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Denmark report

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Executive Summary

Denmark's democracy functions well and its government structure is credible and transparent. The general level of trust in government and public administration is high. Prior to the global financial crisis, Denmark was often mentioned in international debates as a model example of a well-functioning economy, with low unemployment and surpluses in both the public balance and the current account balance. At the same time the welfare state is extensive in both in terms of service provisions and the social safety net, thus the country's tax burden is high. Moreover, inequality is low. Denmark has shown that it is possible to combine a extensive welfare state with a well-functioning economy.

Denmark was severely affected by the global financial crisis, and although many of the country's macroeconomic indicators are still favorable when compared with other EU countries, significant problems have surfaced. Unemployment numbers have increased and the public budget is in deficit. The financial crisis has brought underlying structural problems to the fore. Denmark's competitive position has weakened over the years, as indicated by both rising wages and low productivity growth; the country in recent years has even experienced negative productivity growth. This raises the question whether Denmark has the ability to continue to be considered among countries with the highest per-capita income. Public finances are also in trouble. The global financial crisis compounded some previously unsolved problems, primarily the challenges of an aging population. Although substantial reforms have been agreed upon, such changes require a very long transition period and even so will not fully address the problem. Hence, systematic deficits are projected for several decades to come.

While inequality is low in Denmark, the crisis has tested the country's social safety net. Despite the sharp fall in employment numbers, most people have not experienced a dramatic decrease in income, due to various forms of social transfers. However, while marginal groups had improved their labor market position in the years prior to the crisis, there is a risk that this situation will unravel in a weakened labor market. One method to achieving low unemployment despite the generous social safety net and high tax rates has been an active labor market policy, with a strong focus on job searches and active measures to keep the unemployed in contact with the labor market, as well as providing job seekers with training to improve job prospects. If the crisis is prolonged, it is an open question whether the support to and effectiveness of this policy framework can be

maintained.

While few reforms were enacted at the start of 2000, there have been several reforms introduced in recent years. This includes, since 2007, structural reforms including public sector changes, transforming counties into regions with the management of health care as their main responsibility, and merging municipalities into fewer, larger units. Welfare reform was approved in 2006 with broad support in parliament, but such reforms will begin a transition phase starting in 2019 and completing in 2027; other reforms include increasing the legal early retirement and pension ages, and eventually linking them to longevity. Tax reform that would shift taxes from labor to the environment as well as broaden the tax base will take effect from 2010. However, planned labor market reforms have been postponed. All of the above-mentioned reforms were based on work in commission, indicating the importance of this instrument in the policy process, in a country with a strong consensus tradition and one that is mostly governed by minority governments.

Several issues are high on the political agenda. Education is a big issue, with teaching goals and methods being debated in the context that while Denmark belongs to the top OECD countries as concerns educational expenditures, it scores lower on various indicators for educational performance. The public sector (mainly municipalities) has expressed increasing frustration in relation to service provisions, where many find standards to lag behind what is expected on the one hand, and on the other tight finances make it difficult to expand provisions. The issue of immigration and integration of immigrants remains a controversial issue. Immigration policy has been tightened in recent years, and the implications are much debated. While immigrants from poorer countries have improved their labor market position in recent years, there are still problems. Finally, the Danish position in international politics is a controversial issue. This applies to foreign policy in general and military operations in Afghanistan and Iraq in particular. The country's position vis-à-vis the European Union remains a contested issue, and for the time being it does not seem that there will be a move to change the four Danish opt-outs, including European Monetary Union membership.

Strategic Outlook

Being a small and open economy, Denmark has a long tradition of meeting challenges posed by international integration and globalization and of enacting the needed reforms to reconcile an extensive welfare state with a well-functioning economy. Comparatively, Denmark is favorably positioned with regard to

adaptability and the enactment of political reforms to address problems or challenges, although delays and deferrals in such reforms have also been observed.

A tradition of open dialogue, cooperation and broad-based reform goals may contribute to the country's adaptability. The trust between different actors and societal groups, often referred to as "social capital" by researchers, has also been an important factor. However, to remain among the leading industrial nations, Denmark must continue to monitor its policies and institutions. Additional changes and reforms will be necessary.

