of the cartels seemed to be happy with the on-going negotiations and roles.

- **The government and the political parties** had, for a number of years seen collective bargaining concluded at local level without conflicts. To such extent they were happy with the structural development within LO and DA, as well as with the decentralised bargaining.

As to a number of the agreements between the social partners the government had, however, started to introduce strict control of the services agreed on (such as for instance the VET activities), to make sure that public money were spent effectively and not in a common interest of the two social partners. This said, it should be underscored that the government

seemed to be happy with the tripartite set-up as well as with the activities and solutions achieved through this co-operation.

5.2 Co-operation between LO and DA

An important background for the successful completion of the decentralised collective bargaining in 1987, 89, 91, 93 and 95 was a common statement, issued in 1987 by LO and DA. This, at the same time was a first major indication that LO and DA were about to reach some common understanding and agreements on how to strengthen their position on the labour market scene.

In this statement, LO and DA committed themselves to spell out the outcome of the collective bargaining in such a way that they could ensure a development of the wages, just below the level of the countries competing Denmark. And in addition they committed themselves to accept the assessment of a professional committee of economists as concerns the evaluation of the level of wages in Denmark compared to the level in the competing countries. In return, the Government committed itself to the support of labour market pension schemes, introduced in the public sector in 1989 and in the private sector in 1991.

But even though this agreement formed a highly constructive framework as basis for the decentralised negotiations, these negotiations at the same time turned out to be a major obstacle to set the vision of controlled Danish wage development through. As an example, the decentralised negotiations introduced more flexible wage systems in the enterprises, leaving room for recurrent local adjustments of the wages if the efficiency of production increased. But at the same time this made it much more difficult to control the future development of the level of wages.

In 1995 this lead to complicated collective bargaining during which oppositions within the group of employers came out in the open, resulting in agreements, which for the public and the private areas ended up out of time (agreements for 2 and 3 years respectively).

For the next collective bargaining in 1998 no one was in fact prepared for a conflict, and both sides recommended their members to accept the outcome of the negotiations. But the members voted against, demanding an extra week of holiday to be part of the agreement, and this demand proved to be an obstacle, which could not be tackled through the decentralised negotiations. After some time LO and DA were involved in the negotiations, and even though they did not solve the conflict, they managed to get so close to a solution that it was possible for the Prime Minister to come up with an acceptable political intervention. In such respect LO and DA were accredited for their valuable involvement. This turned out to form a new basis for furthering the co-operation between the two main organisations.

From the position of LO, the development from 1987 to 1995 seemed to undermine the commitment to keep the development of wages just under that of the competing countries. Not only was the decentralised collective bargaining undermining the commitment, but the low inflation and the strong international competition left very little over for improvements of salaries, so that it was extremely difficult to produce positive, visible results for the LO members. So, realising that the original commitment ended up unrealistic, LO denounced the

statement of 1987 and added that it was difficult to see a way forward without giving new status to the institutions for support of the tripartite negotiations.

This way LO brought an end to the historical common statement, which indicated that the labour movement and the employers were both supporting a common and “social responsible” goal for the development of the average wages in Denmark.

5.3 Further co-operation between LO and DA

The successful co-operation concerning the 1998 collective bargaining led to initiatives for further tripartite co-operation as LO proposed to strengthen the relations. Hesitantly, the government opened for negotiations in August 1998, and an agreement was made to institutionalise the set up of a forum for tripartite negotiations (to replace the former ad-hoc like forum) as well as a statistical committee with representatives from the ministries dealing with economy as well as from both parties. Already in September 1998 this led to consensus on a proposal for a labour market reform. And even though this reform was later turned down by the General Workers Union, the forum had demonstrated both willingness and ability to achieve results.

But the perspectives for this set-up of a forum and a statistical committee reached much further, as the institutions were seen as part of the schedule for the collective bargaining (the “Climate-agreement”) which the parties have just agreed on a couple of weeks ago. Evidently, it is the objective to set up trustworthy institutions to continue the old common commitment of 1987 and this way to create a tool for revitalisation of the tripartite negotiations as a means for creation and follow up on centralised(?) collective agreements for the labour market.

This, in fact may also be a way of putting the two main confederations LO and DA back on the scene. Not as supporters or lobbyists with minor roles; but as the key players (at least for a time) in the complicated game on the continuous development of the collective bargaining system.

5.4 The focus of LO on welfare and VET

In addition to the initiatives for bringing the tripartite co-operation with DA back on track, the executive of LO has also set another agenda for revitalisation of the confederation, the new focus on welfare for its members. This issue was launched at the LO congress, which took place in late October 1999.

One reason for putting this issue at the agenda is that the discipline in the labour movement since mid 1990s seems to be about to ebb out, following the long range of quite successful decentralised collective agreements of the late 1980s and early 1990s.

Not only did the decentralised negotiations undermine the commitments made by LO and DA in 1987, but even worse, a number of situations have demonstrated a lack of willingness of the federations to back the Government led by the Social Democratic Party, indicating that a number of federations are about to lose patience. Thus, LO and DA managed to achieve consensus on a third labour market reform, and the proposal was accepted by the govern-

ment; but when it came to the final approval, the General Workers Union turned it down. Also the attitude towards the compromise on redundancy pay seems to illustrate this tiredness, as the same federation took the lead in severe critics of the compromise, almost bringing the government to its knees.

Thus, it seems that the Social Democratic Party has a hard time to make part of its “hinterland”, among which some of the biggest federations, support the overall target of its social policy. Consequently, the executive of LO decided that it was time to launch an offensive, which might determine the future of LO, based on three initiatives:

- To put up for debate and for approval by the congress (late October 1999) a welfare programme for the members of the confederation, so as to include this programme as part of the political programme of LO;
- To achieve an agreement with DA on the above described “Climate-agreement” for the upcoming collective bargaining in 2000;
- And to be an active player in the tripartite negotiations on a Vocational Education and Training (VET) which is scheduled to take place during the late 1999 and early 2000.

The welfare programme was presented to the congress, and as expected a number of the member federations raised serious concerns on the proposal. In fact the discussion concentrated on three issues:

- The General Workers Union moved an amendment for clearer delimitation of which sort of privatisation could be supported by LO, a question of utmost concern to the public sector employees of the confederation;
- Also, the General Workers Union moved an amendment for clarification of which welfare tasks should be the responsibility of the state, and which might be the concern of the confederation;
- And finally, a number of federations questioned the proposal of the executive to enter into a 10-year co-operation agreement with the government.

The proposals from the General Workers Union were accepted by the congress which also opposed the idea of 10-year agreements with governments. But still, this were only minor amendments to the full welfare programme put forward, and to such extent the congress can be considered a major break-through for LO to enter into a new era where a number of welfare and professional development concerns play an important role for the support of the confederation, in addition to the outcome of the collective bargaining. Two trade unions of the public sector did not vote for the welfare programme, as they openly questioned the programme’s statements on privatisation, even after the approval by the congress of the amendments moved by the General Workers Union.

The next major test for LO will be, whether it can achieve a compromise on the issue of Vocational Education and Training, which at the same time is acceptable to the members/member organisations and constructively points towards a role for the LO members at

the workplaces in the next millennium. The further analysis of this process and the role of the social partners in this process is discussed in the following main section 6.

