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DENMARK AND THE FRUGAL FOUR

A MIXED METHOD STUDY OF DENMARK, EU AND THE COVID-19 CRISIS

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ABSTRACT

This thesis investigates why Denmark joined the Frugal Four during the European Union budget negotiations 2021-2027. The EU budget negotiations 2021-2027 differs from the normal budget negotiations because it focuses on the EU recovery after the Covid-19 crisis. It led to *Next Generation EU* and a common loan of 750 billion EUR which should be borrowed by the European Commission. As the word indicates Denmark was a part of the more frugal countries along with Netherlands, Sweden, and Austria. Their demands were a budget that should be kept at maximum 1%. The money to the member states should be provided as loans, not grants, and there that should be a focus on green transition. Denmark was a part of the Frugal Four during the negotiation process. The first section of this thesis will present information about the Danish EU relationship. It will provide information about the EU budget negotiations 2021-2027, the Frugal Four and present an introduction to already written material.

To examine why Denmark joined the Frugal Four two theoretical perspectives has been used. Liberal intergovernmentalism's theoretical concept *National preferences* and postfunctionalism. The two theories showed to be supplementing each other and creating a deeper more fully analysis. The theories have been used as a frame for the project and directed the procedure of data collection.

This research is a single case study investigating why Denmark joined the Frugal Four. The research has combined qualitative method and quantitative method by working with interviews and survey data. Three expert interviews have been conducted, the responds where selected due to their expertise. An interview with Dansk Industri to capture the opinion of interest groups, another with a professor researching national identity and Danish perception. The last interview was with an internal person at the Social Democratic Party to capture the political strategy and decision making. Four survey rapports have been used, three from the European Parliament investigating the public opinion during the Covid-19 crisis over time and survey data from the European Commission Eurobarometer focusing on the EU-budget. Material investigating danish national identity has also been included.

It was found that Denmark joining the Frugal Four was a political decision, but it was influenced by economic interest but also Danish citizens opinion and national identity. There existed no indication that interest groups had intervened in the process or that the citizens did have a direct influence, but it was found that the citizens and national identity may have had an indirect influence. There was found strong similarities between the opinion of the Social Democratic Party and the danish citizens opinion. Which accordantly to postfunctionalism fit the assumption that public opinion influences party strategy. Furthermore, did it indicate that citizens opinion and national identity was a strong factor influencing politics but also the danish EU integration. It could be concluded that Denmark joining the Frugal Four was a political decision.

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DENMARK AND THE FRUGAL FOUR

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Denmark and the EU relationship

Denmark became a part of the European Union (EU) in 1973. Denmark can be seen as one of the older EU member states, but despite the long relationship Denmark is still a member state with several restrictions when it comes to European integration and EU participation. Denmark has had four opt-outs since 1994, in different policy areas (EU-Oplysningen 1). Denmark has opt-outs in the policy area of Security and Defense, Justice and Home Affairs (JHA), the citizenship and the Euro-opt out. The Danish citizens voted no to the Maastricht Agreement in a national referendum in 1992 (EU-Oplysningen 1). A “no” was again observed from the Danish citizens in a Danish referendum in 2015 concerning the JHA opt-out. The Danish commitment to the EU compared to other EU member states can be said to be restrained in the past as well today. The Danish opt-outs are still in place and there is no indication that it will change.

I have in a previous study focused on the opt-out in JHA. The study did focus on the Social Democratic Party's behavior in the policy field of migration and asylum. The study revealed that the Social Democratic Party had an independent behavior within the field of migration and asylum. I discovered that the Social Democratic Party was positive towards the opt-out in JHA. The research showed determination on forwarding their idea about an asylum center in Africa despite the EU turning down the idea. Furthermore, was it found that the Social Democratic Party's idea and opinion was not affected by the rejection from EU and the fact that their European Parliaments candidates stood out from the rest of the S&D group. This is a clear example of Denmark doing things on its own and withdrawing from the EU policy area.

The Social Democratic Party is the current Danish government and has 48 members at the national parliament. The Social Democratic Party was selected at the Danish national election in 2019. The prime minister and leader of the party is Mette Frederiksen. I have done my internship at Christiansborg for the Social Democratic Party. It made me aware that Denmark separates from the rest of the EU member states in several areas, especially when creating policies in the political areas

where Denmark has opt-outs. Denmark may not be the most pro-European country now and in the past. One of the more recent events where Denmark and the Social Democratic Party showed less willingness to participate was at the EU-budget negotiation 2021-2027 where Denmark joined the Frugal Four.

Background information - The EU budget 2021-2027

The EU budget 2021-2027 has heavily been affected by the Covid-19 crisis. The first proposal came forward in May 2018. Due to the Covid-19 virus the European Commission put forward a second proposal with a focus on recovery after the crisis. The European Commission came up with the second proposal on May 27, 2020. The second proposal included a focus on EU's recovery and included *Next Generation EU*.

Next Generation EU is a part of the recovery plan. The recovery instrument will authorize EU to borrow 750 billion euros on behalf of the union and its member states (European Council 1). *Next generation EU* provides 360 billion euros in loans and 390 billion euros in the form of grants to seven programs. 47,5 billion euros will go to ReactEU, 5 billion euros will go to Horizon Europa, 5,6 billion euros will go to Invest EU, 7,5 billion will go to Rural Development, 10 billion euros will go to Just Transition Fund and 1,9 billion euros to RescEU (European Council 2). The *Recovery and Resilience Facility* which occupies 90% of *Next generation EU* will facilitate 672,5 billion euros and will be provide as 360 billion euros loans and 312,5 billion euros grants to the member states (European Council 3). It will be assigned to member states according to their unemployment rates, BNP and population amount (European Council 3). The member states most affected by the Covid-19 crisis would get the most help. The common EU debt is calculated to be paid back in the form of future EU budget after 2027 and latest in 2058. Also, new incomes after 2021 are intended to use for repayment of the EU debt (Folketinget 2021). The EU common loan will affect the EU budget in the future, including all member states who are liable for the loan together.

In July after days of negotiations the heads of states accepted the EU budget 2021-2027, including *Next Generation EU*. On November 10th 2020, the European Parliament voted the agreement through and in December 2020 the Council approved the agreement (European Commission 2021). The budget 2021-2027 included the biggest recovery fund seen in EU's history. The total amount of the EU recovery initiative ended at 2364.3 billion euros (European Council 4). Before EU can obtain the

loan, it must be ratified in all 27 member states. The Council expects all member states to be done with the national ratification in April 2021 (Folketinget 2021). Only when all 27 member states have done the ratification the EU Commission can start the loaning procedure.

It is the first time in EU history, loans of this amount have been proposed. Not all member states were in favor of the increasing EU spending and further providing of grants to the member states, those countries were named the Frugal Four.

The Frugal Four

The Frugal Four as they are called consists of Denmark, Netherlands, Sweden and Austria. The name arose because the four countries were in favor of a smaller EU-budget during the negotiations in 2020. Denmark and the three other countries have the opinion that the EU budget should be kept at 1 percent, but with England leaving and a wish for further green initiatives the budget needed to be higher or limited in other areas (Holst 2020). Denmark, Austria, Sweden and Netherlands are net contribution countries, meaning that they contribute more to EU than they are gaining (EU-Oplysningen 2).

In a common letter by Sebastian Kurz the chancellor of Austria, co-written by Mark Rutte, the prime minister of the Netherlands, Mette Frederiksen, prime minister of Denmark and Stefan Löfven prime minister of Sweden, the four countries justify and explain their political stand (Kurz 2020). The opinion is clear with the exit of UK the budget must be cut. The four member states agreed on a budget contribution no larger than 1% (Kurz 2020). Arguing that their citizens and taxpayers must be taken into consideration. *“The success of the European project is measured by our ability to deliver on our political ambitions and achieve tangible results for our citizens – not by the size of the budget”* (Kurz 2020). The four countries do not wish EU to be financed by specific member states and argue that they already pay more than they return. Also, an appeal about letting the current rebate system stay is included in the letter: *“But the European Commission is proposing to let this system of rebates run out. That means our four countries plus Germany would end up financing 75 percent of net payments to the EU budget”* (Kurz 2020). The Frugal Four did not want to increase the budget or spend more money, they wanted the rebate system to maintain, and the recovery fund money to be assigned as loans, not grants (Genschel & Jachtenfuchs 2021: 363). Furthermore, they wanted 25% or more devoted to climate action (Kurz 2020).

The Frugal Four has been noticed, taken seriously and commented on both at the national level, and at international level by other EU member states. Germany has sent the Frugal Four a direct message shortly before the negotiations of the recovery fund. Chancellor Merkel has commented: *“However, in what appeared to be a direct message to the so-called Frugal Four- Austria, the Netherlands, Denmark and Sweden, who are critical about the proposed size of the fund and its mixture of grants and loans- Merkel made clear that while she could agree to small tweaks to the structure of the fund, she will oppose attempts to slash its size* (Burchard & Tamma 2020). The Frugal Four position has not been positively met by all member states.

Denmark’s participation in the Frugal Four has also been criticized nationally by other parties of the Danish government. Both the Liberal Party of Denmark and the Danish Social-Liberal Party had criticized the alliance for being ineffective and others have demanded that Denmark should leave the coalition. The Danish finance minister Nikolai Wammen had defended Denmark’s participation in the Frugal Four arguing that it would only further Danish interests to be a part of the Frugal Four instead of standing alone (Holst 2020).

All the above made me wonder why Denmark became a part of the Frugal Four. Was the participation a political stand, a reflection of Danish citizens opinion or interest groups? Those speculations have led me to the following research question.

Research question:

Why did Denmark join the Frugal Four?

Two underlying research questions has been made to help the investigation:

Can liberal intergovernmentalism’s national preferences perspective explain why Denmark joined the Frugal Four?

Can postfunctionalism with its identity and public opinion focus explain why Denmark joined the Frugal Four?

In order to investigate the research question two integration theories has been included: liberal intergovernmentalism and postfunctionalism. To narrow the subject down the focus will only be on why Denmark joined the Frugal Four and what explanation that could lie behind this decision. This research will not investigate what Denmark gained during the bargaining procedure and will not include the three other member states of the Frugal Four. Because of this narrow focus only liberal intergovernmentalism theoretical concept of *national preferences* will be used. Postfunctionalism and liberal intergovernmentalism's *national preferences* inspire this research and creates two different perspectives. In order to answer the research question and investigate the case both survey data and interviews will be used.

The Danish situation at the current moment

Despite critique from other political parties where Denmark still a part of the Frugal Four during the negotiations. Mette Frederiksen's ambitions before the negotiation was to get more discounts for Denmark, demand for more green initiatives and compliance of rule of law in all member states. The green initiatives and the focus on rule of law seem to have come through. Frederiksen managed to receive a discount for Denmark, but Denmark did still end up paying more money to the EU each year (Janvall & Eller 2020). Denmark ended up with an agreement about paying 4,5 billion DKK more each year than the 2014-2020 budget. The Danish contribution to the budget each year for the period is estimated to be around 24,3 billion Danish Kroner (Folketinget 2021).

The ratification for the common EU loan has been voted through in the Danish parliament. The Danish parliament started the ratification with the first reading of the proposal named B135 on the 23rd of February 2021 (Folketinget 2021). The proposal was adopted during the second reading on 23rd of March 2021 with 79 in favor and 17 against (Folketinget 2021, 85. møde).

Existing literature

This section will shortly cover existing literature and illuminate how the topic participate in the academic debate. The research participates within the field of European integration, Denmark and EU but do also cover aspects of the crisis management. It creates a further investigation of why Denmark joined the Frugal Four and include both perspectives from liberal intergovernmentalism and postfunctionalism.