The following briefly lists areas of crucial importance to Denmark and outlines where policy initiatives are needed:

First, the country must match welfare needs and demands to financial realities. The Danish welfare state offers various services for citizens, including education, child care, health care, elderly care and so on. The level and standard of these services are expected to meet the needs and demands for the majority of the population, and are therefore not considered as a last option if private provisions turn out to be unfeasible (non-affordable). These services are mainly offered free of charge, and are therefore financed through taxes. The level and standards of welfare services are thus a political choice. For some time a gap has developed between actual provisions and the perception of needs and requirements among citizens. The perception that welfare services lag behind actual needs is thus gaining support. At the same time, the reality is that current financial constraints do not allow a further expansion of services. Health care is one important example. For many years expenditures from the supply side have been strictly controlled by politicians. A consequence has been increased waiting times for diagnosis and treatment. Recent changes have introduced a "waiting time" guarantee, allowing patients to turn to a private provider paid by the public sector, if the public system cannot offer services within a stipulated time period (one month). This has resulted in a dramatic shortening of waiting lists and waiting times, but also a hike in expenditures. This shows the dilemma in managing tax-financed services which are offered to the public free of charge. If such services were offered at low prices, then there are no checks on demand and the financial consequences can be dire. Since welfare service provisions are central to the Danish welfare model, it is necessary to address the issue of how to match the needs and expectations of citizens to the financial realities of the public sector.

This debate also includes issues over the extent of the service packages offered as well as user payments, but also whether efficiency in the public sector can be enhanced.

Second, the country must address issues of social cohesion. Denmark's welfare state builds on strong egalitarian principles not only in relation to income distribution but also, more broadly, in relation to social inclusion. The efforts directed toward various marginalized groups are thus important. A particularly worrisome trend is the increasing number of people claiming disability pension, including an increasing number of the relatively young. While it is part of the welfare state to offer this option as an integral part of social policy, it is also an indication of a serious problem that so many citizens are in this situation. From a social as well as economic perspective, this is highly problematic. Another important area relates to immigrants, especially from poorer countries. This group has a lower labor force participation rate than the rest of the population, and the gap is particularly large for women. Various initiatives have been taken in recent years and as a result the employment rate for this group has increased. It is also noteworthy that this group does not seem to be disproportionately affected by the global financial crisis. However, there is still an employment gap and need for initiatives. It is problematic that many children from immigrant families that come from poorer countries have difficulties – in particular boys – in the educational system. Immigration policies have been tightened in recent years and social policies have been changed. An important change is the residence requirement for seven out of the preceding eight years to qualify for normal social assistance. If this requirement is not fulfilled, a lower benefit level (*starthjælp*) is offered. While this measure has strengthened work incentives, it has also increased the risk of poverty and thus social exclusion.

Third, the country must improve the knowledge base and productivity of its workforce. For a small, open economy with few natural resources like Denmark, it is essential to have a well-educated labor force. This applies both to highly skilled workers and lower-skilled workers. In the long run, it will be difficult to maintain an equal income distribution if the qualification distribution is too unequal. The present situation indicates a number of problematic features: the quality of basic schooling has been questioned; about 20% of a given cohort does not receive primary education (the country's target for 2015 is to bring this to below 5%); persistent late entry into and late completion of relevant labor market education; low or even negative productivity growth. Initiatives have been taken or are in process of being

introduced. A thorough evaluation of basic schooling is scheduled for 2010. A recent reform measure has changed the university structure and led to the merger of a number of institutions. Institutions have obtained larger discretionary powers, and now have independent boards. Research financing is becoming more competitive and performance measures are being introduced. For some years, more resources have been increasingly devoted to cutting-edge research via a grassroots, competitive process. As part of the work of the so-called globalization council, public research funding has been increased to reach the target of 1% of GDP in 2010. In short, the problems related to maintaining and developing human capital have been recognized and many initiatives have been taken or are underway to address these problems, but it is premature to assess whether such measures are sufficient.