6. The Dialogue between the Social Partners and with Public Bodies

6.1 Perspective of the social partner co-operation

Looking back, the co-operation between LO and DA dates back exactly one hundred years to 1899 when a major agreement on the overall set-up of Danish Trade Unions and Employers Associations was made in Denmark. This was the start of the long and still more elaborate co-operation, which developed into a huge number of agreements and daily practices on how to co-operate and regulate conflicts on the labour market, including increasingly also major social aspects. Still today the basics of the 1899 agreement forms an important element of all collective negotiations and agreements as well as of the peaceful regulation of these agreements.

To understand this set-up, it is necessary to perceive the two important dimensions of the co-operative framework the Danish tri-partite model: The historical dimension, and the dimension of decentralisation and active involvement of thousands of players from the social partners at all levels of society.

The historical dimension is first of all about understanding the importance of the uncountable number of small, incremental steps, which have lead to the actual system and to the build-up of the actual relations among the social partners and between the partners and the state (government and ministries). This situation could not be achieved in a decade or two, no matter how successful a development. The basis is the recurrent, even daily, harnessing of the relations through discussions, conflicts and the process of finding solutions, which little by little build up trust and experience within all the three partners of the relationship.

Often, it is referred to as part of the Danish (or Nordic) culture. And in fact it is, in the sense that it concerns positions build up over long time and gradually rooted within the organisations of the key-players as well as within its members and member-organisations. Short-cuts for build-up of such a relationship might be possible, but no one should expect a conducive situation of consensus-building to be achieved “over night”.

Equally, the dimension of decentralisation has developed over time, but compared to the historical dimension, the decentralisation has been much less smooth and continuous. It has rather been a development in laps forward and some recessions in between. Nevertheless, considered over a longer period of time, the development of decentralisation and involvement of thousands of members of employers’ and employees’ organisations, has been a steady and still progressing process over most of the last one hundred years. And today, it is the very basis of the federations and trade organisations.

To really understand this, it is necessary to take into consideration how many persons the daily tri-partite system involve, in development of policy as well as in the day-to-day administration of the Danish model. In the following we shall try to give examples of this involvement, but it is important to stress that it includes a huge number of small and bigger agreements among partners at all levels, a huge administrative system, and a comprehensive process. This is to ensure such democratic development of policy and major decisions that

consensus and active support for the decisions by members and member organisations is achieved on major issues. Only this way can the system be efficient in the daily management and regulations. If based on control and top-down orders, the system had broken down long time ago.

Thus, one can argue that the decentralisation and active involvement of the many members is the cornerstone, which is both the strength and the weakness of the system. But practice has proved that no matter whether the government might shift among the political parties, the consensus of the labour market partners on all major issues has been a guarantee that the overall Danish labour market policy will not waver. This has been demonstrated repeatedly, and lastly during the shifts from Social Democratic to Conservative leadership of the Government in the beginning of the 1980s and even more clearly during the shift back to SD leadership after 1993. During these periods, for instance, the Council for Vocational Training and the National Training Council have both played a major role in ensuring the continuity of policy as well as a cohesive policy for the Danish VET-system. And these councils would not have been able to play this role, without the consensus among and the broad support from the many local councils and active members of the social partnership organisations. In such sense, the roots of the Danish model should be found in the degree of consensus at the many levels of co-operation in Denmark, and not specifically in the central institutional set-up for partner co-operation.

The over-all and critical question is whether the positive effects of this comprehensive process of co-operation are so convincing that the whole set-up is worthwhile? Do we really get “value-for-money” out of this effort on consensus-making and adaptation to the national policy?

In the following the positions of the social partners will be described, and major areas of consensus and conflicts will be highlighted. Afterwards, the debate on the above referred report on “Targets and Means in Publicly Funded Vocational Education and Training”, August 1999, will be used as a specific example of the positions taken by the partners, and as a means to assess the *process* of co-operation between the partners and the public institutions.

6.2 The employers

The employers generally acknowledge the increasing importance of CVT on a labour market, which is characterised by constant technological change and a dwindling number of young people receiving initial training.

The Danish Employers' Confederation (DA) is of the opinion that changes should be made to the present system in the area of financing via partial participant payment, and in the mechanisms determining the range, structure and contents of the courses. Another criticism of the AMU-system put forward by the employers is that the range of courses offered - in their view - mostly favours the members of The Danish Federation of Trade Unions (LO), and neglects the middle managers, small tradesmen, and technicians.

The more prominent role which is to be played by local actors in the area of CVT, will of course influence the work of the present governing bodies. The Danish Employers' Confed-

eration (DA) sees it as an important task for the present continual vocational training committees to take part in the identification and analysis of present and future qualification needs, as well as in the dialogue between enterprises and training centres which will automatically follow from the deregulation process. This will help the process along on local level, but a joint effort by the social partners is necessary in all sectors; especially in order to analyse the needs in small and medium-sized enterprises, and to develop new models of CVT as a result of the findings.

According to the employers, the policy has up to now been to arrange courses for any need at the moment when it was perceived. This policy is no longer valid at a time when the system is under increased pressure, and when enterprises and wage-earners alike have demonstrated strong objections against increased public expenditure financed through taxes. A shift in emphasis is needed and a priority-setting of some kind has to take place. The panacea to cure all ills is to be found in the free market forces: Competition among suppliers of training and customer contributions depending on the degree of the orientation of the training towards the needs of a specific enterprise should make sure that the demanded commitment exists.

As a consequence, it will be possible to cut the public contribution to the training centres, and the savings thus made can be ploughed back to the enterprises or spent on additional training activities. Instead of having all the enterprises pay a fixed percentage in contribution, the main costs will now be paid by the enterprises taking most advantage of the courses.

Participant payment is to cut both ways, so that the individual users as well are to put their shoulders to the wheel. Employees sent by their enterprises to attend CVT-courses will of course have all their costs covered by their enterprises - but in principle all individual users are to pay some fee, but not the real expenses, for their participation.

In line with the perception of CVT as an investment, the employers maintain that CVT also constitutes an investment for the individual employee. The qualifications he acquires are his alone, and in principle he may leave the enterprise he works for and take the qualifications with him to a new job, if the conditions there suit him better. It is therefore appropriate that the employee is also to contribute towards this investment; e.g. by using his leisure time (and not only his working hours) for the participation in courses.

The employers have taken note of an increased interest in CVT-agreements shown by the employees and the trade unions. On this basis, a growing number of agreements have been made in connection with the collective bargaining. But the employers prefer to make agreements on enterprise level to give each employer the freedom of choice.

6.3 The trade unions

The Danish Federation of Trade Unions (LO) also recognises that there is a huge demand for CVT, if the work force is to maintain its present level of qualifications. However, the trade unions do not believe that it is possible to meet this demand within the confines of the present CVT-budget. Instead, they advocate an expansion of the AMU-system as well as increased efficiency.

Having a much more comprehensive view on CVT, the trade unions regard the AMU-system as only one reflection of a multifaceted structure. Since 1974, The Danish Federation of Trade Unions (LO) has advocated the BFU (paid leave for education and training) scheme, demanding under this scheme, that all workers should have the right to 26 weeks of coherent education/training of their own choice; with adequate wage compensation. This education and training may be directly job related or of a more general educational nature, it is argued.