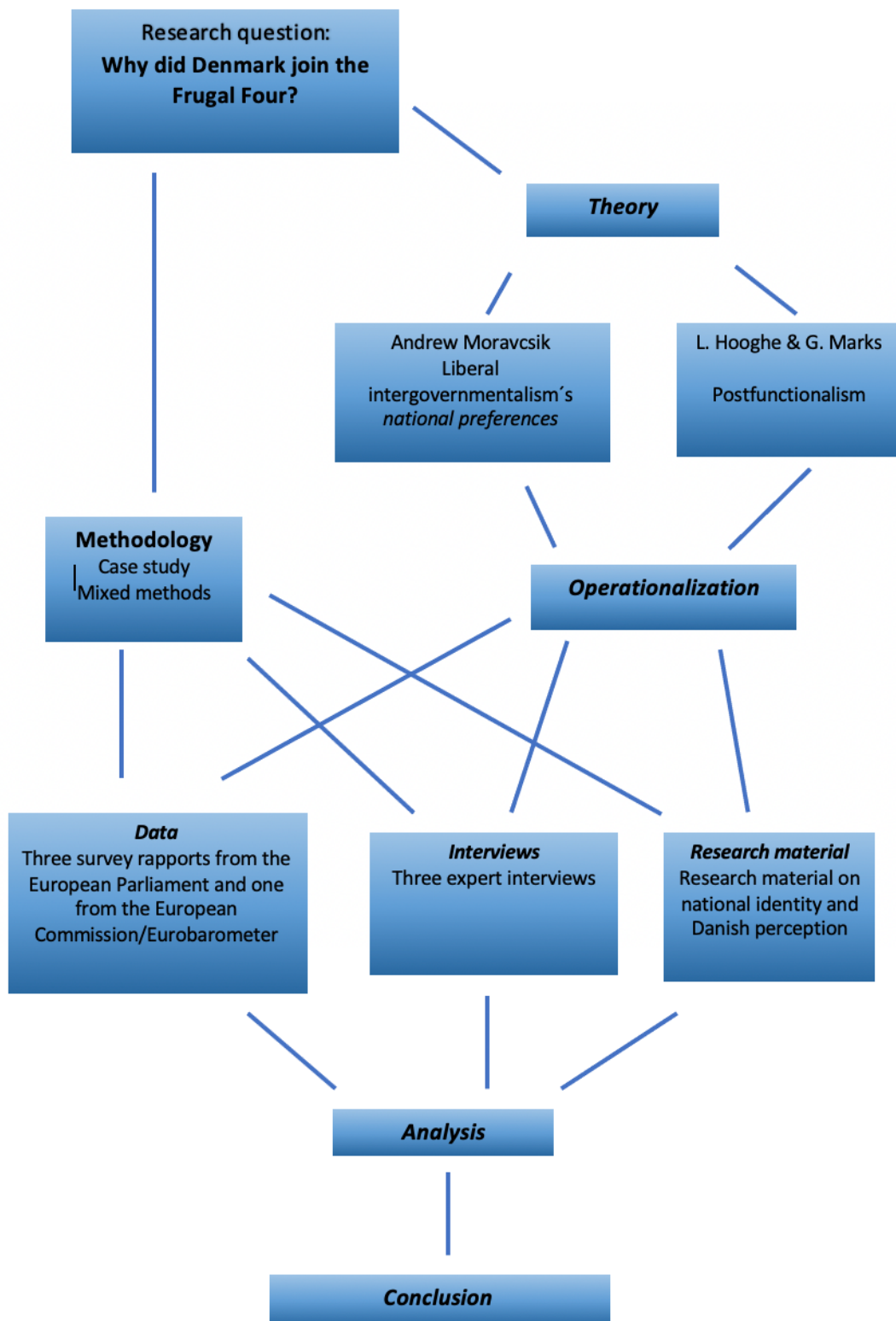
Hooghe and Marks has been working within this theoretical field and has made a connection of integration theories and crisis situations. The article *Grand theories of European integration in the twenty-first century* touches neofunctionalism, intergovernmentalism and postfunctionalism (Hooghe and Marks 2019: 1113). The article compares the three theories and is using them to analyze and explain the Euro crisis, Brexit and the migration crisis. The article concludes that even with different points of view all three theories bring something into the debate of integration (Hooghe and Marks 2019: 1128). They contribute with different perspectives and are focused on the different actors which are affecting the institutional outcome (Hooghe and Marks 2019: 1128). The article treats both theories used in this paper and compares them to crisis situations, but it does not include the Covid-19 crisis and it does not investigate why Denmark joined the Frugal Four.

Another article written by Trivun Sharma touches the EU and the Covid-19 crisis. The article focuses on the early EU initiatives made in order to handle the Covid-19 crisis. The article “*Assessment Of EU’ Economic and Health Response to the Covid-19 Pandemic Within the Framework of Liberal Intergovernmentalism and Neofunctionalism Theoretical Approaches*” uses liberal intergovernmentalism and neofunctionalism to explain economic and health initiatives made by the EU. It concludes that neither neofunctionalism nor liberal intergovernmentalism fully explains the EU’s reaction in handling the crisis but both theories give a perspective (Sharma 2021: 141). Neofunctionalism explain the involvement of supranational institutions where liberal intergovernmentalism on the other hand captures the member states aspect, the national interest, and the bargaining (Sharma 2021: 142). The article concludes that liberal intergovernmentalism does not give as nuanced explanation as neofunctionalism, but is important because it is a crisis situation. The article concludes such: “*Liberal Intergovernmentalism [...] focuses on the important elements of state bargaining and national interest which highlight an important factor that in the times of crisis, it is the member state bargaining position and national interest that determine the nature and scope of integration*” (Sharma 2021: 142). Sharma’s research uses liberal intergovernmentalism and connects it with the EU handling of the Covid-19 crisis, but the article does not involve Denmark or the Frugal Four. A lot of literature has already been written about the Covid-19 crisis and EU but not much has included Denmark.

The articles do not focus on the Frugal Four and the articles cannot help explaining why Denmark joined the Frugal Four. This research differs because it focuses on Denmark and why Denmark joined

the Frugal Four. There has not been found much research within this exact field, there have been a few media articles mostly commenting on the position of the Frugal Four and Mette Frederiksen but not any academic work on the subject came surfaced. The word “Sparebanden”, “The Frugal Four” has been searched on both Google Scholar, Google and Aalborg University Library.

RESEARCH DESIGN



THEORY

This section will start with *Theory choice* which presents theories that could have been used and explain why they have not been selected. It covers Europeanization, neofunctionalism and intergovernmentalism followed by a section explaining why postfunctionalism and liberal intergovernmentalism has been selected. The second part of this section introduce the theories liberal intergovernmentalism and postfunctionalism and the last part introduce the operationalization of the theoretical concepts.

Theory choice

In relation to this topic other integration theories could have been included. This section is looking at *Europeanization*, *neofunctionalism*, and *intergovernmentalism* and argues why they have not been included.

Europeanization

Europeanization is also working within the integration frame and could have been used in a study of integration. Europeanization is separated into *bottom-up* and *top-down* Europeanization (Borzel & Panke 2016: 111). The *top-down* focus on how EU shapes and influences its member states, including their domestic policy, institutions and so on. It focuses on how the member states download the EU policy and interactives. “*Top-down Europeanization seeks to explain the conditions and casual mechanisms through which the European Union triggers domestic change in its member states and in third countries*” (Borzel & Panke 2016: 114). Europeanization is not only a focus on internal interactions within EU but also on how Europeanization can spread and influence EU’s neighboring countries (Borzel & Panke 2016: 113). The *bottom-up* part focuses on how member states and other national actors shape EU policy and how they upload their domestic preferences (Borzel & Panke 2016: 116). In other words, the uploading to the EU level. This part draws on constructivist and rational views.

Europeanization is a wide theory, and it includes the perspective from the national level to the EU, and from EU to the national level. It can be argued that Europeanization would be good at explaining day to day policy and specific policy areas due to its *bottom-up* and *top-down* focus. Europeanization would not come to its fullest in this research since the research seeks answers at the national level.

The downloading part of the theory will not be able to explain why Denmark did join the Frugal Four. All in all, the theory will not come to its fullest at all and it will not be able to open for a deeper analysis of the national level and why Denmark participated in the Frugal Four.

Neofunctionalism

Neofunctionalism can be categorized as one of the more popular integration theories and is in line with liberal intergovernmentalism and postfunctionalism. Neofunctionalism seeks to explain integration with a focus on the process rather than the outcome (Jensen 2016: 54). Neofunctionalisms' core theoretical concept is spillover: implying that integration in one political field leads to integration and cooperation in another policy field (Jensen 2016: 64). Neofunctionalism works with three forms of spillover: *functional spillover*, *political spillover* and *cultivated spillover*. *Functional spillover* implies that one act of integration leads to other acts of integration (Jensen 2016: 57). *Political spillover* occurs when national political elites and interest groups claim that integration is the only and best solution to the problem (Jensen 2016: 57). *Cultivated spillover* concerns the situation where supranational actors are pushing for furthering integration and favorites processes and agreements that further integration (Jensen 2016: 57). Neofunctionalism also assumes that interest groups and political parties are the main actors in pushing integration forward. Interest groups will see the integration process as favorable and a solution (Jensen 2016: 54). Neofunctionalism is convinced that economic integration will benefit all member states and create further integration (Jensen 2016: 56). Furthermore, neofunctionalism assigns supranational actors' power and are convinced that supranational preferences will triumph the national and domestic preferences of member states over time. Neofunctionalism believes that further integration would lead to new supranational interest groups who are loyal to the supranational institutions and eventually will influence national interest groups towards integration (Jensen 2016: 59).

Neofunctionalism has not been included since the theory focuses a lot on what happens at the EU level. It takes a more supranational stand and does not include the national level, in fact leaving the national level out of influence. Since this project seeks to investigate why Denmark joined the Frugal Four, a focus on the national level is central. Neofunctionalism will not be able to explain Denmark's participation in the Frugal Four and participate in an analysis at the national level. Besides that, it can be argued that it would be hard for neofunctionalism to explain this case since Denmark is resistant to participation. Denmark's position in the EU budget negotiations does not signal an

excitement about further integration, commitment, or more EU spending. It will give the spillover concept some explanation problems. The spillover will at some points seem weak and incapable to explain Denmark's independent behavior and exclusion from several agreements. It can therefore be argued that neofunctionalism would not be the best option for explaining a case centered around Denmark resistance and a case focusing on the national level.

Intergovernmentalism

Liberal intergovernmentalism originates from intergovernmentalism. Intergovernmentalism and liberal intergovernmentalism share a state centric view, and both claim that states are the most important actors. Intergovernmentalism prefers not to use the term integration but the term cooperation instead. “[..]cooperation has nothing to do with ideology or idealism but is founded on the rational conduct of governments as they seek to deal with the policy issues that confront them in the modern world” (Cini 2016: 67). Intergovernmentalism does not see European integration as something special but as a natural result of international interaction. Intergovernmentalism does not assign supranational actors much influence, claiming that member states only delegate sovereignty to supranational actors in order to smoothen cooperation and create efficiency during processes (Cini 2016: 68). Liberal intergovernmentalism has an intergovernmentalism baseline but adds more. Liberal intergovernmentalism incorporates a focus on the domestic level and national preferences (Cini 2016: 73). Liberal intergovernmentalism adds on a theoretical concept *national preference* which are included in this research.

The choice of liberal intergovernmentalism and postfunctionalism

The two theories have been chosen to supplement each other and create a deeper investigation of the case. One of the main critiques of liberal intergovernmentalism is that the theoretical concept *national preferences* are too narrow. “Critics argue that, in order to understand fully how governmental positions (or preferences) are determined, a more nuanced analysis of domestic politics is required” (Cini 2016: 75). Some argue that liberal intergovernmentalism is only scratching the surface of the creation of national preferences and domestic policy. This criticism opened for a need to incorporate another theory. A theory which would create a wider perspective. Liberal intergovernmentalism does not include identity or citizens opinion in explaining a country's national preferences, but postfunctionalism do. Postfunctionalism brings in identity and takes public opinion into

consideration. Postfunctionalism has been chosen in order to deepen my research, supplement but also challenged liberal intergovernmentalism. Liberal intergovernmentalism is dominated by rational choice and does not assign much importance to citizens and state identity. Postfunctionalism includes those elements and is making a deeper investigation of the domestic level. Including both views opens for a more nuanced analysis of the case.

Liberal intergovernmentalism

Liberal intergovernmentalism has been one of the leading integration theories while studying EU integration since the 1990ies (Cini 2016: 73). Behind the theoretical thought is Andrew Moravcsik and in his book *The choice for Europe*. The theory is drawing on earlier intergovernmentalism theories but adds more on and includes both the domestic and the international level (Cini 2016: 73). As mentioned, this research has chosen only to work with the domestic part and the theoretical concept *national preferences*.

Liberal intergovernmentalism takes a state centric view and assigns state preference and power huge importance. The theory claims that all EU decisions are the results of member states' *national preferences* and interstate bargaining procedures (Cini 2016: 73). Moravcsik claims that "*European integration resulted from a series of rational choices made by national leaders who consistently pursued economic interest – primarily the commercial interest of powerful economic producers and secondarily the macro- economic preferences of ruling government coalitions – that evolved slowly in response to structural incentives in the global economy* (Moravcsik 1999: 3). He argues that it is not only economics but political economy that affects and motivates integration. The level of willingness to integrate reflects the governments international economic competitiveness including their preferences and macroeconomic policy (Moravcsik 1999: 3). In the international field, governments act according to their economic interests, their relative power and strategic visions (Moravcsik 1999: 5). Those states who gain most economically by integration tend to compromise more and those states gaining less economically from integration tend to put forward conditions (Moravcsik 1999: 3).