Fourth, employment is an important policy issue. The financial viability of the Danish welfare model also depends critically on high employment levels, since a decrease in employment is tied with larger expenditures for the social safety net and less tax revenue. Historically, Denmark has been successful in maintaining a high employment rate. This may in part be explained by strong work norms and policies that support workers (especially women) such as daycare or elderly care facilities. Moreover, the potential disincentives arising from a generous social safety net and high taxes have been countered by strong employment conditions in the social safety net, that is, eligibility is conditional on job search and participation requirements laid out in the active labor market policy. More recently this has also been supported by earned income tax credits as well as steps to lower marginal tax rates on income. The overall tax burden depends on the ambitions of the welfare state, but it is important that the structure is conducive to getting people back to work. Recent policy plans (2010 and 2015) have been centered on employment targets in the sense of structural reforms that are needed to improve employment numbers. However, policy initiatives have not fully met these requirements. Looking forward, additional issues are expected as Denmark's population ages.

Fifth, Denmark's fiscal position has been severely affected by the financial crisis. Large surpluses have turned into large deficits, due both to automatic budget reactions to the recession and to discretionary policy initiatives to counter the effects of the crisis. Recent assessments show that the deficit situation is not temporary but is expected to persist over the next three to four decades, due to Denmark's rapidly aging population. While important reforms have

addressed both pension savings and retirement, these measures are seen as too late and too weak to fully solve the problem. Comparatively Denmark's fiscal troubles are small, partly due to the abovementioned reforms and partly because there was a serious consolidation of public finances even before the onset of the financial crisis. Irrespective of this, current policies are not financially viable and in particular, it is problematic to grapple with a decades-long budget deficit. This puts the country's fiscal position in a very vulnerable situation, in the case of future variations in the business cycle. There is thus the need not only to rebalance the budget (also to meet budget norms within the Stability and Growth Pact) in the wake of the global financial crisis, but also looking forward to remove pattern of deficits in public finances.

Sixth, Denmark should clarify its position with regard to international politics. The country, with its small yet open society, has a long tradition of being an active participant and partner in international political cooperation and initiatives. At the same time there is a strong desire to establish some distance, a principle of "arms' length" over certain issues, to underline Denmark's independence and prevent the country's marginalization in international forums. Whether justified, Denmark's attitude is clearly reflected in the debate on commitments related to EU membership. While the Danish position on the one hand is very pro-international cooperation, it is on the other hand always countered by the small-country fear of being marginalized. The Danish EU debate has thus always been somewhat split and not always comprehensible to foreign observers. A case in point is the four Danish opt-outs included in the Maastricht Treaty. The one opt-out concerning citizenship is without practical importance. However, Denmark does not use the euro as its currency nor does it subscribe to EU defense policy. Denmark has also not participated in Justice and Home Affairs (JHA) issues; the country's opt-out was preserved once JHA activities changed as established by the Amsterdam Treaty in 1999. The Lisbon Treaty has now made all JHA cooperation supranational. Denmark can use the opt-in mechanism, which is allowed by a protocol to the treaty. Moreover, there is an ad hoc policy allowing Denmark to stay out of common EU immigration policy and retain a stricter-than-average immigration policy.

European Monetary Union membership remains very delicate subject after the referendum in 2000. Denmark is not a member, but pursues a tight, fixed exchange rate policy to the euro, and has been rather successful in this respect. The interest rate spread has generally been very low. Although the rate temporarily increased at the onset of the global financial crisis, it is now again for all practical purposes

eliminated. Denmark can in this sense be seen as a shadow member of the euro area, although it is not directly represented in executive bodies. In parliament there is a majority that supports EMU membership, but given the tensions in relation to earlier votes on the issue, it is considered a high-risk endeavor to call a new referendum if there is no clear majority in the general population to support such a move.

International conflicts and military operations are also challenging arenas. Danish troops have been active in the wars in Afghanistan and Iraq. The policy shift from a clear orientation toward defense policy to an active role in international operations is radical and the subject of much debate.

Finally, it is worth noting that the government has launched targets for a new strategic plan with a horizon of 2020. The plan has the following ten goals:

- (1) Denmark is to be among the world's wealthiest countries.
- (2) The Danish supply of labor is to be among the tenth-highest in the world.
- (3) Danish schoolchildren are to be among the cleverest in the world.
- (4) At least one Danish university is to be listed among Europe's top 10 universities.
- (5) Denmark is to be among the 10-top countries in the world where people live the longest.
- (6) Denmark is to be a green, sustainable society and among the world's three most energy efficient countries.
- (7) Denmark is to be among the best at creating equal opportunities.
- (8) Denmark is to be amongst the freest countries and among the best in Europe at achieving integration.
- (9) Danes are to be among the world's most trusting and safe people.
- (10) The Danish public sector is to be among the most efficient and least bureaucratic in the world.