The BFU-scheme has in part been implemented by the Act on Leave Schemes with leave benefit in connection with training and childcare. This Act came into force on 1st January 1994, and by the end of 1994, a total number of about 25,000 persons were on training, which may be given for a period of from 1 week and up to 1 year for approved training courses.

The target group for the Act on Leave Schemes is made up of unemployed persons, persons in employment and self-employed persons above the age of 25. A condition for obtaining leave is that the person in question is a member of an unemployment insurance fund and qualifies for unemployment benefit. For persons in employment and for self-employed persons it is also a condition that they have been working for at least 3 years within the last 5 years. As regards persons in employment, leave is subject to an agreement with the employer. During leave, a benefit is paid of up to 100 per cent of the maximum rate unemployment benefit.

The trade unions are of the opinion that in order to create a flexible and adaptable workforce, it is necessary to concentrate on the broader, transferable qualifications (like the improvement of the general educational level) which are a necessary prerequisite for future specialised training or re-training.

For the individual as well, more broadly based qualifications are of course valuable because they enhance his chances of finding employment elsewhere if he is made redundant, and the increased versatility may lead to a higher level of job satisfaction.

The trade unions see collective bargaining on sector level as a very important issue in relation to the provision of CVT. Even though agreements on enterprise level are also important, there is a risk that the labour market is thereby fragmented into groups of employees with relatively easy access to CVT, groups with reduced access, and groups with virtually no access to CVT.

Collective bargaining should not replace the existing system as the forum where the social partners meet on CVT issues. Instead, it is to alleviate the shortcomings of the existing system and ultimately help pave the way for the introduction of BFU-schemes. In line with this, The Danish Federation of Trade Unions (LO) has drawn up 3 main issues whereby collective bargains may be used to strengthen the provisions of the existing systems, namely:

1. To secure that workers get the right (and not just the possibility) to participate in CVT.
2. To create funds which can fund CVT. In major sectors, funds have been created in recent years to finance CVT-activities. In most cases, however, this money is spent on development work, while the money in these funds may cover the decrease in wages suffered by the employees who participate in the training.

3. To create a forum where employers and employees can meet and discuss CVT, identify needs, and formulate strategies and binding policies.

6.4 Decentralised negotiations on funding arrangements

The economic commitment of the social partners for co-funding of the vocational training is an important indication of the priority given by these partners to the adult education and training. To such extent it is a test case for the real priority-setting of employers and employees.

Since the beginning of the 1990s the collective labour market negotiations have increasingly taken the form of decentralised negotiations, and “soft issues” such as vocational training have got a still more important position in the negotiations. One of the issues, which this way has got a prominent position in the agreements has been the commitments for funding for VET activities, for the labour market as a whole and for the specific trades.

The decentralisation of the collective negotiations has put the trades in a key position, and a wide range of very specific agreements and commitment for support to the vocational training has been the outcome of this process. But not only a wide range, also a range, where the commitments are quite different from one trade to another. So, today it is difficult to get a full picture of the many decentralised commitments and agreements on training. A list of training is attached in Annex 5 (table 4.1), compiled from the many specific trade agreements, which form the output of the decentralised collective bargaining since the late 1980s.

6.5 Ministerial committee for analysis of the VET system

An inter-ministerial report was put together as a co-operation between the Ministry of Labour, the Ministry of Education and the Ministry of Finance, while the social partner organisations were put completely out of the discussions. However, key organisations were, at the early stage of summer 1998, asked to state their overall positions on VET in the form of comments to the elaborated Terms of Reference for the task. These comments have later on been made public as an annex to the final report.

After the report was published in September 1999, the Government invited the partners to form a “technical committee of partners”, and in this committee to discuss the contents of the report and to state their positions. The Government promised that the outcome of these discussions will form part of the basis for the political discussions among the parties of the parliament before final decisions are taken. Also the written statements of the partners participating in this committee have been printed and distributed, together with the summary of the discussions. To this extent all key documents of the process have been made available to the public, forming an all in all transparent process. However, the civil servants of the ministries, and especially the ones of the Ministry of Finance, have completely dominated major parts of this process: They kept the social partners completely out of the lengthy process of inter-ministerial assessment of the existing VET system; they only allowed for 11/2 month for the social partners to state and negotiate *their* comments; and as secretary to the technical committee of the partners they strictly controlled and scheduled the work of the

committee, the partners complain. Such a strict, controlling and dominating role of the Ministry of Finance is new to the Danish model for tripartite co-operation, and not constructive, it has been stressed and complained by the partners.

For illustration of the social partner relation, we will concentrate on the positions of the two main partners, Danish Employers Confederation (DA) and Danish Confederation of Trade Unions (LO). To a high degree, other partner-institutions follow the same patterns of co-operation as these main players.

As a basis for the task and for the terms of reference for the cross-ministerial committee it was stated as part of the terms that

“the Government wants to promote a reform to create a better functioning adult vocational training system. Today the system appears to be confused and incoherent for the individual participant as well as for the enterprises. There is a need for considerable simplification and for improved co-ordination and targeting, so as to ensure that the effect of the use of resources can be improved”.

And, furthermore, the Terms of Reference stated:

“The proposals should ensure a better co-operation among the labour market training and education system and other further and adult training, within the framework of the Ministry of Labour and the Ministry of Education, as well as a better utilisation of the resources available in both these systems. In addition, a proposal should be made for how best to ensure an improved co-operation between the basic education and the adult and further education”

In this way, the Terms levelled the field for a comprehensive reformulation of the basic set-up of the Danish VET system.

6.6 Comments to the report by the social partners

Social Partners' Comments to the Terms of Reference for the Committee

The committee was set up with representatives from the three ministries and with a joint secretariat. Key organisations of employers and employees were asked by the committee to respond in writing to the Terms, and both DA and LO took the opportunity to clarify their basic stand on a number of major issues of the VET system.

The employers' organisation, DA, amongst others highlighted the following issues:

- VET activities should be considered as an investment, and the same demands on yields should be set up for such investments as for all other investments;

- Benefits of the training favour both the individual person, the society, and the enterprise. Consequently, public co-funding of the activity is essential;
- Three major VET activities were suggested to be gathered under the same ministry (the Ministry of Education): The AMU system, the Open Adult Education system and the activities of the Adult Education Centres (VUC), so as to facilitate the necessary co-ordination and efficiency of the training activities;
- At central (ministry) level, a much more precise distribution of responsibilities and division of tasks should be set out;
- User payment should be introduced in all VET systems;
- Especially training which responds directly to demands and needs of the workplace, should get priority, indicating a need for very close local co-operation between training institutions and enterprises;
- Better co-ordination should take place of the many different systems of reimbursement of the participants in the training courses;
- Training should take place outside working hours, to the extent possible;
- And finally, DA is reluctant to increase emphasis on basic adult education (as contrary to targeted/specialised training).

All in all this outlines an ideological basis, emphasising short-term benefits and responds to the actual daily problems.

Similarly, the LO contribution focused on basic values of the workers, such as:

- The need for a life-long education and training;
- The need for improvement of the least educated so as to qualify them for merits and recognised levels of education (and thus for qualified employment);
- The emphasis on a dual educational approach, combining practical training and theory in a recurrently shifting curriculum;
- Workers confidence on job security, based on dynamic qualifications of the workers for shifting jobs in a society and workplace under constant change.