Liberal intergovernmentalism is a three-step model consisting of *national preferences*, *instate bargaining*, *institutional choice*. The *national preferences* stage focuses on the creating of national preferences and domestic politics, it is this part that is used in this research. The second stage *in state*

bargaining is focusing on the bargaining procedure, it is where the national preferences reach the interstate bargaining procedure (Pollack 2015: 17). The third stage *Institutional choice* focuses on how member states delegate and pool sovereignty. Moravcsik argues that the only reason member states give sovereignty to international institutions, such as the Commission is to maintain international order of agreements and to maintain control between each other, including making sure agreements are implemented and practiced (Moravcsik 1999: 9).

National preference

National preferences are created domestically and are created from different elements. Moravcsik defines national preference as such: “*National preferences are defined here as an ordered and weighted set of values placed on future substantive outcomes [...].*” (Moravcsik 1999: 24). National preferences reflect the opinions of national interest groups and reveal their influence on the state. Two factors have a special influence on national interest: geopolitical and economic interest. “*Geopolitical interest reflects perceived threats to national sovereignty or territorial integrity, whether military or ideological; economic interests reflect the imperatives induced by interdependence and, in particular the large exogenous increase in opportunities for profitable cross-border trade and capital movements in the postwar period.*” (Moravcsik 1999: 26). Moravcsik claims that geopolitical factors matter most in situations when the outcomes seem uncertain, balanced, or weak (Moravcsik 1999: 477). Moreover, when it comes to political areas or subjects where the economic perspective is weak. In other words when the economy seems uninfluenced or unaffected the state will negotiate after geopolitical interests (Moravcsik 1999: 478). Geopolitical factors are often sacrificed for economic interest (Moravcsik 1999: 475).

Moravcsik finds economic interest the most influenced factor of national preferences (Moravcsik 1999: 473). He writes such “*We expect, moreover, that purely commercial motivations would be combined, particularly in the cases of regulatory harmonization and monetary policy, with economic motivation involving the provision of domestic public goods, notably regulatory protection and macroeconomic stability*” (Moravcsik 1999: 473). He claims that the national demands and negotiation tactics are created from economic gain or loss (Moravcsik 1999: 475).

Postfunctionalism

Hooghe and Marks base their creation of postfunctionalism on the multi-level governance approach (Hooghe & Marks 2009: 2). Hooghe and Marks argues that former integration theories have trouble explaining newer EU integration. EU has changed, Euroscepticism has spread into the public opinion and the former integration theories needed to be revised (Pollack 2015: 37). Reducing the integration debate to economic interest is according to Marks and Hooghe just not enough (Hooghe & Marks 2009: 2). Hooghe and Marks include identity in their postfunctionalism *"We claim that identity is decisive for multi-level governance in general, and for regional integration in particular"* (Hooghe & Marks 2009: 2). Identity is important because governance has two main purposes: Firstly, governance is a way of reaching collective benefits due to coordination of activities. An effective governance will according to Hooghe & Marks be multilevel. Secondly governance should reflect the community and the citizens (Hooghe & Marks 2009: 2). Where liberal intergovernmentalism and neofunctionalism does not pay much attention to citizens, postfunctionalism do. Postfunctionalism claim that citizens care a lot about who rule over them. The populations want self-rule and that preference relates to regional authority (Hooghe & Marks 2009: 2). In other words, citizens do care, and identity is important in order to investigate European integration. Postfunctionalism is therefore interested in understanding when identity is mobilized and how it is mobilized (Hooghe & Marks 2009: 2).

Postfunctionalism does some of the way share the same view on why states integrate as neofunctionalism and liberal intergovernmentalism: *"While we share with neofunctionalism and intergovernmentalism the view that regional integration is triggered by a mismatch between efficiency and the existing structure of authority, we make no presumption that the outcome will reflect functional pressures, or even that the outcome will reflect these pressures mediated by their distributional consequences"* (Hooghe & Marks 2009: 2). Where postfunctionalism separates and goes further, is when it comes to political conflicts which they are convinced are connected to communal identities (Hooghe and Marks 2009: 2). European integration has been politicalized and that has changed things and the decision making as well (Hooghe & Marks 2009: 8).

Both liberal intergovernmentalism and neofunctionalism see preferences determent by economy (Hooghe & Marks 2009: 4). Postfunctionalism do not agree with that assumption and see it necessary to go beyond economic preferences in order to investigate the direction of EU integration. Another

aspect that separates postfunctionalism from liberal intergovernmentalism and neofunctionalism is that public opinion has importance in postfunctionalism. Hooghe and Marks writes such “*Public opinion on European integration, as we discuss below, is rather well structured, affects national voting and is connected to the basic dimension that structure contestation in European societies*” (Hooghe & Marks 2009: 7). The public has an opinion, and that opinion has an effect. The public’s opinion about EU integration has forced its way into political parties in their search for power (Hooghe & Marks 2009: 9).

Public opinion

Postfunctionalism claims that the public has an opinion and an interest for European integration. Postfunctionalism argues that if the individual does not have time or knowledge to create their economic interest in the debate of EU integration their opinion will be built on other beliefs e.g., ideology, their position on the left/right, their relation to political parties, the information from media etc. (Hooghe & Marks 2009: 10). Decisions are not only made from economic preferences according to postfunctionalism.

Hooghe and Marks understands identity as social identity implying that group identification forms the individual’s self-conception (Hooghe & Marks 2009: 12). An individual can according to their understanding have more than one identity. They can have identities which are territorial connected to the local, or the national or beyond the national (Hooghe & Marks 2009: 12). By nature, the individual should favor its own groups first, but this favoring should not create a mechanism of hostility towards the other group. Postfunctionalism is not interested in why one connects to a specific group, but how the different groups of identities engage with each other, and most importantly how they are mobilized in the debate (Hooghe and Marks 2009: 13).

In order to explain the connection of public opinion and identity Hooghe and Marks include three generalizations: Identity matter most in the public opinion than in the opinion of interest groups or elites. Identity is constructed politically when it comes to most cases. There is less chance that an individual will join a jurisdiction outgroup if the individual is strongly connected with an ingroup (Hooghe & Marks 2009: 12). An individual can both be strongly connected to the national state and feel positive towards the EU. It depends on whenever the individual has a national identity which is *inclusive* or *exclusive*. If the individual has an *exclusive* national identity and perceives that their

national identity will be threatened or cannot reconcile with European integration, they will most likely be Eurosceptic (Hooghe & Marks 2009: 13).

In postfunctionalism identity is significant to the extent when an issue “*has (a) opaque economic implications and (b) transparent communal implication that are (c) debated in public forums by (d) mass organizations rather than specialized interest groups.*” (Hooghe & Marks 2009: 13). Postfunctionalism argues that the change of EU integration has happened due changes, in the past the elite was the main influencer but today the public also is a main influencer (Hooghe & Marks 2009: 13). It has also affected that national politics have to handle the EU as a political topic.

Political parties

Hooghe and Marks distinguishes between *tan* or *gal*. The *gal* dimension is non-economic left/right green, alternative and libertarian and the *tan* dimension implies traditionalism, nationalism and authority (Hooghe and Marks 2009: 16). Parties at the *tan* side do often not like European integration because they see it as a threat to national sovereignty, self-rule and enforcement of foreign ideas, it puts their national community at risk (Hooghe & Marks 2009: 16). *Gal* parties are more willing to integrate especially the green parties which only wish to further their agenda as much as possible. For the *left-gal parties* it is more complicated since the EU connects market liberalism with the *gal policies* (Hooghe & Marks 2009: 17). Hooghe and Marks comment that if this assumption about *tan/gal* holds, it will mean three things; that European integration has a non-economic dimension, that mainstream political parties must take a stand before ending up dividing their voters and that Euroscepticism will be more *tan* (Hooghe & Marks 2009: 18). The *gal* and *tan* position run through national identity (Hooghe & Marks 2009:18).

Strategy of politicization

To understand why some subjects are politicized a focus on strategic interaction between political parties must take place. Hooghe and Marks write such “*Whether an issue enters mass politics depends not on its intrinsic importance, but on whether a political party picks it up*” (Hooghe & Marks 2009: 18). The interaction on a subject between the public opinion and the interest groups puts pressure on the strategy of the party. A political strategy is also constrained by formal rule in the political system. Referendums and other aspects in the political system can change the topic from interest group policy

to mass policy. Postfunctionalism distinguishes between mass policy and interest group policy, when both come into play, mass policy trumps interest group policy (Hooghe & Marks 2009: 19).

Hooghe and Marks also assumes that leaders of political parties chose to politicize subjects which give them voters and advantages during election. A political party make their strategy having three things in mind; their party position on the subject and other parties' position on the subject, their party ideology and whenever or not the party is united or split when it comes to the subject (Hooghe & Marks 2009: 19). They decide based on what potential the subject has and how the voters will react and if the subject is important enough. Political parties strive for three things: to get voters, uphold their ideology and not create internal conflicts (Hooghe & Marks 2009: 21). *“Governments purport to represent all citizens living in their respective territories, and this leads them to frame their demands as expression of national interest* (Hooghe and Marks 2009: 23).

To sum up identity has been included in postfunctionalism, it influences different aspects of EU integration. Identity is more influential at some points than others. Hooghe and Marks writes such *“We have reason to believe that identity is more influential (a) for the general public than for cognitively sophisticated individuals or functional interest groups, (b) for populist tan parties than for radical left parties, and (c) when regional integration is political as well as economic”* (Hooghe & Marks 2009: 21). Also, public opinion is central since it affects the political parties and their political strategy and thereby also a country's national preferences. The politization is a result of the party strategy but also the public opinion towards the subject (Hooghe & Marks 2009: 22). All in all, public opinion can, according to postfunctionalism, not be left out.

Operationalization

I have chosen to operationalize the liberal intergovernmentalism concept *national preferences* and the theoretical concepts from postfunctionalism. The two theories have been operationalized separately. This decision is made in order to maintain focus and to separate the different views. In the first section liberal intergovernmentalism's *national preferences* will be operationalized and in the second section postfunctionalism and its theoretical concepts will be operationalized.

Liberal intergovernmentalism

National preferences

The theoretical concept *national preferences* are according to liberal intergovernmentalism controlled and created from economic interest or geopolitical interest. The concept is therefore operationalized into economic interest in order to investigate the economic aspect of Denmark's participation in the Frugal Four. Geopolitical interest is not taken into consideration since this case has a strong economic element and Moravcsik argues that economic interest triumph geopolitical interest. *National preferences* are according to liberal intergovernmentalism also created from interest groups and interest groups has therefore been investigated.

Economic interest	Data
Economic interest is operationalized into whenever or not the Danish preferences is created from an economic view.	It will be investigated through interviews.

Interest groups	Data
Liberal intergovernmentalism claims that interest groups have a huge influence on the state and its creation of <i>national preferences</i> . It has therefore been operationalized into the preferences of Danish interest groups.	<p>Interest groups are operationalized into Danish companies and interest organizations. An interview with Dansk Industri is used since they represent a wide number of Danish companies and industries.</p> <p>The focus will be on:</p> <ul style="list-style-type: none">- Their opinion towards the budget and <i>Next Generation EU</i>.- Whenever or not they benefit from the agreement.- Their opinion towards the proposal.

	<ul style="list-style-type: none"> - Their opinion towards Denmark being a part of the Frugal Four.
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Postfunctionalism

Public opinion	Data
Public opinion has been operationalized into the Danish citizens opinion towards the EU and their opinion towards the budget.	<p>Standard Eurobarometer.</p> <p>Survey material from the European Parliament.</p> <p>Interview with a professor.</p>

National identity	Data
National identity is operationalized into national identity and will be investigated through national perception of Danish citizens and if Denmark can be categorized with a dominant national identity.	<p>Interview with a professor.</p> <p>Statistical and empirical work on Danish affiliation and Danish citizens perception.</p>

Political parties	Data
What are the Social Democratic Partys opinion towards <i>Next Generation EU</i> ? Does it show that any influence groups or citizens have affected them?	Interview with a representative from the Social Democratic Party.
The Social Democratic Party's attitude towards EU.	Interview with a representative from the Social Democratic party.

Can the Social Democratic Party be categorized as a gal or tan party?	
Politization and political strategy is operationalized into the political strategy of the Social Democratic Party.	Interview with a representative from the Social Democratic party.

METHODOLOGY

This research is a case study working with mixed methods. This section will shortly cover what a case is, and advantages and disadvantages working with a case study. It will be followed by a section explaining the use of mixed methods, how data is collected and how it has been used. Then a section about the transcription process of the interviews and research criteria will be presented. Lastly the analysis strategy will be introduced.

Case study

A case study is a study of a specific object or phenomenon. A case study can be a study of decision making, events, specific time periods, community, or a country etc. (De Vaus 2013: 220). This case study is investigating why Denmark joined the Frugal Four and is therefore investigating a decision. An advantage working with a case study design is that it allows the researcher to fully investigate a specific element or phenomenon, it seeks to understand the phenomenon in its entirety (De Vaus 2013: 247). A disadvantage with a case study design is that it can be hard to generalize which will be discussed further in the section about research criteria.