This plan signals a political awareness of the country's structural problems. However, so far the needed initiatives and reforms to reach these goals have not been specified, although the government has announced that a precise plan will be launched later this year.

Status Index

I. Status of democracy

Electoral process

Candidacy
procedures
Score: 10

The basic rule is given by Section 30 of the Danish constitution: “Any person who is entitled to vote at Folketing (parliamentary) elections shall be eligible for membership of the Folketing, unless he has been convicted of an act which in the eyes of the public makes him unworthy to be a member of the Folketing.” It is the unicameral People’s Assembly (Folketing) itself which in the end decides whether a conviction makes someone unworthy of membership.

In practice, political parties play an important role in selecting candidates for elections. It is possible to run in an election in a personal capacity, but extremely difficult to be elected that way. Given the relatively high number of political parties it is reasonably easy to become a candidate for a party.

There is also the possibility of forming a new party. New parties have to collect a number of signatures to be able to run, corresponding to 1/175 of the number of votes cast at the last election.

Citation:

The Constitutional Act of Denmark of June 5, 1953, at <http://www.eu-oplysningen.dk/upload/application/pdf/0172b719/Constitution%20of%20Denmark.pdf>

Henrik Zahle, Dansk forfatningsret I: Institutioner og regulering. Copenhagen: Christian Ejlers’ Forlag, 2005.

Media access
Score: 9

Denmark is a liberal democracy. According to the constitution, section 77, freedom of speech is protected: “Any person shall be at liberty to publish his ideas in print, in writing, and in speech, subject to his being held responsible in a court of law. Censorship and other preventive measures shall never again be introduced.” Freedom of speech includes freedom of the press. According to the Press Freedom Index published in 2009 by Reporters without Borders, Denmark ranked highest in the world in press freedom, together with Finland, Ireland, Norway and Sweden.

The penal code sets three limits to freedom of speech: libel, blasphemy and racism. How far those limits reach is interpreted by independent courts.

The public media (Denmark's Radio and TV2) have to fulfill in programming the criteria of diversity and fairness. All political parties that plan to take part in elections, whether old or new, large or small have the right to equal programming time on the radio and on television. Private media, mostly newspapers, tend also to be open to all parties and candidates. Newspapers are for instance open to accepting and publishing letters to the editor.

All parties and candidates have equal possibilities of distributing pamphlets and posters. Finances can be a limiting factor, however, with the larger parties having more money for campaigns than smaller parties.

Citation:

Straffeloven [The Penal Code], at http://www.themis.dk/synopsis/index.asp?hovedramme=/synopsis/docs/lovs_amling/straffeloven_indholdsfortegnelse.html.

Zahle, Dansk Forfatningsret 1.

Voting and
registrations rights
Score: 10

According to section 31 of the Danish constitution, "The members of the Folketing shall be elected by general and direct ballot." More specific rules are laid down in the election act. The election act stipulates that "franchise for the Folketing is held by every person of Danish nationality, who is above 18 years of age, and permanently resident in the realm, unless such person has been declared legally incompetent." The rule determining eligibility at 18 years old was introduced in 1978.

The uncertainty created by the election act is related to the question of what it means to be "permanently resident in the realm." The interpretation used to be rather narrow but has been expanded over time. The act explicitly says that "persons who are employed by the Danish state and ordered to enter service outside the realm, and spouses cohabiting with such persons, shall be considered to be permanently resident in the realm." The act also gives the following list of persons, who have taken up temporary residence in foreign countries, the right to vote:

- persons working abroad as employees of a Danish public agency or any local private undertaking or association;
- persons living in a foreign country as employees of an international organization of which Denmark is a member;
- persons sent to serve in a foreign country by a Danish relief organization;
- persons living abroad for the purpose of education;
- persons living abroad for health reasons;

- persons living abroad and who, with respect to affiliation with the realm, must be quite co-equal with the persons specified in the first five listed items.

Some of these stipulations are of course open to interpretation. The list does not mention Danes working abroad for private companies. Nor is it specified how long a temporary residence can be. On this Denmark remains more restrictive than many other countries.