On top of these relatively traditional demands of employees, LO raised and argued for a number of more wide ranging ideas, such as

- The workplace as the arena and focal point for development of competencies;
- The tripartite alliance among employers, employees and the state as the principal alliance and basis for the improvement of competencies;
- The need to break down traditional trade-based areas of competencies and to recognise that future demands to the work force will be much broader and ever changing, leading to cross-trade education and qualifications;

- And, nicely in accordance with the employers: The need for decentralisation and local autonomy to identify the most adequate needs for training and development.

These visions are not only committing to the structure of continued social partner relations, but also to the need for a flexible and adaptable structure, even if it implies that basic, traditional positions for the working class movement have to be set aside.

Social Partners' Comments to the Report of the Inter-ministerial Committee

Following the release of the report from the inter-ministerial committee, the social partners were encouraged by the Government to participate in a technical social partner committee to comment on the report. The summary of these comments form part of the basis for the following political discussion of the proposals of the report.

Having stated their principal positions with the comments of summer 1998, the specific comments from the social partners on the report are much more consensus-oriented. And it further seems that the secretariat of the technical committee, when summing up the comments from the two parts, has focused on areas of mutual agreement so as to focus on issues with possibility of influencing the following political debate and decisions.

Still, there are however a few positions where the social partners maintain different points of view, most of these being "subjects of attitude" such as

- The discussion on the principles of life-long learning in the knowledge-society, which did not lead to consensus;
- The LO aim of levelling the income as a result of the VET, which the employers did not subscribe to;
- The proposal of the employers to demand individual fees for participation in the VET, which LO could not accept;
- The proposal of the employers to increasingly make the VET a leisure time activity, which the LO did not support.

But all in all, these were minor issues which by no means overshadow the many and important areas of mutual consensus such as, among many others:

- The need for a reform, which ensures an adult VET system with opportunities for all to achieve recognised competencies and merits. At the same time, the social partners however warns the government not to introduce cuts in the expenditure for the VET for all the better-educated groups;
- To focus the efforts of the Government on set-up of principles for a long-term holistic solution of the problems of the VET-system with a horizon far behind next years' negotiation for the national financial budget – in stead of short-term cost reductions;

- The conclusions of the report to shift the focus of problems from the former problem of need for job rotation through VET activities towards the actual need to prevent bottlenecks at the labour market through increase of the total work force and through increase of the qualifications;
- To generally agree on all major issues missing or insufficiently assessed in the report.

6.7 Role of the political parties

The political parties have played an active role in the debate on VET, and former close relations between the political parties and the main organisations of the labour market seem to be history.

Thus, the two biggest parties, the Social Democratic Party and the Liberal Party both have produced detailed programmes on VET. By itself this is an indication of the importance the two parties put on the VET question, partly because it is a major public expenditure, partly because it is a critical factor for the future Danish international competitiveness.

The two political programmes especially deal with three aspects of VET:

- The institutional set-up (one or two ministries, one system with a merge of AMU and IVT-schools);
- The funding issue (public commitment, enterprise commitment and participants pay)
- The content of the VET (priority-setting of target groups, professional focus and the possibility of transfer and build-up of merit).

The Liberal party especially focuses on the first and second issue, while the SD party primarily focuses on the last issue. But both programmes take the point of departure in the public interest in the VET set-up, and to such extent they both contribute to building a framework and setting limitations for how far the social partners can demand public support for VET.

With the elaboration and hand-out of the two programmes added to the already very open process for debate on the future set-up of VET in Denmark, the public debate seems to have achieved a very high level of transparency. All the key-players have put their cards on the table, which gives an evident opportunity to involve a broader audience in the debate, at the same time as it might confine the options for compromises as all the players have now set their agenda. However, little effort has so far been made to simplify the debate and to bring it to the millions of employees and employers, who will be the ones directly affected by the VET decisions in the long term.

6.8 Political influence of the social partners

From the above comments by the social partners it seems that they on a number of major issues stick together, fighting in unison against Government proposals for reductions of the VET activities. Each of the partners seem to be willing to accept a number of major compromises to establish and strengthen the consensus. Even where such consensus goes against

traditional positions of the partner or against political proposals of political parties, which the partners usually associate with, the consensus with the social partner seems by the end of the day to be more important. In such sense, the partners underscore, there is a major difference between the bipartite co-operation on the collective bargaining, which is a confrontation of the partners, and the co-operation on VET. Such co-operation on social targets much more tend to be a consensus-seeking process, aiming at identification and development of areas of common interest, the partners stress. The increasingly “professional” attitude of the staff of the social partners also highly contributes to the consensus-seeking approach, for instance on issues such as VET.

Thus the social partnership tends to turn into a strategic alliance bridging differences and conflicts which have existed since the birth of industrialisation, and it is evident that even a majority-based Government will hesitate to go against important recommendation proposed by a joint social partnership. This will not only undermine the electoral basis of the party, but the united partnership might also indicate that such a reform might never be efficient in practical daily life.

It seems that the main organisations of the social partners are both firmly determined to fight their way back on the scene, and it seems that they have realised that the way to get back is through producing results, visible and useful to their members and member-organisations. For this purpose it seems that the willingness to compromise is bigger than ever. Three barriers will set the limits for how far the social partners can go this way:

- The complex political mix of the LO members, and the consequent long-term problem for the LO executive to have their more and more political agenda broadly accepted by the LO member-basis, as well as by all member organisations;
- Indications from member organisations of DA, especially the DI, that they are opposing close linkages to the policy system. Typically, these institutions have been reluctant to enter into tripartite *negotiations*, preferring instead less committing tripartite *discussions*;
- And the limits put up by the public (government, parliament and local administrations) for which parts of the compromises between the social partners are found to be in accordance with the broad social development targets, and which ones seem to be exclusively in the interests of the social partners and their members. If this develops into major conflicts we might in the future experience a major conflict between the political parties in parliament and the top executive of the two confederations.

If the confederations do not succeed with the ambitious targets, which they at present seem to follow, the most probable alternative will once more be that the member organisations take over and try to find more flexible, decentralised solutions at sector, sub-sector or even at enterprise level.

As concerns the future VET-policy in Denmark, it is still to be seen how the political parties will react to the joint recommendations on the VET report. For sure it is on the political agenda to demand increased efficiency and probably even cuts in the Danish VET system. To such extent the negotiations on VET seems to be a test-case for the partnership strategy to which extent the government will accept or go against joint proposals for compromises put

forward by the social partners. This might give a first indication of the future framework for co-operation between the two main organisations and the government.

7. The VET Institutional Framework and the Social Partner's Involvement

7.1 Involvement of the social partners in the VET set-up

The institutional set-up for IVT and CVT has already been described in the above section 4.2, and diagrams of this set-up are shown in annex 4.

Please refer to these sections for further information on the overall set up of the VET system in Denmark as well as for the role and involvement of the social partners in the set-up.

In this section, we shall concentrate on the functioning of the trade committees (TCs) for the IVT-system, and on the continuing training committees (CTCs) for the CVT system. Questionnaires have been elaborated and sent to the secretariats of all such relevant committees (108 in all), and the answers will form the basis for the following.