A case study can be either a multiple case study or a single case study (De Vaus 2013: 226). This case study is a single case study since it only works with one specific case. It has been chosen since the case is unique, and it would therefore be hard to compare it with other cases. It would be possible to make a comparative study about the EU budget negotiations, but this case is in a way unique

because of *Next Generation EU*. The negotiations were not just about the budget but also a recovery fund binding EU further together. Additionally, is the case really wide in itself and has several elements needed to be investigated to answer why Denmark joined the Frugal Four.

Mixed methods

This research uses both quantitative data in the form of survey data and register data, and qualitative data in the form of interviews. This research can therefore be categorized as a mixed method research. There exist different ways of working with mixed methods. A research can be using triangulation, complementarity, complexity etc. Triangulation implies convergent validation meaning, that only results which can be validated by both methods can be used (Frederiksen 2015: 200-2001). Complementarity implies that both methods is used to get a more comprehensive knowledge. The result from both methods is understood as supplement for each other rather than validation (Frederiksen 2015: 200). Complexity implies that the two methods are used to show complexity and contradictions in the investigated, there is no need to create an overall interpretation (Frederiksen 2015: 202).

This research uses mixed methods complementarity. The combination of methods is not intended to overlap or validate each other like done in triangulation. With that said some of the data collected may overlap and support each other but the overall intention is that the combination of the methods should give a more overall perspective and help capture any unpredicted factors. The quantitative data used in this project has not been collected for this research but are surveys/data collected by the Eurobarometer and European Parliament. The interviews have been created and collected specifically for this research.

Interviews

This research has been using expert interviews or elite interview as it has been called. Elite persons are often leaders, experts within their field and normally have roles of importance (Kvale & Brinkmann 2015: 201). They are selected because of their knowledge (Riis 2005: 108). It is important to be well prepared and have an extensive knowledge about the subject in order to get respect and the good outcome from an elite/expert interview (Kvale & Brinkmann 2015: 201). Ole Riis comments further that when interviewing politicians, it is important to notice that their opinion may be colored

by their political belief and ideology (Riis 2005: 109). It does not have consequences for this research since it seeks to understand and capture the view of the Social Democratic Party. All three respondents have been selected due to their knowledge, insight, and expertise.

Access to the field

Creating elite/expert interviews has the disadvantage that they are hard to come by (Kvale & Brinkmann 2015: 201). Access to the field has not been an easy path, working at home, Corona and time limit has all been an obstacle, but three expert interviews were conducted at the end. The first interview was with Jens Joel parliamentary candidate for the Social Democratic Party. It is not an interview which is easy to get, the parliamentary candidate has a strict calendar but due to my personal network I managed to get an interview. The second interview was with Anders Ladefoged, Deputy Director of Dansk Industri (the Confederation of Danish Industry, DI). I had earlier on participated in a webinar about the recovery fund where DI was speaking. I therefore called their spokesperson from the webinar who did send me in the right direction to Anders Ladefoged. The last interview was intended to be with a professor and that was extraordinarily hard to come by. It was a process of calling, leaving voicemails, writing emails, mostly with no response at all. After nearly have given up, I called one of my former professors from Sociology and she pointed me in the direction of a research group of Political Sociology. I contacted the professor responsible for the group, which guided me in the direction of Christian Albrekt Larsen, professor at the Department of Politics and Society. Christian was willing to help with both interviews and shared some of his written material. At the end all three interviews were collected successfully.

Interviews and interview guides

The interviews took place online at Microsoft Teams since it has been a normal way of meeting due to the COVID-19 situation. One of the advantages about doing online interviews was that it was possible to interview respondents who lived far away, and the interview could take place with short notice. The elite persons should not give up their limited time on transportation. The interviews were done as video conversations to further understanding and interaction. The interviews have been conducted in Danish. This decision is based on the knowledge that the interview respondents are Danish and would have an easier time formulating their opinions in their native language. The respondents received the interview guide shortly before the interview to follow the questions. The sharing of the interview guide before the interview was done to give them an impression of the

interview and so to say frame the interview. I know from previous experiences interviewing experts that the experts has an enormous knowledge within their field and can therefore easily take the interview in different directions. It is therefore important as an interviewer to hold the interview within the frame and move the conversation back on track if it gets too far away from the main focus. All respondents have beforehand been informed about the research and its research questions, the amount of time the interview was expected to take, that the interview was an expert interview and that the interview would be recorded.

All interviews have been semi-structured which means that the interview guide has been used as a direction but not followed rigorously (Tinggaard & Brinkmann 2015: 38). The semi-structured interview is intended to create a structure for the interview but also open for flexibility when necessary (Tinggaard & Brinkmann 2015: 38). All interview guides have an opening question and end question, to open and close the conversation naturally. All questions were created from the operationalization. This research uses three different interview guides and three different experts (cf. appendix). One of the interview guides has a focus on preferences of interest groups and has been created in order to capture their preferences. The question has been formed and reformed, so they fit the interview with Dansk Industri. Another interview guide has been created in order to capture the national identity aspect as shown in the operationalization. This interview guide focused on public opinion and national identity. The last interview guide has been made in order to capture the thinking of the Social Democratic Party and their role during the negotiation, as shown in the operationalization, it had the intention of researching political parties and political strategies. All three interview guides have different questions since they seek to capture different aspects.

Presentation of data

Interviews

This project has conducted three expert interviews:

One with Anders Ladefoged, Deputy Director for Dansk Industri (DI) and responsible for their EU policy since 2013. Anders works in Brussels and is responsible for DI's EU political work. He is responsible for DI's political line when it comes to the EU policy and creates a bridge between Brussels and Denmark. DI is a big organization and represent more than 18.000 companies from

different fields. DI covers service industry, manufacturing, transport, trade, professional services, energy and much more. DI has a focus on the global and international market.

One with Christian Albrekt Larsen, Professor at Aalborg University, Department of Politics and Society. Christian is a part of the research group Center for Comparative Welfare Studies and has been researching on national identity and Danish perception.

One with Jens Joel, sitting in the Danish Parliament for the Social Democratic Party. Jens was elected in the district of Aarhus and has been a part of the Danish Parliament since 2011 and a part of the Social Democratic Party since 1999. He is chairman for the Finance Committee and is the spokesperson on the areas of Children, Education and EU. He was also EU spokesperson back in 2011 and 2012 and has been working in the European Parliament in the past.

Data – Surveys

This research has used data and survey material which were already collected. It has been using three reports by the European Parliament measuring the public opinion throughout the Covid-19 and one report by the Standard Eurobarometer/European Commission.

The first report is called *Uncertainty/EU/Hope Public Opinion in times of Covid-19, Public opinion survey commissioned by the European Parliament, A Public Opinion Monitory Study*. It was made by the European Parliament. It was conducted between 23rd of April and 1st of May 2020. It had 21,804 respondents from 21 different member states in the age between 16 and 64 years (European Parliament 1 2020: 5).

The second report is named *Uncertainty/EU/Hope Public Opinion in times of Covid-19, Second Round, Public opinion survey commissioned by the European Parliament, A Public Opinion Monitoring Study*. It was conducted between 11th and 29th of June 2020. It had 24,789 respondents from 27 member states in the age gap between 16 and 64 years old (European Parliament 2 2020: 5).

The third report is *Uncertainty/EU/Hope Public Opinion in times of Covid-19, Third Round, Public opinion survey commissioned by the European Parliament, A Public Opinion Monitoring Study*. It was conducted between the 25th of September and the 7th of October 2020. It had 24,812 respondents

from 27 member states in the age gap between 16 to 64 or 16 to 54 years old (European Parliament 3 2020: 7).

Standard Eurobarometer 93, Summer 2020, Europeans and the EU budget, Fieldwork July-August 2020. The data was collected from the 9th of July to the 26th of August 2020 (European Commission 2020).

Research Criteria

A research can have a high or a low *internal validity*. Internal validity measures to what extent there is causality (De Vaus 2013: 233). “*Threats to internal validity stem from the danger that factors other than our key variable are producing any changes we observe*” (De Vaus 2013: 233). Case studies often have high internal validity because they seek to understand the entirety of a case, including aspects of the phenomenon (De Vaus 2013: 234). The fact that a case study often investigates wide help discover unforeseen influencing factors throughout the research work. This research has been open towards accepting new factors, but none have been found. This research has investigated the case deeply and wide and it can therefore be argued that this case has a good internal validity.

External validity measures if the research findings can be generalized to the wider population. Case studies normally has a high internal validity but are often challenged when it comes to external validity (De Vaus 2013: 237). Case studies can be hard to generalize to the wider population because they often concentrate on one specific phenomenon. There exist two kinds of generalizations: theoretical generalization and statistical generalization. Statistical generalization implies that a conclusion is drawn from representative samples which are able to represent the wider population (Andersen 2010: 105). Theoretical generalization measures if the findings match the theories (Andersen 2010: 105). It can be argued that some results in this research have a good statistical generalization due to the use of survey material. The part about public opinion includes surveys with multiple respondents, it is not just a few respondents but several. It gives a description of the opinion of the Danish citizens. But overall, the study is using theoretical generalization. It can be argued that this research has a good theoretical generalization since it has a solid theoretical framework. The external validity would be higher in a case study with several cases providing the same results.

Reliability measures to what extent a research can be repeated with the same results. It is about consistency in the measurement (Andersen 2010: 101). It can be argued that this research has good reliability since every step of the research is described well. It must be taken into consideration that working with interviews may affect the reliability since respondents may not give the exact same answer if this study should be repeated (Andersen 2010: 103). However, the conditions are good because the research care about enlightening every step of the process.

Transcription of the interviews

All the respondents have been informed that the interview would be recorded and transcribed. The interviews took around 30-45 minutes. The transcription is done directly, smaller sounds like uhm, øhh and hmm are not included. Øhh is only included when it is noticeable and has an impact in the meaning of the sentence. Longer breaks are written as (stilhed) and several dots ... marks shorter breaks. Laughing is written as (griner). All interviews have been transcribed by me, the interviewer. The transcription and interviews are done in Danish and then later the used quotes are translated. The translation can be observed in the appendix.

Analysis strategy

The coding of the material has taken inspiration from content analysis. Content analysis is a flexible, systematic method which is good at reducing data (Schreier 2013: 2). Content analysis works with concept-driven and data-driven sections (Schrier 2013: 3). The analysis has been structured accordingly to the operationalization which create a *National preference*, liberal intergovernmentalism part and a postfunctionalistic part. The main categories are concept-driven and derives from the operationalization, *economic interest*, *interest groups*, *public opinion*, *national identity* and *political party* and *political strategies*. The coding frame is built around the theories. The subcategories have been made along the way, those are more data-driven and created in order to sort the coded material. Content analysis recommend the use of concept-driven main categories and data-driven subcategories (Schreier 2013: 9). The subcategories have been coded into *grants and loans*, *opinion towards the Frugal Four* and so on. All quotes in the analysis are written in italics and translated from Danish.

ANALYSIS

The analysis has been divided into two parts: the liberal intergovernmentalism *national preferences* part which consist of an analysis of the economic preferences and the interest groups. The second part consists of the postfunctionalism part where a focus will be on citizens opinion, national identity and political parties and their strategy.

Liberal intergovernmentalism – National preferences

Liberal intergovernmentalism's *national preferences* have been used in this research and this section will investigate the economic interest in order to explain why Denmark joined the Frugal Four. The second aspect of liberal intergovernmentalism's *national preferences* is that the theory assumes that the interest group's opinion is reflected in the decision outcome. It will be investigated in the second part which will focus on the opinion of the interest groups and their influence.

Economic interest

It has been found that economic interest does matter on why Denmark joined the Frugal Four, but it cannot stand alone, other factors matter too. The case deals with the EU budget negotiations 2021-2027 so an economic perspective is also naturally included. Anders from DI comments on why he thought Denmark joined the Frugal Four. He finds it in connection with Denmark's position in the past and the fact that Denmark is a net contributor, which means that Denmark pays more than they receive.

I would dare to claim that Denmark and the other Frugal Four stuck a little to their usual approaches, seen from an economical consequence point of view, I think that can be said. (Anders Ladefoged, DI)

But Anders also comments that he thinks that the Social Democratic Party has taken the position to send a message to their voters and express that they want the money to be in the pocket of their citizens. Commenting that the statement and position is something that is more popular by the public.

And it is something people kind of like and there is basis for making that statement. (Anders Ladefoged, DI)

Christian comments as well, that economic interest may come into play but also comments that economic interest cannot stand alone. He argues that there are two relevant factors which are always in play. The first one is concerning why Denmark joined the EU it was of economic reasons.

If you look at why we entered the EU and the common market, then it was due to the economy, then there are some employers, some companies, some corporations which states that we simply have to be part of the project due to economic reasons, you know [...]. (Christian Albrekt Larsen, Professor)

It was a request from the companies that Denmark should be in the game, a part of the market and it was up to the politicians to make it happen. The other aspect is concerning national identity.