Citation:

Folketinget, Parliamentary Election Act of Denmark, at http://www.ft.dk/~media/Pdf_materiale/Pdf_publicationer/English/valgloven_eng_web_samlet%20pdf.ashx.
Zahle, Dansk forfatningsret 1.

Party financing
Score: 9

Political parties have members that pay membership fees. These fees, however, are inadequate for financing the activities of the parties, including the financing of electoral campaigns. Parties therefore depend on other sources of income. There are basically two other sources: support from other organizations or public support. Traditionally the Social Democratic Party has received support from the labor movement, from various trade unions. The parties on the right of the political spectrum, the Conservative Party and the Liberal Party, have traditionally received support from employers' organizations. A law enacted in 1990 outlined that such contributions are voluntary, so members of these organizations who do not want their membership fees used to support political parties can opt out. Public support for political parties is becoming more important. The party groups in the People's Assembly (Folketing) receive financial support for their legislative work, including staff. Further, the parties receive electoral support. Parties that take part in parliamentary elections and received at least 1,000 votes in the most recent election have a right to financial support. In 2010, a party was given DKK 27.50 per year, per vote they received in the last election. There is full transparency about such public support. Concerning private support, the name of contributors donating more than DKK 20,000 should be made public, but the amount donated is not revealed. Smaller amounts are allowed to remain anonymous. It is possible to circumvent publicity by donating below the limit to local branches of political parties.

Citation:

Partistøtte [Party support], at <https://www.borger.dk/Emner/samfund-og-rettigheder/politik-og-valgsystem/politiske-partier/Sider/partistotte.aspx>
Bekendtgørelse af lov om økonomisk støtte til politiske partier m.v., at Dansk forfatningsret 1, pp. 159-160.

Access to information

Media freedom
Score: 9

Press freedom is protected by the Danish constitution, section 77, with certain restrictions concerning libel, blasphemy and racism.

Denmark's radio and TV2 are governed by independent boards appointed by the culture minister, the People's Assembly (Folketing) and employees. No MPs are allowed to be board members and legislation endeavors to assure that programs are impartial and diverse. State-run media are financed by an annual license fee, but commercials are increasingly allowed. Private media, especially newspapers, used to have party affiliations, but such affiliations have lessened in recent years. Freedom House describes private media in Denmark as "vibrant."

Denmark used to score very high on the annual Press Freedom Index, published by Reporters without Borders. But in 2006, Denmark dropped to 19th place, mostly as a result of the fallout following the publication of the cartoon of Muhammad in a Danish newspaper. In 2008 Denmark was in 14th place. But in 2009, Denmark rose to first place together with a small group of countries. So during the period under review the independence of media in Denmark has improved quite substantially.

Citation:

Reporters without Borders, at <http://en.rsf.org/denmark.html>

Freedom House, at [Media pluralism
Score: 9](http://www.freedomhouse.org/templat Zahle, Dansk forfatningsret 3: Menneskerettigheder. Copenhagen: Christian Ejlers' Forlag, 2007.</p>
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The Danish media market maintains about a dozen national newspapers (including Berlingske Tidende, Politiken, Jyllands-Posten, B.T. and Ekstrabladet) as well as about 40 local newspapers. Most of these private publications tend to trend conservative or liberal in political philosophy. Left-wing views tend to be underrepresented in editorial pages, but in straight news reporting most newspapers tend to deliver fairly wide-ranging and diverse coverage. The main newspapers regularly include letters to the editor that do not reflect the paper's own views. So in practice, there is a high degree of pluralism of opinions in Danish newspapers. A vibrant civil society contributes to this.

The public media (mostly radio and TV) are independent and have editorial freedom. Satellites and cable TV are increasingly creating more competition for public media.