7.2 Analysis of the TCs and the CTCs

The questionnaire sent to the TCs and CTCs is found in Annex 1, and the answers to the questionnaire are listed in Annex 2. Annex 2.A lists the aggregated answers for the two different sorts of committees while Annex 2.B and 2.C list the answers for Training Committees and for the Continuing Training Committees respectively. Finally, Annex 2.C and 2.D list the answers for the eight main "sectors" for each of the two committees separately.

The questionnaires have been submitted to the secretariats of the committees, and it is supposed that the answers represent the reflection of these secretariats. Thus, it should not be expected that the committees themselves have approved of the answers.

This has been possible because the questions are almost completely focused on factual information, the only exception being the question no. 13: "What has been, and what will become the most important action areas in the committee's work – the respondents are asked to indicate both for a number of passed years and for the future.

108 questionnaires were sent out (please cf. Annex 7 for list of committees to which the questionnaire was sent), and 72 were received back. This corresponds to a reply-percentage of 67%, which is absolutely satisfactory.

The principal analysis of the answers has been made for the two set of committees individually, so as to try to detect also the differences between the two.

In addition to this analysis of the full range of respondents from each of the two groups, it has been attempted to separate the main sectors (the 8 biggest sectors) so as to examine whether distinct differences could be found from one sector to another, and whether some of the sectors seem to follow the same patterns. However, the outcome of this analysis should be used with care, as a number of the committees examined deal with training which according the definition of sectors touch upon more than one sector.

Aggregated results of the questionnaire

| Aggregated data | Total | | Cont. voc. training comm. (CTC)) | | National trade committees (TC) | |
|---|---------------|--------|----------------------------------|--------|--------------------------------|--------|
| Questions 3 + 4: | | | | | | |
| Average no. of members per committee | 8.8 | | 8.8 | | 8.8 | |
| Av. no. of secretaries / committee | 1.4 | | 1 | | 1.9 | |
| Av. no. of consultants / committee | 1.5 | | 1.2 | | 1.7 | |
| Question 6: | | | | | | |
| Budget, average/committee (1998) | DKK 2,158,840 | | DKK 1,463,859 | | DKK 2,327,930 | |
| Question 7: | | | | | | |
| Source of financing (1998): | | | | | | |
| Organisations | 66% | | 50% | | 73% | |
| Funds, etc. | 9% | | 10% | | 6% | |
| the State | 12% | | 29% | | 7% | |
| Other sources | 14% | | 15% | | 14% | |
| Questions 8 + 9: | | | | | | |
| Average annual costs per comm. for the members' participation | DKK 90,000 | | DKK 74,000 | | DKK 93,000 | |
| Question 10: | | | | | | |
| Time spent by the comm. (1998): | | | | | | |
| Framing of policies | 46% | | 48% | | 40% | |
| National trade committees | 31% | | 29% | | 32% | |
| Administration | 11% | | 9% | | 15% | |
| Other | 11% | | 10% | | 13% | |
| Question 11: | | | | | | |
| Time spent by the secr. (1998): | | | | | | |
| Framing of policies | 16% | | 14% | | 17% | |
| National trade committees | 34% | | 42% | | 29% | |
| Information | 16% | | 16% | | 15% | |
| Administration | 31% | | 25% | | 36% | |
| Other | 2% | | 2% | | 4% | |
| Question 12: | | | | | | |
| Information sources: | | | | | | |
| School boards | 13% | | 11% | | 19% | |
| Teachers | 53% | | 58% | | 33% | |
| Committee members | 51% | | 50% | | 74% | |
| Enterprises | 47% | | 47% | | 78% | |
| Organisations | 41% | | 42% | | 63% | |
| Others | 8% | | 11% | | 15% | |
| Question 13: | 1998 | Future | 1998 | Future | 1998 | Future |
| Most important action areas (1=most important) | | | | | | |
| Simplification | 3 | 3 | 3 | 3 | 4 | 2 |
| Co-operation | 1 | 1 | 1 | 1 | 1 | 1 |
| Training-related development | 2 | 2 | 2 | 2 | 2 | 4 |
| Coherence | 7 | 8 | 9 | 9 | 6 | 8 |
| Merits/certification | 4 | 5 | 6 | 5 | 3 | 3 |
| Reading and spelling | 9 | 9 | 7 | 8 | 0 | 0 |
| Environment | 8 | 7 | 8 | 7 | 7 | 7 |
| Computers/IT | 6 | 4 | 4 | 4 | 8 | 6 |
| Other | 5 | 6 | 5 | 6 | 5 | 5 |
| Question 14: | | | | | | |
| Time spent by the secretariat: | | | | | | |
| Co-operation | 28% | | 30% | | 21% | |
| Schools/centres | 25% | | 22% | | 27% | |
| Apprenticeship/enterprises | 18% | | 11% | | 23% | |

*No. of meetings per year x duration per meeting x DKK 600 (transportation not included)

7.3 Resources of the TCs and the CTCs

On the following page, please find a summary of the answers to the questionnaire (without specification on sectors).

One of the issues analysed is the use of resources by the committees. The resources used in terms of staff is analysed:

- Average number of members of a committee (question 3)
- Average number of consultants per committee (question 4).

In addition, the questions address the full costs of running the committees, specified on costs for

- Secretariat and consultants (budget, question 6)
- The participation of the members of the committee (to be composed from the questions 8 and 9).

Finally, the sources of funding for the work of the committees is examined (quest. 10).

The results are transmitted to average numbers per committee, even though it should be remembered that the committees are highly different as well in number of tasks, number of participants and number of courses, they are responsible for.

From the answers, the following can be concluded:

- *Trade committees seem to use almost twice as many resources per committee as continuing training committees. This may be due to the nature of the tasks for the different committees;*
- *In average the administrative costs of a TC is approximately DKK 2.420.000 per year, and of a CTC it is approx. DKK 1,540,000 per year;*
- *Multiplied by the number of committees the full cost for the system of committees can be estimated at around DKK 250 million per year;*
- *The costs for secretariat and consultants by far exceeds the costs for the participation of committee members in the meetings (more than a factor 20);*
- *The organisations cover most of the funding, especially for the TCs. For the CTCs contributions from the state in average make up almost one third of the costs. As will be discovered later, there is significant difference between the origin of funding for different sectors.*

7.4 Priority-setting of the TCs and the CTCs

The secretariats have been asked which activities are given priority in respect of

- Time spent by the committee (quest. 10)
- Time spent by the secretariat, both as concerns daily tasks and priority-setting of different aspects of co-operation with other institutions/enterprises (quest. 11 and 14).

And in addition, the secretariats have been asked to indicate principal areas of priority for a number of years in the past as well as for the future (quest. 13)

From the answers, the following can be concluded:

- *Priorities of the committees are formulation and development of policies, and as a second priority: the professional development of the education/training;*
- *Grosso modo, the priorities are the same for the two different sort of committees;*
- *As to the secretariats, the TC-secretariat especially use the working hours for administration, and to some major extent for professional development of the education; while the CTC-secretariat have the opposite priority-setting among the two activities;*
- *For both types of secretariat, the external relations are almost equally split on co-operation with other councils or public institutions, with other training centres/vocational schools, and with co-operation with enterprises.*
- *As to priority-setting of the activities, the co-operation with other centres/schools is the overall first priority, and the pedagogical/professional development the second, even though the TC indicates that simplification of the institutional set-up for the future tends to be high priority.*

7.5 Priorities of committees for different sectors

Finally, differences between the major sectors have been looked for, as indicated in Annex 2.4 and 5 (for TCs and CTCs respectively). As mentioned already, one should be careful not to draw too clear conclusions from these annexes as the population for the examination is relatively little, and as a number of the committees cover training and education courses for a number of the sectors, and the questionnaire has not allowed for such detailed analyses as to sort out exactly which parts of a specific committee's work relate to the specific sector.