And then there is national identities and affiliations which are the dominating stop block for a big part, you know, it is not what the population wants, sure they would like a thriving economy and some companies which can be present at the common market, but the European idea about feeling more European than Dane is simply far away. (Christian Albrekt Larsen, Professor)

Christian argues that those two factors are in play and are balanced. It can therefore be said that there is economic interest in play, but it is not the only factor. The other factors will be investigated through the analysis.

Interest groups

In order to capture the opinion of the interest groups an interview with DI has been conducted. It was found that DI is positive towards *Next generation EU* for various reasons. Firstly, because there exists a need for economic stimulation and a need to get the European economy back on track. Denmark has, due to the corona virus, had a downturn in the Danish economy and export. DI sees the Danish export as extremely important. Anders comments such:

[...] It is to a high extent what our corporations, but also Denmark as a society lives off and that is export. So, when our largest market which is the EU, suddenly gets a down fall and the growth is

negative, then there is a demand for something to kickstart the wheels again and it is not something Denmark can do on its own. (Anders Ladefoged, DI)

They support the initiative and are positive towards the recovery fund. Secondly, *Next Generation EU* does not just focus on recovery but also on the future which is a very reasonable idea according to DI. They fully support the idea about investing in the future and that the money is marked for specific areas which they see as important areas.

Then suddenly there is a radical shift from what you are spending money on, all that money is spent on something that according to us, are more reasonable than what the money normally goes to, agricultural politics, cohesion and so on [...]. So, then there suddenly happened an enormous boost in areas which we believe is important: green transition, digitalization, health etc. etc. So that's... So that is also why we support it. (Anders Ladefoged, DI)

The agreement is predicted to benefit Danish companies because the money is focused on furthering green transition and digitalization. It is an area where Danish companies and Danish solutions can produce which is predicted to lead to Danish export and agreements. Anders comments that Danish companies would benefit from the agreement.

Definitely, because if the plans each country has, live up to the intention, then it demands an extraordinary investment, as an example technology. And who must then deliver, well those which know to do such things and that is amongst others, us. (Anders Ladefoged, DI)

DI has been calculating on how much the idea would benefit Danish companies and Danish export. According to the calculation the export potential should increase with 11 billion DKK in the next six years due to the money from *Next Generation EU* and the focus on green initiatives and digitalization.

It is also important what it is spent on, but the potential in the money the others are given, and our corporations are much higher and that is what we have tried to show in this calculation. That is of course also why we basically are pro the EU recover fund, because you are saying that, yes, we don't really need the extraordinary grants of 11 billion from EU, that Denmark could have handled themselves, but the other stuff we would like to receive. (Anders Ladefoged, DI)

DI takes an overall perspective viewing the recovery fund and does not just see what Denmark puts in but also what Denmark gets from it, especially how it would affect Danish companies and Danish export. When it comes to the common loan that EU is going to take, DI agrees that it is reasonable that the member states are borrowing the money together. Overall, they support the common loan the EU commission is going to take, because they find the stimulation of the European economy necessary.

When it comes to debate about what should be grants or what should be loans, Anders expresses that he understands the logic about not just handing money out but does still argue that it is hard to compare because of the situation in Europe which is in an extraordinary situation.

If we, if we make some funds available like grants, for an example Italy, then...then they will not just spend them on pasta and fun etc.. They are going to use them for infrastructure and green technology, and I mean that is a thing that will also benefit us. (Anders Ladefoged, DI)

He does also point out that Denmark is a part of Europe and therefore effected by the European economy. If the economy in Italy is bad, it will affect Denmark. If the economic situation in Europe is bad, it will affect the Danish export and the market. Another point is that the money paid out to the member states is marked for specific areas, like digitalization and green transition which in the end could benefit Denmark.

So, this that we help those in need by granting or lending funds to invest in something that we can deliver is so to speak helping ourselves. (Anders Ladefoged, DI)

He does not see the grants as a problem since it will benefit Denmark and since Denmark is depending on the economy in the rest of Europe. He is also worried that by taking away the grants opportunity it would result in fewer countries investing and thereby fewer money in play. Arguing that some member states had already reported that they would only accept grants and that they were not willing to use the loan opportunity.

On the other side you can say it is an extraordinary situation, if some of it are not grants nor what is it called, gifts. Then we probably will not do it, and when we then on top of it invest in something sensible, then it is actually something which can lift the whole out of the pit and create a demand of something we can be the supplier of. (Anders Ladefoged, DI)

DI sees the investments of EU member states as an important tool for recovery after the crisis and are expressing their willingness to both grants and loans if it results in investment and stimulation of the European economy. All in all, this interest group sees a solution with both grants and loans.

Opinion towards the government and the Frugal Four

When asked about their opinion about the financial contribution to the EU budget, Anders answered that DI did not intervene in how much Denmark is going to pay and how. Explaining that this kind of decision did not lie with them. DI have interest in the total amount of the budget and how it would be prioritized. Anders comments:

It is fair that it is the minister of finances and the prime minister which have to take care of the public treasure, that they optimize so to speak, avoid paying, so to speak, more than they have to. It is within their expertise so to say [...]. (Anders Ladefoged, DI)

It becomes clear that they do not intervene in how much Denmark should pay, how much rebate they want and so on. Anders comments that it is not their expertise. So, the decision about the Frugal Four statement, that the budget should be at one percent does not stem from the opinion of the interest groups.

It is not our expertise; we do not sit at the table during those negotiations. That is those who pay for the party and that is the member states. (Anders Ladefoged, DI)

DI can contribute with input and has a knowledge and understanding what the agreements means for Danish companies and Danish export, whether or not Danish companies benefit from the agreement and how it would influence Danish companies and Danish export. During the EU budget negotiations for 2021-2027, DI has encouraged the Danish government to view the overall perspective.

Let's say it like this, during the negotiations we have consistently encouraged the government to view the coin from two sides, not only the side which was about how much they had to pay in contribution and what the net cost were, but also to remember the other side of the coin, and that is that the money used jointly and the fact that we are a part of EU and EUs common market has a huge gain society wise. (Anders Ladefoged, DI).

DI has encouraged the government to see it from both sides. This request cannot be spotted in the actions of the government who still were a part of the Frugal Four before and during the negotiation. The government did not change their stand and opinion. All in all, the government and DI have different perspectives and interests. Anders argues that the government has a perspective created from the state financials.

Naturally, a government is looking at the national financial impacts of such decisions during negotiations. They lay down their strategy based upon to receive as much funds as possible and pay as little as possible. (Anders Ladefoged, DI)

DI sees it differently and takes the socioeconomic calculation into consideration, implying that giving other member states money to invest may result in export opportunities and market opportunities for Denmark, that may not have been there otherwise. Anders argues that it is important not only to look at the net side, how much money Denmark pays and how much they receive. He comments it would give a wrong perspective and calculation looking only at the net effect.

And here we believe it is our role also to explain or show how the corporations, export companies contribute to facilitating the possibilities which exists in other countries and that it is a good investment to spend money in other countries. So, there is probably, so to say a different approach between a national elected Danish government and a business environment which are more international oriented which see things more cross borders. (Anders Ladefoged, DI)

It becomes clear that the Danish government has a different view than DI but also different interests. Even though, Anders thinks it is a smart tactical position that Denmark joined the Frugal Four. Because they were with their position capable of bargaining. He thinks the alliance created an

opportunity of getting demands through and push others in their direction. So tactical wise it was a smart move.

And it was not only about loans versus grants, but it was also about insisting on how many funds of the available funds which had to be used on green transition, that this state would be 37% and 20% digitalization. That was something you had to put down as quid pro quo. (Anders Ladefoged, DI)

He thinks the position was helping push things through like the agreement about green transition and digitalization. He thinks it was a smart tactical move but is at the end glad that the Frugal Four did not get through with their opinion that there should only be loans. It would mean that less money would come into play and DI sees that as a disadvantage because Europe needs stimulation.

If you understand what I mean, you can say that we do not believe it would have been beneficial if the Frugal Four would have come through with all their demands, but in the manner, it was done something sensible came out of it. (Anders Ladefoged, DI)

He sees the final agreement as a reasonable result with the most possible stimulation of the economy. It becomes clear that DI has a different understanding and interest than the Danish government and that the Danish government does not reflect the interest of DI as liberal intergovernmentalism suggests. DI's interests when it comes to the budget is to prioritize the future, herein Danish export and Danish companies.

Invest in the future, invest in infrastructure, green technology, research, and development, that is much better, put more funding in the European MIT, it is such measurements which really will push Europe forward and not just pay for this and that as we always do. (Anders Ladefoged, DI)

This is not a new view but have been a priority for DI for a long period. They prioritize that the money should be used for investment in the future, like research and innovation. DI find the recovery fund interesting because it creates opportunities. Furthermore, they are particular in favor of the fund, since the prioritization of the money fits with their interests. Besides, it creates a stimulation of the European economy and pushes for modernization and development of the EU and member states which DI finds very meaningful.

The Social Democratic Party and interest groups

During the interview with Jens Joel from the Social Democratic Party a question concerning intergroups was added. When asked if the Social Democratic Party had experienced any pressure or had noticed any specific interest groups with an opinion Jens Joel answered:

Yeah, it is kind of difficult because I think that it had been on some minor issues. Then there suddenly are some Danish movie producers who are terribly upset about that the culture grants pool will not rise as much. That is, that we do not want it to rise as much as the Commission wishes.
(Jens Joel, The Social Democratic Party)

There is no indication that interest groups did influence the decision and the statement from Jens does also fit the statements from Anders.

Part conclusion

Liberal intergovernmentalism predicts that economic interest and the opinion of the interest groups are the main factor influencing. Liberal intergovernmentalism claims that the national demands and negotiation tactics are created from economic gain or loss (Moravcsik 1998: 475). It may not be entirely true. It is found that economic interest may have an influence, it is also more likely that an economic perspective is included because the cases involve the EU budget negotiations. When this is said, other factors also come into play. Factors like national identity and political strategies, those factors will be investigated further in the other sections of this analysis. It has been found that DI is positive towards *Next Generation EU* and the common EU loan. They see a stimulation of the European economy as a necessity. Both the Danish government and the DI agrees on this matter, that the common loan makes sense and the idea about investing to get out of the crisis. Where they do not agree is the loans and grants part. The Frugal Four including the Danish government wanted the funds to be only loans and not grants. When it comes to this matter DI takes another position and sees it as a disadvantage if less money gets into play. It is found that the two actors have different views and sees things from a different perspective. DI sees it from the Danish companies and Danish exports side, and the Danish government has a more state centric and voter's view. It can be concluded that interest group's opinion does not affect that Denmark joined the Frugal Four as liberal intergovernmentalism predicted. And in connection of the integration dilemma, it did not seem that interest groups were holding back from even further EU integration. Interest groups may have

affected Denmark's demand about green initiatives and digitalization but green initiatives are also important to the Danish citizens in general. It is so to say a popular topic. All in all, the interest groups did not intervene or affected the political position and Denmark's interest during this negotiation as liberal intergovernmentalism predicts. The findings do not agree with the liberal intergovernmentalism assumptions.

Postfunctionalism

This second part of the analysis will investigate the case from a postfunctionalistic point of view. The first part will focus on the public opinion, what opinion does the Danish citizens have, what have they expressed, could they have affected the Danish position. It also includes a section with national identity. The second part of this section dives into the political parties and their strategy, the focus is on the Social Democratic Party since they are the governing party and represented Denmark during the EU budget negotiations.

Public opinion

The European Parliament has during the Covid-19 crisis been monitoring the public opinion in a research named *Uncertainty/EU/Hope public opinion in times of Covid-19*. It resulted in three different survey reports conducted at three different time periods.

The first survey was conducted between 23rd of April and 1st of May 2020. It involves 21,804 respondents in the age between 16 and 64 years, from 21 member states (European Parliament 1 2020: 5). One question was “*How satisfied or not are you with the solidarity between EU Member States in fighting the Coronavirus pandemic*” to that question 47% of the Danish population answered that they were satisfied (European Parliament 1 2020: 22). In another question 44% tend to agree and 18% totally agrees that the EU should have more competencies in order to handle a crisis like the Coronavirus pandemic (European Parliament 1 2020: 31). The number is rather high, but the survey does not distinguish between health competencies or economic competencies which makes it hard to use as an indicator for this research. Another question was, what should be EU's top priorities when fighting Covid 19, only 16% of the Danish respondents answered financial support. 55% answered that the highest priority that EU should have was to “*Ensure sufficient medical supplies (mask, gloves, tests, etc.) are available for all EU Member States*” (European Parliament 1 2020: 34). This indicates

that the citizens participating in the survey does not find the financial support from EU important but care more about the medical supplies.