Citation:

Media Landscape - Denmark, at http://www.ejc.net/media_landscape/article/denmark/

Denmark Newspapers and News Media Guide, at

Access to govt.
information
Score: 9

Denmark passed the Access to Public Administration Files Act in 1985, which replaced a previous act made law in 1964. The act stipulates that “any person may demand that he be apprised of documents received or issued by an administration authority in the course of its activity.” There are exceptions to this framework; the act does not apply to matters of criminal justice, nor does the right of access extend to an authority’s internal case material. Further, the right of access does not apply to five specific sorts of documents, which include: records of meetings of the Council of State, as well as minutes of meetings of ministers, and documents prepared by an authority for use at such meetings; correspondence between ministers, relating to the making of laws, including appropriation bills; documents exchanged in connection with the secretarial function of one authority on behalf of another authority; correspondence between authorities and outside experts for use in court proceedings or in deliberations on possible legal proceedings; and material gathering for the purpose of public statistics or scientific research.

The law previously included European Community documents, but this exemption was removed in 1991.

The law further describes files that “may be subject to limitations,” namely files concerning: state security or the defense of the realm; protection of Danish foreign policy or of Danish external economic interests, including relations with foreign powers or international institutions; prevention and clearing-up of any infringement of the law, prosecution of offenders, execution of sentences and the like, and protection of persons accused, of witnesses or others in matters of criminal or disciplinary prosecution; implementation of public supervision, control, regulation or planning activities, or of measures planned under taxation law; protection of public financial interests, including interests relating to public commercial activities; or protection of private or public interests where secrecy is required because of the special nature of the matter.

This list is obviously rather long. And some of the possibilities to deny access to documents are rather open-ended. The act does stipulate that requests must be dealt with quickly; if no decision has been made within 10 days, authorities have to inform the inquiring party as to why their request is delayed, and when they can expect a decision.

The parliamentary ombudsman can review the decisions by administrative authorities over the disclosure of information. He cannot change decisions but can make recommendations. These

recommendations are normally followed by the authorities.

Denmark was not among the 12 European countries that signed the first international convention on access to official documents in Tromsø, Norway, on June 18, 2009. This Council of Europe convention has been criticized for its weaknesses.

Citation:

Act No. 572, 19 December 1985, The Danish Access to Public Administration Files Act, at <http://www.legislationline.org/en/documents/action/popup/id/6833>

Denmark, at European Countries Sign First International Convention on Access to Official Documents, 19 June 2009, at <http://www.freedominfo.org/2009/06/12-european-countries-sign-first-in>

Civil rights

Civil rights
Score: 8

Civil rights are protected by the Danish constitution, including personal liberty (article 72), inviolability of property (article 73), inviolability of dwellings (article 72), freedom of speech (article 77), freedom of association and freedom of assembly (article 79).

These freedoms are normally protected by the authorities and courts. Denmark ratified the European Convention on Human Rights in 1953. Since 1976 Denmark has had a number of cases at the European Court of Human Rights. Denmark lost some cases, especially concerning freedom of association (article 11 in the European Convention) and concerning unnecessarily lengthy case proceedings (article 6 in the European Convention). The latest case lost by Denmark in January 2009 concerned the excessive length of civil proceedings. Thus Denmark could do better when it comes to protection of civil liberties.

Citation:

Henrik Zahle, Dansk forfatningsret 3: Menneskerettigheder. Copenhagen: christian Ejlers' Forlag, 2007.

Domsresuméer - Danmark, at <http://menneskeret.dk/Internationalt/Domstolen/%C3%98vrige+sager+og+af+g%C3%B8relser/Land/Danmark>
CHRISTE NSEN v. DENMARK JUDGMENT, at

Political liberties
Score: 9

The Danish constitution protects the civil and political rights and liberties, including freedom of speech, freedom of association and freedom of assembly. Elections are free. The government is accountable to the elected parliament.

Freedom House 2009 gave Denmark top scores for civil liberties and political rights, but the report did include some critical remarks. These mostly concern ethnic tensions in Denmark, especially involving the

country's Muslim population, and alleged ill-treatment by the police. Some of these situations were exacerbated when leading newspapers reprinted the controversial Muhammad cartoons.

The latest human rights report from Amnesty International is also critical of the behavior of police and security forces in Denmark as well as the treatment of refugees and asylum-seekers. The country's tight immigration policy, introduced in 2002 after the liberal-conservative government of Anders Fogh Rasmussen came to power in 2001, with the support of the anti-immigration Danish People's Party, continues to raise concerns. Some asylum seekers in Denmark have been returned to their home countries, contrary to the recommendations of the United Nations High Commissioner for Refugees (UNHCR).