Nevertheless some "rough" conclusions might be drawn from the Annexes 4 and 5:

- *The budgets of committees in the Trade and service, public sector and to some extent graphical sectors seem substantially to exceed the budgets of secretariats for other sectors. Especially the budgets for the TC-secretariats in these sectors seem to be high;*
- *To some extent the patterns of priority-setting seem to be more or less similar among the following groups:*
 - *Industry, Building & construction, Clothing and textile*

- *Trade & services, Transportation and to some extent the local-level public sector*

It should, however, be emphasized that this tendency is not clear at all – the picture is fairly blurred;

- Also concerning the funding this division of sectors apply. For the CTC-committees:
 - *For Industry, Building & construction, Clothing and textile the partners contribute between 60 and 90% of the funding, while*
 - *For Trade & services, Transportation the contribution from the organisations is only around 10% (and for the local-level public sector and the graphical sector 30-40%).*

8. Conclusions

8.1 Actual development trends in the Danish VET system

At present the Danish VET system is scrutinised carefully. The outset was an inter-ministerial working group with participation of the Ministry of Finance, the Ministry of Education and the Ministry of Labour, put together with the overall objective of examination of the Danish VET system as well as of proposing activities for improvement of the system. The report from the working group came out in August 1999.

The social partners were involved from the very outset of this process in the sense that they were demanded future-oriented papers on their visions for the development of the VET-system, and since then they have all way through the process been carefully informed of progress. After the report was finished, a tripartite forum was formed (the role of the ministries being to supply secretary support for the forum) with the objective to assess the report and to add comments (in unison as well as separately) as basis for the political debate of the report and the whole issue of VET in Denmark. This debate is just about to start (November 1999), and it is scheduled to continue into year 2000.

So far, the conclusions from the debate have been that the Danish VET system is fairly well-working; but it is complicated and many think that it could be more efficient. A long list of specific issues have been pointed to, where the system seems to be irrational or inefficient, and a number of alternatives have been listed for the solution of the critical question: Who are to pay – and for which services?

Among the questions raised a number are really fundamental such as, for example, whether the Danish VET-system also in the future should be based in two different ministries, whether the enterprises as well as the individual participants to a much higher extent should pay for the education and training services, and whether the VET-system should continue to be split in an IVT and a CVT component, or it should be merged into one system.

8.2 Major conflicts and problems

Among the many areas of debate, which have come up during the discussion, the following have been some of the most sensitive:

- VET based under one or two ministries?
- One or two systems (at present one system exists for the IVT and another for the CVT)?
- Should enterprises to a much higher extent pay a bigger share of the training costs, and if so, for which parts of the training?
- Should the individual participants in the training pay a fee?
- How should the funding for the system be set up – who shall pay for which services? What should be the responsibility of the workplace?
- Is the quality of the education and training adequate? If not, how can it be improved?

- Are the social partnership committees working satisfactory? And are they value for money?
- How can the system be simplified? Today, neither the participants nor the enterprise management seem to be able to grasp a fairly detailed view of the system;
- Who are the target groups for the part of education and training, which is publicly supported?

More questions have been raised in the debate, but all in all two problem areas seem to attract special attention: The question of institutional set-up for the VET (and the need for simplification); and the question of achieving value for money, and in this sense the need for rationalisation and targeting of the VET.

This debate is referred in detail in section 6 of the report.

8.3 Role of the social partner co-operation

Traditionally, the social partners play a crucial role in the set-up and development of the Danish VET-system. And the actual debate as well as the full *process* of debate attached to the actual assessment of the VET system seem once more to underscore the principal attention that both the political level and the ministries attach to the involvement of the social partners (described in detail in section 6).

Both social partners are geared to and willing to assume the responsibility, and they put enormous emphasis on the VET as one of the cornerstones for future legitimacy of the institutions and support from their members and member organisations.

In Denmark the involvement of the social partners in the VET development and administration takes place at all levels – from advisory services to the ministers and co-operation among the two main organisations (the confederations), all the way down to the sector and local levels. And it seems that this process at present has got more attention at top level than ever. The two main organisations have experienced a crises during the last 15 years or even more, experiencing a long range of collective bargaining being concluded at decentralised level (i.e. at the level of the federations of trade unions as well as at local level in the enterprises). This has gradually put more and more pressure on the main organisations, which today are broadening their scope and role to include (in the case of LO) welfare policy (a programme has just been approved by the LO congress by end October), and – as a separate issue of priority - Vocational Education and Training.

This way the concern for “soft” issues like VET are put at the Danish LO agenda (and tripartite agenda?) in earnest. And not as tactical issues to gain some short-sighted support or score some easy points, but as real *strategic* issues which are seen as key areas for the long-term legitimisation of the existence of the organisations. Thus, one of the interesting questions for the future will be whether we in not too many years will experience a united front of the two main social partners, confronting the actual government with demands for specific services in favour of the labour market and the international competitiveness. In such case, it will be interesting to see how a government will curb the challenge and make sure that the recommendations of the social partners are true value for money. If not, it seems that

Denmark is on the way to build a completely new sort of party, in many ways competing with the “old ones”.

9 Provisional considerations on benchmarking of systems for VET

In Annex 2, a first draft proposal for considerations in relation to benchmarking of “Good Practise Elements of VET Systems” has been set up.

Originally, it was proposed in the Terms of Reference for the reporting that the focal point for the benchmarking should be the effect of the social partnership relations; but we think that this will hardly make sense as this is not the only criteria for successful VET set-up. Instead it is suggested that a number of Good Practice Elements are selected as the basis for the benchmarking, and certainly the set-up and development of the social partnership should form part of these elements.

Easily, the benchmarking set-up will however be so complicated that one will loose the transparency of the system, which we think will make it a useless black-box, giving room for major mistakes and misuse. Consequently, we strongly recommend to keep the set-up simple.

It is our point-of-view that a benchmarking system, to be fair to all countries, must reflect the policy priority-setting of the specific country. One country may put major emphasis on training in very advanced new technologies during the Initial Vocational Training while another may emphasise the training of broad and social oriented qualifications. And who is “up front” able to judge, what will be the best approach? Or can we at all point to one such approach as being better than another?

In the draft proposal we have tried to give room for incorporation of such different political priority-settings when comparing VET-systems of different countries. We feel that it is difficult to set out one model at the outset, to be *the* correct way of comparing different systems. But starting for instance with the proposed model and refining this model on basis of practical use in different countries, we think might lead to a useful model over time.

Only, we point to two problems for the use of such a model:

- Always to keep the model so simple that the mechanisms of the model are transparent;
- And to try to set up a basis for uniform assessment of for instance the policy targets suggested. This, we suggest, might be done through the introduction of a number of simple indicators, with clear indications of where and how to verify these indicators.