The second report is more interesting for this case, since it focuses on *Next Generation EU* and was conducted between 11th and 29th of June 2020. It involved 24,789 respondents from the 27 member states and was conducted with respondents between 16 and 64 years old (European Parliament 2: 5). During this second round 44% answered that “*the EU should have more competencies to deal with crisis such as the Coronavirus pandemic*” the number has not changed since the first report, the Danish citizens opinion about that, is so to say stable (European Parliament 2 2020: 18). In the second report 52% found “*Ensure sufficient medical supplies (mask, gloves, tests,ect) are available for all EU Member States*” the EU top priorities, it dropped from 55% in the last rapport (European Parliament 2 2020: 22). Only 12% answered that financial support was important (European Parliament 2 2020: 22). It indicates a further drop and that the Danish citizens do not see financial support as EU’s top priority. The second report also asked into financial aspects. Only 28% of the Danish citizens answered that “*the EU should have greater financial means to be able to overcome the consequences of the Coronavirus pandemic*” (European Parliament 2 2020: 25). This percentage is the lowest between all 27 member states. And 49% answered that “*The EU’s financial means are sufficient to be able to overcome the consequences of the Coronavirus pandemic*” which is the highest percentage among the 27 member states (European Parliament 2 2020: 25). This finding is interesting because it shows that the citizen is having the same view as the position of the Danish government. Furthermore, Denmark, Sweden, and the Netherlands were amongst those with highest percentages saying that “*EU’s financial means are sufficient*” (European Parliament 2 2020: 26). All countries are a part of the Frugal Four.

Another question was asked “*Given the current context, on which of the following would you like the EU budget to be spent*” the highest percentage for Denmark was “*Climate change and environmental protection*”, secondly came “*Economic recovery and new opportunities for businesses*” and third “*Public health*” (European Parliament 2 2020: 29). It does also match with the Social Democratic Party’s preferences, which are favoring investments in climate and recovery of the economy. It is important to notice that the question asks about the EU budget which indicate prioritization and not if Denmark should contribute more.

The third report's survey was conducted between the 25th of September and the 7th of October 2020. It had 24,812 respondents from 27 member states in the age gap between 16 to 64 or 16 to 54 years old (European Parliament 3 2020: 7). The research has been asking "*Since the start of the Coronavirus pandemic, would you say that this image you have of the EU improved, got worse or stayed about the same?*" 6% answered it got improved, 65% that it stayed the same and 19% stated that it got worse (European Parliament 3 2020: 38). During the third round 61% answered that "*the EU should have more competences to deal with crisis such as the Coronavirus pandemic*" (European Parliament 3 2020: 48). An increase from 44% to 61%, so the difference is big (European Parliament 3 2020: 48). In this third round 50% answered that "*Ensure sufficient medical supplies (mask, gloves, tests, etc.) are available for all EU Member States*" should be an EU top priority and 11% answered that financial support was important (European Parliament 3 2020: 60). So, it has dropped with one percent, but it does still become clear that the Danish citizens do not find financial support that important.

31% answered that "*The EU should have greater financial means to be able to overcome the consequences of the Coronavirus pandemic.*" (European Parliament 3 2020: 66). 45% answered that "*EU's financial means are sufficient to be able to overcome the consequences of the Coronavirus pandemic*" (European Parliament 3 2020: 66). A little increase can be observed from 28% to 31% so the Danish citizens has changed their mind a little, but even though Denmark is still the country with the lowest percentage on that question. 45% compared to the last report 49% says that EU financial means are sufficient, it is a decrease.

When asked "*Given the current context, on which of the following would you like the EU budget to be spent*" was the highest percentage for Denmark "*Climate Change and environmental protection*", secondly "*public health*" and third "*Economic recovery and new opportunities for businesses*" (European Parliament 3 2020: 71).

It becomes clear from the three reports above that the Danish citizens do not see financial support as the most important priority when handling the Covid 19 crisis. There can be observed an indication that the citizens find medical supplies and vaccination more important when it comes to the Covid-19 crisis. The citizens thinks that EU financial means are sufficient for handling the crisis, in other words they do not see it necessary to add more money.

A Standard Eurobarometer report made by the European Commission focuses on the EU budget. The data was collected between the 9th of July and 26th of August in 2020 (European Commission 2020: 2). The report showed the same opinion from the Danish citizens. When asked “*Which of the following two statements do you most agree?*” only 16% answered that “*The EU should have greater financial means given its political objectives*” and 79% answered that “*The EU’s financial means match its political objectives*” (European Commission 2020: 5). It is a high percentage and a clear message from the Danish citizen saying that EU has enough money.

A connection between the citizens opinion and the opinion of the Danish government can be observed. The government share the same opinion and was opposed to pay more money to the EU. In the last European Parliament report 45% said that the EU financial means were sufficient to overcome the pandemic. Denmark is the member state with highest percentage for that statement. In another research concerning the budget, made by the European Commission did 79% answered that the EU should not have more money. Again, was the highest percentage for the question found with Denmark. Also, when it comes to the prioritization of the budget the citizens answered in the European Parliament report that they find climate change most important. It also agrees with the opinion of the Danish government during the budget negotiations where they wish for a focus on green transition. All in all, there is an indication that the opinion of the citizens matches the opinion and political position of the Social Democratic Party. Observed with postfunctionalistic glasses it does make sense because the public opinion in postfunctionalism influences politics.

Danish Citizens

In the interview with Christian questions concerning the Danish citizens did also appear. When talking about the position of Denmark during the budget negotiations Christian thought that the Danish citizens expects their government to represent their interest in the EU. So, the government’s position is based on that on one hand they should represent their citizens and on the other hand on something symbolic.

I think that there lies something symbolic behind that the Danish government presents itself more or less. They are at least good at saying that they are not in favor of an EU national state formation, that they are not pro-European. And the part about saving, it is also like a way of controlling the ghost, if there is no money you cannot build a big state. So, it is at some point a way of signaling,

that we do not want to have a new EU state which should have multiple functions in a lot of areas that they do not have today. (Christian Albrekt Larsen, Professor)

So, the Danish government wants to represent the economic preferences of their citizens but at the same time they also want to send them a signal. The statement about saving money means more to Christian than just financial, it is also a way of controlling the EU and sending that message to the public. Christian does not think the Danish citizens wants more EU, he thinks that the citizens are just fine with the status quo and that the national referendums have not shown much willingness to further EU integration. He thinks that it depends on the area on whether or not the Danish citizens wants more EU, e.g., climate is one of the areas where they want further EU cooperation and integration. When asked if the Danish citizens were EU skeptical Christian answered that it depends on the understanding of the word. If skepticism means creating a new state to replace the Danish state, then the Danish citizens are skeptical towards EU, but if it means cooperation between countries then Danish citizens not that skeptical.

[...] A new national state formation and a dismantling of the Danish state, then the Danes are relative EU skeptical and that they have been since they joined the EU. Uhm at this part they are EU skeptical but if it is about a functional cooperation across European countries where common problems are solved together, then the Danes are not that EU skeptical and that skepticism there has been and is still declining. (Christian Albrekt Larsen, Professor)

National identity

This section focuses on national identity, several researchers have investigated the field, this understanding of national identity is inspired by the work and interview with Christian Albrekt Larsen, researcher within the field of Denmark's national identity. Christians works is unique because it focusses on Denmark.

Postfunctionalism does not give a wide definition of their use of national identity. This research seeks to make the understanding clear. This understanding of the national identity concept does also take baseline in social identity. National identity is understood as the individual's self-perception or self-conception connected to a group identification. This research supports the idea that an identity is

created by the perception of the individual. It is so to say, created within the individual in common interaction with its surroundings. Christian does in his research work with national perception, how the Danes sees themselves. Christian writes in his book *The national perception of Danes* that national perception are the individual's ideas and perceptions of what it means to be Danish (Larsen 2016: 13). National perception is understood as a common designation of the social constructions existing around a national community. Commenting that it is an imaginary community, the individual perceives itself as being a part of the community (Larsen 2016: 15). National perception is understood as part of the national identity.

Christians answers in the interview are mostly based on his research and his article *Revitalizing the 'civic' and 'ethnic' distinction. Perceptions of nationhood across two dimensions, 44 countries and two decades* and his book *the National Perception of Danes*. His book is based on Denmark and is investigating the national perception of being Danish. In his book he used Danish data set from ISSP collected in 2003 and 2013. The data is based on random sampling from the CPR register. The 2003 ISSP survey included answers from 1322 respondents and the 2013 ISSP survey include 1325 respondents (Larsen 2016: 40).

In his article, he builds on the theoretical assumptions of Hans Kohns idea about nationalism (Larsen 2017: 1). Kohn used the terms *civic* and *ethnic* but have been criticized heavily for having a weak conceptualization (Larsen 2017: 1). Christian elaborates in his work on the concepts further and adds another dimension. He creates a two-dimensional framework in his perceptions of nationhood with *ethnic* and *civic* at one side (Larsen 2017: 3). Christian uses a ISSP dataset collected over time to observe the differences in nationhood over time (Larsen 2017: 5). This research focuses on Denmark, so nationhood and national identity in Japan and other non-EU countries are not include. The ISSP dataset has been used for research of national identity and is one of the most wide-ranging data sets. The data was conducted over three time periods in 1995 in 23 nations, in 2003 in 33 nations and in 2013 in 33 nations (Larsen 2017: 5). Christian has chosen to sort out the respondents which only have one or non-parents with citizenship (Larsen 2017: 6).

Christian adds *non mobilized* and *mobilized* as the first dimension and *civic* and *ethnic* as the second dimension (Larsen 2017: 10). Christian explains in the interview that the *non-mobilized* and *mobilized* axes masseurs how important those identities are to the population. Christian comments in the

interview that there exist different identities and not one common identity, that people have identities connected to being Danish, so it can vary. According to Christian, an identity can be *civic* or *ethnic* and national identity can be dominated by *civic* or *ethnic* identities.

The classical way to investigate the national identities is, that a population can be dominated of what we call a civic identity. Where being Danish or being German, being French or Moroccan, it is about being a part of the political community that exists around a state, so it is typically something about how to rule a state. (Christian Albrekt Larsen, Professor)

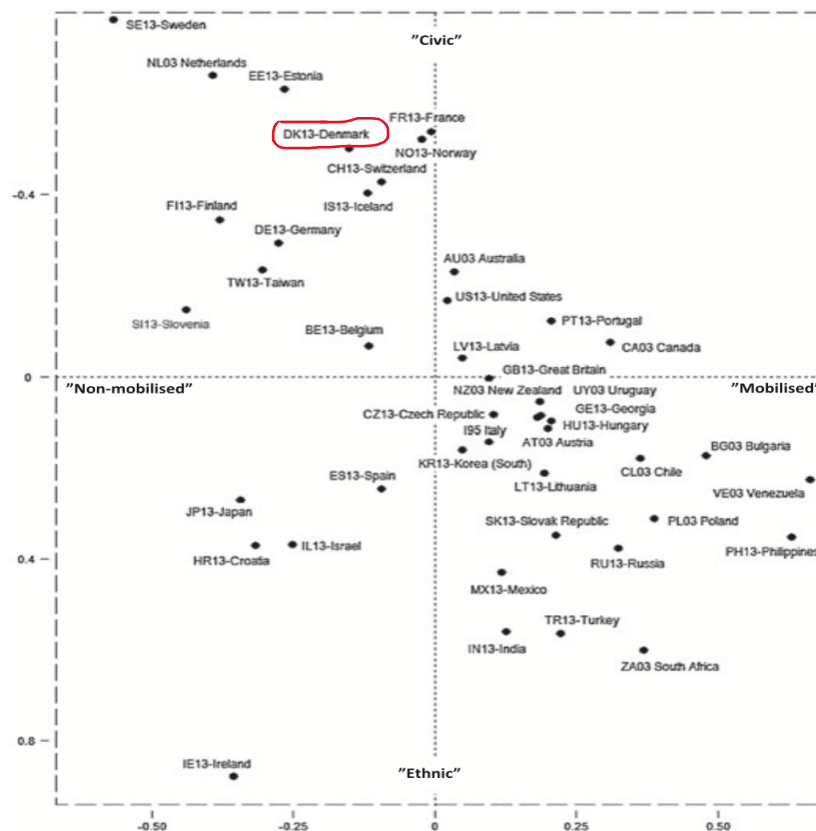
The *civic* identity does not find it important that one is born in the country, have a specific religion or have lived in the country their entire life, the *civic* minded focuses on the respect of rules and laws (Larsen 2017: 10). The *civic* identity focuses a lot on the rule of a state aspect and the common language. The *ethnic* identity is more influenced with traditions. The *ethnic* identity finds it important to be born in the country and to have the same religion (Larsen 2017: 10).

[...] is about –no, but they believe there are, what to say, a national state formation there are some values and cultures and some traditions and that is what a national identity is built around. So it is, that we eat some of the same or sing some of the same songs or that we mean the same things not only in the political community about controlling a state but also about anything else. (Christian Albrekt Larsen, Professor)

It is the two distinctions Christian uses when investigating national identities. When adding the concepts to Denmark, he comments that Denmark would lie in the *civic* part of the spectrum. He has been investigating that the most important parts of being Danish and that indicates a *civic* identity.

