



Reinvention of Europe Project

Denmark caught between 'ins' and 'outs'

By Lykke Friis and Jonas Parello-Plesner

Forty years ago, in October 1972, the Danish people voted to join the European Community (joining a few months later in 1973, along with the UK and Ireland). But four decades on opinion polls suggest that Danish support for European integration is now at its lowest level since then. Denmark is in a tricky position between the 'ins' and 'outs': there is insufficient public support for joining the Eurozone countries as they make an integrationist jump towards banking and political union; however the path that its traditional ally, the UK, seems to have chosen – that of wanting to renegotiate a looser form of membership – is regarded as a dead-end by governing elites. Instead, the Danish government has hoped that discussions about a new treaty would simply go away, leaving the EU frozen as it is with Denmark able to continue its Swiss-cheese version of EU membership, including opt-outs on the euro, defence and legal affairs. This situation is unsustainable, and leaves Denmark vulnerable to being swept up by decisions made elsewhere in Europe without the chance to shape them.

A model pupil that avoids the F-words

Denmark's stance on EU affairs is paradoxical. In many ways it is a model pupil, and its EU presidencies have driven the EU forward, for instance on enlargement in both 1993 and 2002. It is often top of the class for following EU rules and applying them to national legislation. Denmark has actively shaped the agenda on issues like climate change and the environment (a Danish Commissioner, Connie Hedegaard, runs the EU's climate change negotiations). As a small state, Denmark has also backed the EU's role as a vehicle for foreign policy influence. It is also scrupulous on budgetary issues, and is the only EU country that currently fulfils the original admission criteria for joining the euro (its peg to the euro makes Denmark a de-facto euro country with national coins).

However many Danes have always remained sceptical about the EU's founding vision of an 'ever closer political union'. Danish politicians steer clear of F-words like *Federation*, *Foreign Minister* (like the UK Danes prefer to call Catherine Ashton the 'High Representative for Foreign Affairs') and *Flag* (the EU flag rarely flies except on Schuman day). There were also years of resistance before car number plates bore the EU stars around the letters 'DK'.

Some suggest that this recalcitrance dates back to the 1970s, when EC accession was packaged with selling Danish agricultural produce. Integration was pragmatic, based around the single market and strong support for enlargement.

Multi-speed Europe started with Denmark

The most discernible split in attitudes to the EU is not so much between political parties but between political elites and the population. Most parties in parliament favour further integration, despite the euro crisis curbing their enthusiasm, with the Danish people more prone to step on the brake when consulted.

Unlike the majority of EU-member states Denmark has a tradition of putting EU questions to a popular vote. Although the present score is 4-2 to the 'yes' side, the government has lost two important referendums. The first time the public said 'nej' was with the Maastricht treaty in 1992. This led to a 'yes' in a second referendum in which several Danish opt-outs were included (on defence, justice and home affairs and monetary union). These Danish opt-outs were the legal foundation of two-speed Europe. In a separate referendum on the euro in 2000, voters opted to keep Denmark's national currency, the krone.

Due to its opt-outs Denmark is now outside the euro (and the all-important Eurozone group), and cannot participate in military operations under an EU flag. (The Danish soldiers who took part in NATO missions in Macedonia and Bosnia had to be withdrawn when the missions were handed over to the EU.) Arguably the opt-out on justice and home affairs has the largest impact on Denmark. For instance, Denmark is unable to participate in the EU's fight against human trafficking, and once Europol cooperation is upgraded Denmark will have to opt out. Unlike the UK, Denmark is obliged to opt out of all supranational legal cooperation and is not able to decide on a case-by-case basis whether it wants to opt-in.

A standing commitment among the main parties to put the opt-outs to a popular vote has not led to any new referendums (despite a manifesto commitment by Anders Fogh Rasmussen's government (2001-2009)). The current coalition government of Helle Thorning-Schmidt (a Social Democrat) also planned a referendum on the defence and justice and home affairs opt-outs, but this was suspended after the Danish EU-presidency ended in July. The official reason was uncertainty in the EU; the lack of popular support for the government and the EU in general probably contributed to the decision.

The nominal drive by elites for further Danish integration is therefore off the table for the foreseeable future, and there is also rising euroscepticism within traditionally pro-EU parties.

In the past centre-right parties (Conservatives, Liberals, Social/Liberals) tended to be more in favour of the EU, with those towards the left more sceptical. The populist (and largely eurosceptic) Danish People's Party (led until August by Pia Kjaersgaard) is the only party that has suggested following the UK in renegotiating Danish membership of the EU.

Today, however, eurosceptical winds also blow among the centre-right parties, often coupled with demands for deregulation. At a recent party conference the leadership of the Conservatives was voted down by the grass roots over the abolition of the EU opt-outs. Søren Pape, the Conservative mayor of Viborg, noted that 'many Conservatives don't find that the EU should tinker with everything'. Similarly, a small Danish liberal party (Liberal Alliance) that was founded in 2008 has a staunch policy against ever joining the euro, seeing European monetary union as a flawed economic experiment.