We launch this first outline of a model for a benchmarking set-up even though it is evident that this may not be the final model. This way, we hope to be able to inspire for further debate, and hopefully for a way to identify a useful model for cross-national assessments of the VET-systems.

10. Summary in Danish

I en nylig OECD redegørelse om den danske ungdomsuddannelse blev Danmark karakteriseret som

“... a country of individualistic non-conformists, who are ambiguous about their relationship with the State or with other large systems of Government and administration ... having a long tradition of seeking consensus and conciliation in tackling issues in politics, industrial relations, and in communal and personal situations. In part, at least, that mix of freedom and consensual politics has contributed to the general liberality and openness of Danish society and to the wide spread acceptance of welfare State politics”.

Denne udtalelse berører flere nøglespørgsmål med hensyn til en analyse af arbejdsmarkedets parter rolle i udviklingen og den aktuelle status for opbygningen af den faglige uddannelse og træning i Danmark: Opfattelsen af statens rolle, den danske tradition for at skabe konsensus om politiske og industrielle forhold. Endvidere har kravet om åbenhed og gennemsigtighed været en betingelse for den udbredte offentlige accept af velfærdsstaten og den hermed forbundne høje skattebyrde.

Den aktuelle debat om det danske system for faglig uddannelse og træning

Igennem 1980'erne og 1990'erne har det faglige uddannelses- og træningssystem gang på gang været genstand for tilretning med henblik på at opdatere og tilpasse det til øget fleksibilitet og ny teknologi. Et andet sigte har været at simplificere systemet og begrænse det meget store antal specialiserede uddannelser med henblik på at gøre systemet mere brugervenligt og omkostningseffektivt.

Ikke desto mindre har det igennem flere år lydt, at det danske uddannelsessystem er relativt bekosteligt i sammenligning med andre landes systemer – og mere kompliceret. Faktisk er det blevet sagt, at det er så kompliceret, at hverken deltagere eller arbejdsgivere er i stand til at skaffe sig et rimeligt overblik over systemet. Dette hænger blandt andet sammen med den danske tradition for at opretholde et meget stort antal undervisnings- og uddannelsesinstitutioner i modsætning til lande, som vi i andre sammenhænge sammenligner os med.

Denne udbredte bekymring for det danske faglige uddannelses- og træningssystem førte i 1998 til en regeringsbeslutning, om at gennemføre en tværministeriel vurdering af systemet, for at skabe input til en debat om den fremtidige struktur og udvikling af det danske system. Der blev nedsat en arbejdsgruppe ledet af Finansministeriet og med deltagelse fra Undervisningsministeriet og Arbejdsministeriet. Ved opgavens start blev arbejdsmarkedets parter bedt om at give input til arbejdet, og at kommentere den tværministerielle arbejdsgruppes kommissorium.

Men bortset fra denne kommunikation var arbejdsmarkedets parter helt afskærne fra information om arbejdets forløb, og fra enhver form for dialog med arbejdsgruppen igennem det 1½ år som det varede, indtil arbejdsgruppens endelige rapport forelå i september 1999. Samtidigt fremlagdes en tidsplan for debattens videre forløb. Planen involverede arbejds-

markedets parter på den måde, at en ny arbejdsgruppe blev nedsat bestående af repræsentanter fra en ret bred gruppe af arbejdstagere og arbejdsgivere med administrativ bistand fra ministerierne. Denne gruppes opgave var at gennemgå og kommentere rapporten fra den tværministerielle arbejdsgruppe, for at give input til den efterfølgende politiske debat. Der blev afsat 1½ måned til denne opgave.

Resultatet blev trykt og offentliggjort ligesom alle andre nøgledokumenter i processen med at vurdere det faglige uddannelses- og træningssystem. Som sådan har processen været et eksempel på en åben og gennemsigtig proces baseret på en dialog mellem de relevante ministerier og senere på involvering af arbejdsmarkedets parter.

Som kommentarer til opgavens kommissorium understregede arbejdsmarkedets parter (inden undersøgelsen startede) deres basale krav til strukturen for den faglige uddannelse og træning. Arbejdsgivernes organisation, DA, fremhævede blandt andet:

- Faglige uddannelses- og træningsaktiviteter bør betragtes som en investering, og der bør stilles samme krav til udbytte som for alle andre investeringer;
- Fordelene ved uddannelse gavner både den enkelte person, samfundet og virksomheden. Derfor er offentlig medfinansiering til uddannelsesaktiviteterne helt afgørende;
- De tre primære faglige uddannelses- og træningsaktiviteter blev foreslået sammenlagt under samme ministerium (Undervisningsministeriet);
- Brugerbetaling skulle introduceres i alle systemer for faglig uddannelse og træning;
- Der skulle ske en forbedring af koordinationen af de mange forskellige tilskudssystemer for deltagerne i undervisning; og
- Undervisning skulle så vidt muligt finde sted uden for arbejdstiden.

På samme måde fokuserede LO-bidraget på arbejdernes basale værdier, såsom:

- Behovet for livslang uddannelse og træning;
- Behovet for forbedring af de lavest uddannedes niveau med henblik på at sikre dem erhvervskompetencegivende uddannelse (og dermed kvalificeret ansættelse);
- Vægt på en dobbelt undervisningsvinkel, der kombinerer praktisk træning og teori i et stadigt skiftende undervisningsforløb;
- Tro på tryghed i ansættelsen baseret på dynamiske kvalifikationer til at beklæde skiftende job i et samfund og på en arbejdsplads i konstant forandring.

Udover disse relativt traditionelle krav fremlagde LO et antal mere vidtgående ideer, såsom:

- Arbejdspladsen som sted og brændpunkt for kompetenceudvikling;
- En trepartsalliance mellem arbejdsgivere, arbejdstagere og staten som den primære basis for kompetenceforbedringer;

- Behovet for at nedbryde de traditionelle branchebaserede kompetenceområder og for at erkende, at fremtidige krav til arbejdskraften vil blive meget bredere og konstant skiftende, hvilket skaber behov for tværfaglig uddannelse og kvalifikationer;
- Og helt sammenfaldende med arbejdsgiverne: Behov for decentralisering og lokal selvbestemmelse for at identificere de mest hensigtsmæssige behov for træning og udvikling.

Disse visioner blev ikke kun udtrykt med tanke på strukturen i fortsatte relationer mellem arbejdsmarkedets parter, men også med henblik på behovet for en fleksibel og mere smidig struktur. Det blev fremført, selv hvor det betød en nedprioritering af nogle af arbejderbevægelsens grundlæggende, traditionelle standpunkter.