One of the most important parts of being Danish, then there are many who say that you must respect the laws and rules. Ummm you must also be able to speak the language which some also considers as being part of the political community, where you need to speak the language. Whereas there are not so many saying that one should be a Christian for an example, in comparison to other countries. (Christian Albrekt Larsen, Professor)

Also, to feel Danish and have Danish citizenship is important in order to be Danish (Larsen 2016: 81). The *ethnic* part does not fill that much when it comes to the Danish citizens. It is more how to rule the state, the political decisions and so on which takes up a lot of space for the Danes. It leaves Denmark with a *civic* marked national identity. On his two-dimensional structure Denmark would lie in the *civic* end as shown below.



(Larsen 2017: 17, figure 4).

When investigating the *mobilized* or *non-mobilized* Denmark lies in the *non-mobilized* segment.

And if you put Denmark out on that scale, then we lie in a non-mobilized segment. (Christian Albrekt Larsen, Professor)

He remarks the Danish citizens mostly comments that Danishness exists, but it does not take a lot of space and is not an everyday thing. He did find that Denmark had a *non-mobilized civic* nationalism. It is where Danishness does not fill that much compared to other countries where *civic* exists. The political community means more than the ethnical. Denmark lies in the upper left corner as seen in the figure. Countries in the upper left corner do not see it important if the individual is born in the

country or belongs to the dominant religion. Christians labels them *republicanism* (Larsen 2017:12). Republicanism is understood as one who wants to fight for the survival of the republic (Larsen 2016: 9). They tend to answer that they “*Feel 'somewhat' proud of the nation (not 'very proud' as those in the lower right quadrant) and feel 'close' to the nation (not very close as those in the upper left quadrant)*” (Larsen 2017: 12). Christian did in his research of the Danes find that Danes were humble in their answers but felt proud about the Danish democracy and the welfare state (Larsen 2016: 51). Denmark is not the most *non mobilized* but does lie on that axis. To sum up is the Danish national identity build around the need to speak the language, being a part of the political community and respect the Danish laws and rules, the ethnic part like birthplace, religion and how if you have grown up in Denmark does not make you a part of the community the other does. Denmark has therefore a *civic non-mobilized* national identity. But even if Danishness is not found to fill in the everyday life is it according to Christian deeply embedded in the culture. He comments further that the Danes are connected to their national state:

If you ask about connections to different places, then the Danes feel much more connected to their national state than being a world citizen or being European. (Christian Albrekt Larsen, Professor)

He did in his research find that the national identity matters the most and that the Danish citizens feels more connected to Denmark than the world or EU (Larsen 2016: 53). Christian has investigated generations and found that the younger generation feels as attached to Denmark as the older generation. They do not feel more like citizens of the world or Europeans as the older generation. There has not been observed any statistical change of national affiliations over time (Larsen 2016: 55). He predicts that there will be no changes in the future when it comes to the Danish citizens and EU.

If you look at the young generation, then it feels as attached to Denmark as the old generation do and they do not feel more like the citizens of the world or Europeans than what the elder generation did. So, it is hard to see a shift, that the future should look remarkably different, at least when it comes to identity. So, my prediction is, so to say, that we get stuck or just be at the same place forward in time. That you have some Danes who feel Danish, who want to cooperate in the EU, but it is always with the that saying- that we are an independent national state, and we must continue to be so. (Christian Albrekt Larsen, Professor)

There is no indication that the Danish national identity would change and that the attachment to Denmark would fade or being replaced by an EU attachment. Christian comments that he thinks that there exists a “us” and “them” mentality between Denmark and EU because the Danish citizens feel strongly connected to Danish national state and are viewing EU and Brussels as the “Ones down there”. Commenting that most Danish citizens sees it as a working community more than a new project or a need to build something new.

Christian has also been commenting on national identities and connections to political parties. When asked if there is a connection between political parties and national identities Christian answered that there can exist a distinction that there are some parties which have more *ethnic* identities and some that have more *civic* identities.

Those who do not vote and those who think that politics are stupid are more ethnic national and they are also more mobilized. (Christian Albrekt Larsen, Professor)

He comments that the Danish Peoples Party lies in that category, and that the social conservative opponent towards the European project has those identities. The other parties have more *civic* identities is parties like the Danish Social-Liberal Party, the Socialist People’s Party and also Liberal Alliance, have the more *civic* identities.

Where it most of all is about governing the state and in general does the thing with national identity. They do not like to talk much about it (laughing). So, what to say. It is the last group which can more easily see themselves in an EU state project than the ethnical mobilized group can see themselves in an EU state project. (Christian Albrekt Larsen, Professor)

So according to Christian the political parties consists of different identities. Christian’s distinction can be sat in relation to the postfunctionalistic *tan* and *gal* party’s orientation. The first group *ethnic* being *tan*, they seem to share the same traditional values. Where the *civic* can be sat in relation to *gal* when it comes to political parties. A line can be drawn between the concepts. The *tan* parties in Denmark would probably be parties like the Danish People’s Party, The New Right and the Red Green Alliance and the *gal* parties would be parties like Danish Social-Liberal Party, the Socialist People’s Party and Liberal Alliance as Christian commented. When it comes to the Social Democratic

Party, they are harder to place. When asked where the Social Democratic Party lies Christian answered that they have both.

They mess around and have both parts in their party and that is why they are difficult to place and that is why it also is a difficult question for the Social Democratic Party. So, they lie in the tension field between both having, what to say, an old, a bit along the way, working class and elderly who are very ethnic and to some extent are mobilized nationalist. And then they do also have the republicans, all those like the Radical Left and SF. (Christian Albrekt Larsen, Professor)

He therefore argues that there is a big tension in the Social Democratic Party, because there are many different voters, and it is a wide party. Ending with commenting that the Social Democratic Party has a tension in their electorate. The Social Democratic Party is a party with both *ethnic* and *civic* identities.

Part conclusion

It has been found that the public has an opinion just as postfunctionalism claimed. Furthermore, it has been found that the preferences of the Danish citizens according to the reports are the same as the preferences of the Social Democratic Party. It fits the postfunctionalism assumption that political parties are influenced by their strive for voters. There has been found a connection between the citizens and the political position. Christian has commented that the citizens expect their government to represent them. Furthermore, he does not think the citizens wants more EU integration, they are fine with status quo. When it comes to national identity, Denmark lies in a *civic* mobilized corner. Meaning that it is more about regulating and ruling the state, speaking the language and so on than traditions, religions e.g. So, Denmark is not that traditional, but Danishness is still deeply incorporated in the culture. Christian also comments that the Danish citizens are attached to the national state, and he predicts that the national identity would not change, that the Danes will not feel more like Europeans in the future. All in all, it can be said that there exists a connection between the citizens opinion and the political position of the Social Democratic Party during the EU budget negotiation for 2021-2027, this indicates that the public opinion does matter. It has also been found that there is a connection between identity and political parties, that some parties tend to have some identities where others have different identities. National identity is also found connected to Danish citizens opinion.

Political parties and political strategies

This section is looking into the Social Democratic Party's opinion towards *Next Generation EU*, the EU budget 2021-2027 and their political strategy. The Social Democratic Party's opinion towards EU today, is that EU is important but should not be involved in everything. Especially when it comes to the market regulation the Social Democratic Party finds EU important.

So, I think I would say that the Social Democratic position towards the EU is that we need the EU extremely much if we want a political regulation of the market. (Jens Joel, The Social Democratic Party)

EU participates with regulation of the market which is in the Social Democratic spirit. Jens comments that basically the Social Democratic Party is EU supporters and there exists a need for EU cooperation when it comes to the market. So, the market regulation EU provides is positive because it is harmonized with that part of the social democratic ideology. But they are critical when EU intervenes in the welfare state.

So, you can say that what always have been the social democratic attempt to regulate the market, in many areas this now must be international and therefore we need the EU cooperation[...]. Fundamentally we are EU supporters, but this does not mean that all what EU does is good, it is also a political battle you know. (Jens Joel, The Social Democratic Party)

Jens do not think that the Social Democratic Party is EU skeptical and argues that some see them as skeptical because they do not want EU to solve all problems or intervene in all policy areas, he uses minimum wages as an example.

Or that we do not necessarily think that the EU has the right solution. Or take an example, the question about minimum wages, we are dead against that EU should interfere in this. And we as social democrats all for that all people receives a decent salary, and then one could say it is logical to secure that all in Europe receives a decent salary. (Jens Joel, The Social Democratic Party)

Arguing that an issue like that should be solved in the member states and not at EU level. That policy cannot get through in other member states should not be an excuse to handle them at the EU level. He comments such:

But there I basically disagree because I do not mean, that the fact that you cannot get through with your policy in the member state. It should not be an excuse for it to be moved up to the EU level.
(Jens Joel, The Social Democratic Party)

Jens comments that there are some policy areas like climate, tax haven, migration, and other issues which exist across borders and therefore makes sense to handle them jointly at the EU level. But there are also issues where the member states need to decide and where EU regulation makes no sense, he uses homelessness in Denmark as an example. It becomes clear the Social Democratic Party sees EU as a tool for regulation of the market and that some policy areas make sense for EU cooperation and others do not. All in all, it depends on the topic, and it can be said that the Social Democratic Party evaluates that sometimes EU cooperation is a good idea and at other points they want to handle the matter internally within the Danish borders. EU cooperation should not involve all policy areas and EU should not intervene in all policy areas.

During the interview with Christian a question was concerning the Social Democratic Party and EU skepticism. When asked if the Social Democratic Party is skeptical towards EU Christian distinguished between Denmark leaving the EU or building more EU.

There was in the old days people in the Social Democratic Party which believed that, but they have, more or less, moved to the left. So, in that way the Social Democratic Party have become less EU skeptical, understood as someone who wants to leave EU. But when it comes to, if EU skeptical now means that they are critical towards building more EU, then I think you can say that the Social Democratic Party has become more EU skeptical. You do not just write a blank check to more cooperation the better anymore, more on the contrary, then you are more suspicious when the EU comes and ask for more cooperation. (Christian Albrekt Larsen, Professor)

This statement agrees quite well with the comments from Jens. The Social Democratic Party is skeptical in the sense that they do not just buy the idea that more EU cooperation is better. The Social

Democratic Party has taken a stand on the EU integration dilemma. It is hard to identify if the Social Democratic Party is a *gal* or *tan* party. They have both as Christian comments, the Social Democratic Party is relatively wide. Should they be categorized they would probably lie more toward the *tan* side, firstly because their ideology wants to protect the welfare state but also because they are affected by the Danish citizens and the Danish national identity. Postfunctionalism argues that political parties strive for voters, upholding their ideology and not creating internal conflicts. By this position the Social Democratic Party incorporates the voter's opinion, but they do also uphold their ideology which leads to a protection of the welfare state and their perception of EU as a tool for regulating the market. Lastly the position does not create internal conflicts. The position upholds the postfunctionalistic claims.

The Social Democratic Party's opinion towards Next Generation EU

The Social Democratic Party supports the idea about a stimulation of the European economy and the idea about investing to get out of the crisis. It is also their crisis tactic internally in Denmark. Jens is commenting that it is good crisis policy and good for the Danish companies as well.

So, you can say we fundamentally support that you invest yourself out of the crisis, that is what we did at home during and after Corona. Helped the business environment, invested to create more jobs. (Jens Joel, The Social Democratic Party)

When it comes to the common loan and the fact that EU Commission is going to take a loan the Social Democratic Party are positive. It is cheaper to borrow money together.

Loans versus grants

Where the Social Democratic Party does not agree, is when it comes to loans versus grants. They and the rest of the Frugal Four has rather seen that all the funds would be provided as loans. Jens argues that it would create more security that the money would be invested correctly and that it is a healthy principle that the money should be paid back.

We would like to have seen that all the support packages were loans, since we fundamentally believe it is a healthy principle that you do not receive money which do not have to be paid back. Because if you must pay back the loans you are more careful in investing them in something which

makes you stronger and gives you better possibilities to pay them back. (Jens Joel, The Social Democratic Party)

He argues that when the money are grants there is a bigger chance that the money would be used to sweeten life and not create a stronger economy or a green society and so on. The Social Democratic Party ended up compromising during the negotiations but have found it best if all money were provided as loans. Jens comments that the Social Democratic Party managed to move the loan, grants balance so more of the money became loans. Furthermore, the Social Democratic Party prioritized that the money should be used for green investments and digitalization.

Or we support, very strongly that there has been recommend demands about green investments and digitalization and similar, it is a part of it. To use money on something that do not just rebuild us to what we were before the crisis, but something that rebuilds us to something more modern, more progressive, more future directed and that we hope can make Europe stronger than before the crisis. (Jens Joel, The Social Democratic Party)

It was also a demand from Denmark and the Frugal Four before the negotiations that a focus should been on green transition and digitalization (cf. *The Frugal Four*).