The EU will move on; will Denmark too?

The Danish debate has been somewhat decoupled from mainstream Europe. When the Lisbon Treaty came into force, the Danish government and most politicians told the population that this was the final cornerstone of European integration. Although that seemed a reasonable assumption in 2008, the euro crisis has fundamentally changed the landscape and breathed life into a new push for further integration. José Manuel Barroso now speaks of a 'federation of nation states', while Angela Merkel suggests that political union and treaty changes are the next steps.

This leaves Denmark in a difficult position. It cannot be placed in the current categories of 'ins', 'outs' and 'pre-ins'. Unlike the other two 'outs', the UK and Sweden, Denmark has signed up to both the euro-plus pact and the Fiscal Compact. But unlike the 'pre-ins' (such as Poland) Denmark has not shown much sign of pushing for future membership of the euro (where it looks more like an 'out'). Indeed the current three-party coalition is so divided on the issue that the word 'euro' does not appear in its government manifesto. Denmark's rejection of the need to re-examine the treaties is also markedly different from the UK's push for Eurozone countries to save the euro by moving ahead with further integration (just without the UK). The new mantra of Danish politics concerning the EU is "let's just use the mechanisms that we have already agreed upon" (six-pack, two-pack, fiscal compact), or – in short – "let's wait and see".

A perfect illustration of Denmark's slightly schizophrenic position was given when the German foreign minister invited the Danish foreign minister, Villy Soevndal, to contribute to the writing of a blueprint for a future Europe. Soevndal participated in this group and signed up to 'federalist' paper before debunking its content in the Danish press as pipe dreams (particularly regarding a European army and the need for another treaty).

Denmark's wishful thinking that EU integration will stand still is impractical but understandable. With opinion polls indicating that less than a quarter of Danes would vote for membership of the euro, the government is acutely aware that a referendum is unwinnable. This means that further EU integration threatens to push Denmark even further to the margins, jeopardising an export-driven economy that is heavily dependent upon being at the heart of decision making and reassuring financial markets that the government will not pursue a less stringent economic policy than Eurozone members. Measures such as a banking union that is restricted to the Eurozone and a special 'eurobudget' are therefore particularly scary for Danish finance ministers. But as Denmark is the founding father of a two-speed Europe it has no credibility in appealing to the Eurozone to keep the EU27 together. (A high level German official told one of the authors of this paper that "You started all this, when you requested your opt outs".)

In the run up to the European Council of 17th October 2012 a speech by Prime Minister Helle Thorning-Schmidt indicated that the government was departing from the 'wait and see' attitude. Speaking at the College of Europe, Thorning-Schmidt acknowledged for the first time that the Eurozone countries would plunge ahead, leading to a multi-speed Europe as the price to pay for saving the euro. At the subsequent Council she attempted to position Denmark with Sweden rather than its old ally, the UK. This signalled an ultimate intention to participate in core elements of the banking union, and a resisting of the temptation of a British renegotiation of membership.

Denmark's political elites are well aware of the possible pitfalls of such a renegotiation. The Norwegian (or Swiss) model may seem attractive to some British Conservatives, but it has no traction

within Denmark beyond the Danish People's Party. There is an acknowledgement that such a model reduces national influence to cutting and pasting EU legislation without a say at the table (it has been described as a weekly phone call from Brussels about what your Parliament should adopt this week).

The desire to highlight the difference between London and Copenhagen was strengthened when the President of the European Parliament, Martin Schulz, and the German finance minister, Wolfgang Schäuble, suggested that "outs" should not be allowed to participate in meetings on the euro in the European Parliament. The immediate Danish reaction was to loudly proclaim that they were not 'outs'.

The central dilemma for Denmark is that its default position of wishing to freeze the EU in its current configuration denies it an active role in shaping a future EU. Yet change is happening, thanks to the imperative to deal with the euro crisis. This in turn is threatening the European achievements that the Danes wish to safeguard, such as the single market.¹ The carefree years of the early 2000s are well and truly over.

Both in her speech at the College of Europe and at the European Council, the prime minister refrained from clarifying where Denmark should position itself in the future of Europe. The government (and other broadly pro-EU parties) still has to face up to the uncomfortable choices that lie ahead. Will it use the new dynamic in the Eurozone to abandon the current 'half-in; half-out' status, and begin making a popular case for an eventual referendum on joining the euro? Or will it, through events in the UK and in the Eurozone, be pushed to the outer layer of EU-membership and accept a dilution of its influence?

The only certainty is that the dream scenario – the maintenance of the status quo – is an illusion. But with the Danish political system currently out of sync with both the population and rapid developments in the EU, the Danes may end up in a place in Europe that they neither looked for nor aspired to.

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¹ As Sebastian Dullien argues in an ECFR paper, the single market is threatened under all likely scenarios for action over the euro crisis: http://ecfr.eu/content/entry/why_the_euro_crisis_threatens_the_eu_single_market