Efter rapportens udgivelse var kommentarerne fra arbejdsmarkedets parter langt mere specifikke. På nogle punkter understregede parterne forskelle i synspunkter, men alt i alt dominerede de mange og vigtige områder, hvor man var enige. Som blandt andet:

- Behovet for en reform, der sikrer et fagligt uddannelses- og træningssystem for voksne, hvor alle har mulighed for at tilegne sig erhvervskompetence;
- En advarsel til regeringen om ikke at indføre omkostningsreduktioner for det faglige uddannelses- og træningssystem for de bedre uddannede grupper;
- At koncentrere regeringens tiltag om principper for en langsigtet helhedsløsning på det faglige uddannelses- og træningssystemets problemer med en tidshorisont, der rækker langt ud over de kommende års forhandlinger om finansloven. I stedet for at gennemføre kortfristede omkostningsreduktioner;
- Rapportens konklusioner om at skifte fokusering fra behovet for uddannelsesstøtte til job rotation over til at fokusere på det reelle behov for at afhjælpe flaskehalse på arbejdsmarkedet ved at sikre arbejdsstyrken de nødvendige kvalifikationer;
- Generel enighed om hvilke centrale spørgsmål, der mangler eller som er utilstrækkeligt behandlet i rapporten.

Indtil videre tegner arbejdsmarkedets parters rolle i debatten et billede af, at de står sammen imod regeringens forslag om at reducere uddannelsesaktiviteterne eller finansieringen af disse aktiviteter. I den forbindelse er begge parterne tilsyneladende indstillede på at acceptere kompromiser for at kunne styrke konsensus og sammenhold. Selv hvor sådan konsensus er i modstrid med en parts traditionelle standpunkter eller går imod forslag fra politiske partier, som den pågældende part sædvanligvis tilslutter sig, synes enigheden med den anden part i sidste ende at veje tungest.

Rammen for den aktuelle debat om det faglige uddannelses- og træningssystem i Danmark er således fastlagt, og alle nøgledeltagere har haft rimelig lejlighed til at fremlægge deres holdninger og at arbejde for dem. Imidlertid afventer vi stadig den politiske debat og de løsninger den måtte afstedkomme.

Disse punkter uddybes i afsnit 6 i denne rapport.

Arbejdsmarkedets parter rolle i dansk politik og specielt i udviklingen af systemet for den faglige uddannelse og træning

I Danmark er støtten til arbejdsmarkedets parter især knyttet til deres rolle i de kollektive forhandlinger. Danmarks tilslutning til EU i 1972 mindskede hovedorganisationernes rolle, og allerede på det tidspunkt (medio 1970'erne) rejstes der i LO spørgsmål om, hvad det langsigtede grundlag skulle være for medlemsstøtte til fagforeningerne, fagforbundene og LO. Og den daværende formand for LO, Thomas Nielsen, påpegede behovet for 'bredere' LO-aktiviteter med fokus på spørgsmål som arbejdernes helbred og arbejdsmiljø, sociale sikringsordninger og uddannelse og træning.

Siden da koncentrerede LO og DA sig i flere år om to primære interne spørgsmål, der gav anledning til bekymring: Spørgsmålet om organisationens interne strukturretning (omstrukturering til karteller?) og spørgsmålet om centraliserede eller decentraliserede kollektive forhandlinger, uden at give spørgsmålet om bredere socialt engagement primær opmærksomhed. Igennem den sidste del af 1980'erne og hovedparten af 1990'erne var der en tendens til, at de kollektive forhandlinger fandt sted på decentralt niveau, og den strukturelle tilpasning i LO viste sig at være vanskelig, mens den i DA blandt andet førte til, at DI fik en klart dominerende position. Spørgsmålet om bredere sociale aktiviteter blev igen aktuelt for LO efter en lang periode med vellykkede decentrale kollektivforhandlinger på arbejdsmarkedet.

Efter hovedorganisationernes delvist vellykkede bidrag til kollektivforhandlingerne i 1998, syntes de parate til at finde en ny og stærkere platform. For LO omfattede dette tre større nye initiativer:

- At fremlægge et velfærdsprogram for forbundsmedlemmerne til debat og godkendelse på LO's kongres (i slutningen af oktober 1999), således at dette blev en del af LO's politiske program;
- At komme til forståelse med DA om en 'klimaaf tale', der afstikker rammerne for kollektivforhandlingerne i 2000;
- Og at være aktiv deltager i trepartsforhandlingerne om det faglige uddannelses- og træningssystem, som skal finde sted sidst på året 1999 og i begyndelsen af 2000.

Velfærdsprogrammet blev fremlagt på kongressen, og som ventet gav et antal af medlemsforbundene udtryk for bekymring over forslaget. Imidlertid vedtog kongressen forslaget (med en række ændringer). Og LO er med DA blevet enig om at indgå, hvad der er blevet betegnet en 'klima-aftale' gældende for de kommende kollektivforhandlinger.

LO's næste større prøve er dermed om det kan opnå et kompromis i spørgsmålet om den faglige uddannelse og træning, som både kan accepteres af medlemmerne / medlemsorganisationerne og samtidigt konstruktivt peger mod en rolle for LO's medlemmer på arbejdspladserne ind i det næste årtusinde. En analyse af denne proces og arbejdsmarkedets parter rolle heri drøftes i afsnit 5.

Analyse af faglige udvalg og efteruddannelsesudvalg

For i detaljer at kunne analysere det daglige samarbejde mellem arbejdsmarkedets parter udsendtes et spørgeskema til alle faglige udvalg og til alle efteruddannelsesudvalg. Formålet var detaljeret at undersøge hvilke ressourcer, der bruges på dette samarbejde, hvordan ressourcerne anvendes og med hvilke kort- og langsigtede mål.

Analysens hovedkonklusioner:

- Faglige udvalg anvender tilsyneladende dobbelt så mange ressourcer pr. udvalg som efteruddannelsesudvalg. Dette skyldes til dels forskelligheden af opgavernes art i de to udvalg;
- I gennemsnit er de administrative omkostninger for et fagligt udvalg ca. 2,4 mil. kr. (327.000 Euro) pr. år, og for et efteruddannelsesudvalg ca. 1,5 mil. kr. (208.000 Euro) pr. år. I alt kan den totale omkostning for udvalgsystemet anslås til ca. 250 mil. kr. (33,8 mil. Euro) pr. år;
- Organisationerne står for hovedparten af finansieringen – især for de faglige udvalg. For efteruddannelsesudvalgenes vedkommende udgør bidrag fra staten gennemsnitligt næsten en tredjedel af omkostningerne;
- Udvalgenes primære mål er formulering og udarbejdelse af politikker, og dernæst professionel uddannelses- og træningsudvikling;
- Med hensyn til prioriteringen af aktiviteterne er samarbejde med centre/skoler den absolut vigtigste, og den pædagogiske / professionelle udvikling den næstvigtigste. De faglige udvalg anfører dog, at en simplificering af den fremtidige institutionelle struktur vil blive højt prioriteret;
- Budgetterne for udvalgene i handel og service, den offentlige sektor og i nogen udstrækning den grafiske sektor ser ud til at være væsentligt større end budgetterne for andre sektors sekretariater. Især synes budgetterne for de faglige udvalgs sekretariater i disse sektorer at være høje;
- I en vis udstrækning synes mønstrene for prioritering og finansiering (for efteruddannelsesudvalgene) at være mere eller mindre ens for følgende brancher:
 - Industri, bygge og anlæg samt beklædning og tekstiler (organisationerne bidrager med mellem 60 og 90% af finansieringen),
 - Handel og service samt transportområdet (organisationerne bidrager med ca. 10%) samt til dels den offentlige sektor (kommuner og amter) og den grafiske sektor (organisationerne bidrager med ca. 30-40%).