The budget one percent or more

Another aspect involves if Denmark should pay more to the EU. It is clear, that the Social Democratic Party and the Frugal Four do not want to contribute with more money to the EU budget. There are some areas where it is reasonable, but the budget must still prioritize. Jens comments:

On research it makes good sense to increase the budget, on green initiatives it makes good sense to increase the budget, but of course that means that there also need to be areas where it must be decreasing. (Jens Joel, The Social Democratic Party)

England leaving does have an affect not only that a big net contributor leaves but also the coalitions are affected. Jens argues with England leaving the budget needs to be adjusted and reduced at some places. Also, Christians comments that England leaving the EU has changed the game. England did

share some of the same opinions as Denmark, that EU was an economic cooperation and not an attempt to create an EU state project.

Great Britain exits, they were kind of our old allies, to state that this should be an economic cooperation. There we sat together with Great Britain and there we have obviously lost a strong ally when they left. (Christian Albrekt Larsen, Professor)

When asked where the opinion about the one percent came from Jens answered:

Yeah, it comes from the top of government. It is of course so to speak department wise the finance ministry who are in control of the negotiations and have followed them for 10 years. (Jens Joel, The Social Democratic Party)

It becomes clear that the position, joining the Frugal Four could be a political decision and the statement about the one percent derive from the top of the Danish government. They are more or less independent in their opinions, again there is no indication that interest groups should have had an influence.

Political strategy

Before the budget negotiations the Social Democratic Party had specific preferences. Overall, they had two kinds of preferences, one concerning the amount and another concerning the content. The one about size implied the amount of the budget.

The first preference or the last, the one concerning size. It was concerning that EU should be forced to re-prioritize and that the EU budget should not increase so much as proposed. [...] We know that we as a country pay, net contributor, and we gladly do so, however there must also be a limit. (Jens Joel, The Social Democratic Party)

They did not want to pay more. The other preference was content, it should consist of a focus on the green and it should be in loans instead of grants. It was the three priorities and political demands that the government and the Frugal Four had before the negotiations.

So, I do believe, when say what levels we will accept, then this is a mixture of where we want to end, what the Commission have stated, what we believe is realistic. And, if you are too far from this you might risk being considered unserious and to be sidetracked. Hmmm but you do also have on one side to come up with something which is lower than what you are willingly to accept, so to speak, because there must be room for negotiation. This assessment is political created from the recommendations of the ministry officials. (Jens Joel, The Social Democratic Party)

According to this statement political strategy can be observed. The Danish government may have created a political strategy with their priority. The Danish economic contribution to the budget rose but not as much as the European Commission wanted and Jens credits Denmark was a factor behind that decision.

And it was to a certain degree because Denmark jointly was a part of saying, there is a limit. Uhmm and then they succeeded, I think, to modernize the budget using the money on something better. So, in that way observed from Danish point of view, it was a successful negotiation, I think. (Jens Joel, The Social Democratic Party)

Jens would describe the negotiations as successful and comments further:

I really believe when you look at what we got out of it, then I genuinely believe that we succeeded with the negotiation result compared to what we wanted or remarkably close to what we wanted. And also, better than one could have expected from a relatively small country. (Jens Joel, The Social Democratic Party)

It indicates that the Social Democratic Party is mostly satisfied with the outcome. Another aspect is how Mette Frederiksen played out the whole part. Frederiksen did have a hard and offensive way of expressing herself before the negotiations. It got a lot of criticism from different sides.

When she said that we do not just want to accept the EU budget just explodes and there are limits to how much there can be spent on administration and so on. And it was then, many said when she plays this hard, she ends up being ridiculed in Brussels and then we will not get anything through

and things like that. There were many discussions back and forth. (Jens Joel, The Social Democratic Party)

Jens has commented that it sounded hard, but it had an influence and portrayed Denmark as a state with an opinion. He comments that it placed Denmark in a position where the other countries in the alliance listened to Denmark, that Denmark was not just there for show.

I believe that Mette Frederiksen, the prime minister in this situation was very active securing this social cohesion. Because you can participate on a free ticket, but if you are willingly to battle and say something less popular things you show you have character and defend what you believe in. And that I think help to make to strengthen the unity in this group. (Jens Joel, The Social Democratic Party)

When asked where the preferences originate from and if interest groups have had a say, Jens answered:

No, I think, I think to a certain extent that it is a political decision, but it is not new. The Frugal Four which it was called, the alliance we made, it is to be noted that normally it would have been Great Britain which would have been in that position, so since they were gone. So, if no one else stepped up and took the responsibility to be the ones sitting and playing finance ministers. . (Jens Joel, The Social Democratic Party)

This statement confirms the findings in the liberal intergovernmentalism part of the analysis, that the decisions was not influenced by interest groups. Jens comments again that it was political decision and it was a political decision that Denmark joined the Frugal Four. He did see it as a necessity that some took the position and comments further that the accountable for the position and participating in the Frugal Four originates from the Danish government.

So, I think if one should have to be blamed for it, it would be the finance minister, the prime minister, and the foreign minister, it is the government which solved the task, it is not any NGO's which have pushed us or the population, I do not think so. It is of course always a consideration of

that you are elected to represent a population on the background of a policy, and you do here think it is consistent. (Jens Joel, The Social Democratic Party)

According to this statement is the responsible actors the top of the Social Democratic Party, it testifies that a huge part of the decision derives from the Social Democratic Party's top. The last sentence shows that the voter's opinion and the citizens opinion may have been taken into consideration. This consistent with the postfunctionalistic view that voters influence political strategies. Postfunctionalism argues such "Even when referendums are not on the agenda, party leaders in government worry about the electoral consequences of their European policies." (Hooghe & Marks 2009: 21).

When asking Christian why he thought that Denmark joined the Frugal Four he answered that two reason may lie behind, an economic aspect for the Denmark and the citizens opinion connected to a political strategy. He comments such:

Economical own interest for the country, and then there is this kind of policy about not wanting more EU, you want it as it is and that signal would they like to send to the voters, that is a kind of compromise. (Christian Albrekt Larsen, Professor)

He does further on comment that it is not a popular opinion amongst the citizens to be pro-European and that the politicians have learned that.

[...] One has at least learned that it does not sell among Danish voters. To go around and be super European. There has been a historic mis match between what the population thinks and what the Christiansborg politicians thinks about EU. Where the Christiansborg politicians were far more positive, so therefore, there is probably found a better match between what the population thinks and what the political elite in Denmark says. (Christian Albrekt Larsen, Professor)

It does simply not sell among the danish citizens and that does accordantly to Christian an influence on political statements.

Part conclusion

The Social Democratic Party's preference becomes clear, it does also become clear that their preferences were the preferences taken to the EU. Again, there is no indication that interest groups should have any influence. The demands did also create a space for bargaining, but the Social Democratic Party would have liked that all their demands came through. When it comes to economic preferences it is found that there are economic preferences, but it is also found that political strategy and voters' matter. I think that the voters influence is strong, and if the citizens and voters were pro paying more, then the economic preferences would be less influential and the preferences would be created from the voter's opinion. Christian does also comment that the political top has learned that it is not popular to be pro-European, also Anders from DI has commented that there existed popularity saying that the money should be in the pocket of the citizens. These statements expresses that there exists a need for pursuing the agenda of the population and the voters when making a political decision. Jens comments directly that Denmark joining the Frugal Four was a political decision.

CONCLUSION

At the beginning of this research the following research questions were presented: **Why did Denmark join the Frugal Four?** In order to answer the question, interviews have been conducted and statistical data and reports have been used. This research has been framed around the theoretical concepts from liberal intergovernmentalism and postfunctionalism. Only the theoretical concept *national preferences* from liberal intergovernmentalism have been used. The two theories have contributed to the research with two different perspectives. The *national preference* claiming that Denmark joined the Frugal Four due to economic interest and because of interest groups. Postfunctionalism with their claim that public opinion, national identity, and political strategies have an influence on why Denmark joined the Frugal Four.

It has been found that the economic interest did matter when it came to why Denmark joined the Frugal Four, but also that economic interest may not be the only factor influencing. It does also need to be taken into consideration that the case has a natural economic connection since it revolves around the EU budget negotiations 2021-2027. Throughout the analysis it has become clear that the economic interest could not stand alone. Furthermore, it is found that interest groups did not have an influence on why Denmark joined the Frugal Four. It is found that DI did not intervene in how much Denmark should contribute to the EU budget and if Denmark should have a rebate or not. It is clearly expressed that this matter did lie with the Danish prime minister and finance minister. Furthermore, it was found that the government and DI have different perspectives and different interests. DI and the government did agree on a few issues like the idea about investing to get out of the crisis is a good idea and that EU borrowing money together is cheaper and better. But they do not agree when it comes to the loan vs grants part. The government, the Social Democratic Party want it to be only loans and not grants. DI takes a different perspective and sees it as a disadvantage that less money comes into play. DI have during the negotiations encouraged the government to see it from both sides and that the Danish companies and Danish exporters may benefit from the agreement, especially when the money was marked for green transition and digitalization. The Danish government was still a part of the Frugal Four during the negotiations and does still have the opinion that they would have liked the money to be only loans. Statement from the Social Democratic Party did also indicate that no interest groups had intervened. It can therefore be concluded that interest groups did not affect that Denmark became a part of the Frugal Four as liberal intergovernmentalism predicted.

It has been found that national identity and public opinion did not affect Denmark being a part of the Frugal Four directly, but it may have affected the political decision and strategy indirectly. Similarities between the public opinion and the government's position were found. When investigating the public opinion, it was found that the Danish citizens did not see financial support as the most important EU priority when handling the Covid-19 crisis. Furthermore, the citizens agreed that EU's current financial resources were enough for handling the Covid-19 crisis and they agreed that the EU financial resources did fit its political obligations when asked about the EU budget. The data did also show that the Danish citizens find the green transition most important when it comes to prioritization in the EU budget. All three preferences are reflected in the position of the Danish government. National identity was not found to have a direct effect of Denmark being a part of the Frugal Four but may have an indirect effect. It was found that Danes may not have the most traditional national identity perception, but that other things were important such as language or participation in the political community. Furthermore, it was found that Danes were more attached to their national state than EU and that there was no indication of that changing. The younger generation was as attached to their national state as the older generation. It can be concluded that the national identity and the public opinion did not have a direct effect on Denmark joining the Frugal Four but probably an indirect effect.

It was found that Denmark joining the Frugal Four was a political decision. It was neither a request from interest groups nor citizens. It was a decision made by the top of the Social Democratic Party. The decision seems made according to both economic interests but also on citizens opinions and voter's opinions which are reflected in the position. Two of the experts have commented that there existed no popularity about being pro-European amongst the Danish citizens and they have further commented that they believe the Social Democratic Party wanted to send a message to their voters and the public by joining the Frugal Four. The political strategy and position have therefore been influenced by public opinion and national identity. The findings do fit with the postfunctionalism assumptions.

At the start of this paper, I presented two underlying research questions: *Can liberal intergovernmentalism's national preferences perspective explain why Denmark joined the Frugal Four?* And *Can postfunctionalism with its identity and public opinion focus explain why Denmark joined the Frugal Four?* The answer is yes. Both theories contributed to the research, it created as

intended two different perspectives which resulted in a deeper investigation of the case. It created an opportunity for a more nuanced research. It was found that liberal intergovernmentalism had a hard time explaining why Denmark joined the Frugal Four, because it was not due to interest groups. However liberal intergovernmentalism cannot be rejected entirely because economic interest was found to matter, but economic interest was not able to stand alone. Postfunctionalism showed to be correct in its claims and the findings did fit the theory. The theories used have both been helping to create different understandings and different perspectives throughout the research.

Working with the theories it was discovered that the theoretical concepts could be specified more, a good operationalization is an absolute need in order to use the concepts. It would also be preferable to use one integration theory capturing all the aspects, one which include the economics, the interest groups, the more sociological part about national identity and national perceptions, public opinion and so on. If time and space made it possible it would be additionally favorable to include more interviews and data into the analysis. More interviews with interest groups, including more data on national identity and of course an interview with Mette Frederiksen which would have contributed with a deeper look into the Social Democratic Party's decision about joining the Frugal Four. Despite these deficiencies the research contributes to an understanding of why Denmark joined the Frugal Four, it involves itself within the integration debate and presents a glimpse of Danish national identity.

A future research within this field could focus on creating a pattern in the Danish EU integration relationship. Creating a more overall theory that could be applied to different policy areas, a theory incorporating sociology and national identity. Doing a more fully research on how the Danish national perceptions and identity influence the Denmark EU relation and Denmark's further integration in the EU. Postfunctionalism touches lightly upon the sociological field of social identity but there is more digging to do. To make a further combination of sociology and EU integration would be an interesting road to take.

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