Citation:

Freedom in the World - Denmark (2009), at http://www.freedomhouse.org/inc/content/pubs/fiw/inc_country_detail.cfm?year=2009&country=7595&pf

Denmark, at

Non-discrimination
Score: 7

Denmark is traditionally an open and liberal society, and has been at the forefront in ensuring the rights of sexual minorities, for example. Basic rights are ensured in the constitution and supplemented with additional laws focused on specific areas, including ethnicity and the labor market. Citizens can file complaints concerning issues of discrimination to the Board of Equal Treatment or opt to bring discrimination cases before the courts.

Discrimination can take various forms and can be perceived differently depending on position, history and social context. A key issue is the extent of discrimination in the labor market. Denmark is a country with high-labor force participation for both men and women, and therefore labor market participation should be seen in this perspective.

Gender-based discrimination in the labor market relates primarily to wages but also more generally to hiring and career options. Child care is a particular point in this context. Rules dealing with child leave have been expanded to extend the right (and duty) of fathers to take paternity leave, and financing arrangements have been changed to share the costs across employers. Since 2006 all employers are to contribute to a paternity fund which finances paternity leave, and thus avoids that such costs disproportionately fall on employers with a high level of female employees. A commission (Ligelønskommission) has been appointed to analyze the issue of gender-based wage discrimination in the labor market.

Frequently cases of discrimination in the labor market are reported in

the press, with example of persons having difficulties in finding a job due to ethnic identifiers, such as the person's name. Discrimination in the labor market can be statistical or racial. An employer may be more reluctant to hire a person with a foreign background, based on the assumption that such people have on average weaker job qualifications and thus infer that the job candidate in question does too. Discrimination can also be racial in nature. There is no thorough academic analysis that has attempted to separate these causes and evaluate the extent of discrimination in the labor market.

Indirect discrimination can appear in various forms. A notable area is in terms of rules and regulations which, on the one hand, are general and apply to all citizens, but on the other hand, targets particular groups and where the latter is the motivation for the regulation. One example is the requirement (introduced 2007) that for couples to qualify for social assistance they should show having worked at least 450 hours over the year (originally the law stipulated 300 hours), otherwise the state assumes that one member of the couple is not considered to be actively interested in work and the right to social assistance is lost. While a universal law, the incidence of couples where both people claim social assistance is highest among immigrants with a background from poorer countries, and hence this rule de facto targets this group. Similar reasoning applies to the change in eligibility for social assistance, which now requires residence in Denmark for seven of the eight previous years. If this condition is not met, a lower level of assistance is offered. This can be seen as a breach of the universality principle that underlies the social safety net.

Immigration laws were tightened after the liberal-conservative government came to power in 2001. One particular controversial law was the tightening of rules for family unification. To bring a spouse to Denmark it is required that both persons in the couple are at least 24 years old, in addition to a number of other requirements; there is also an economic test. This rule has several motivations. One is to prevent arranged marriages, in particular involving very young girls. Another is to restrict family unification in particular, and thus immigration in general. While the political support for this rule was related to Denmark's immigration issues, the rule also affects Danish citizens. Hence, there are many examples of Danes being unable to bring their spouse into the country, and also of young couples settling in southern Sweden and commuting to work in Denmark.

A European Court of Justice (ECJ) ruling in 2008 against a somewhat similar Irish law has since put pressure on the Danish legislation.

Political support for tighter immigration laws has come from the fact the minority government's parliamentary base relies on cooperation

with the Danish People's Party. However, most political parties have adopted more strict immigration views in recent years.

Citation:

United States Department of State, 2009 Country Reports on Human Rights Practices - Denmark, 11 March 2010, available at <http://www.unhcr.org/refworld/country,,,DNK,,4b9e52fe87,0.html>

Rule of law

Legal certainty
Score: 9

Denmark has a long tradition of a rule of law. Traditionally, government officials had law degrees and many still do. No serious problems can be identified in respect to legal certainty in Denmark. The administration is based on a hierarchy of legal rules, which of course gives administrators certain discretion, but also a range of possibilities for citizens to appeal decisions. Much of the Danish administration is decentralized and interpretation of laws can vary from one municipality or region to another. In recent decades more officials have been trained in political science or other social sciences. This may have contributed to making the administration more strategic in thinking, instead of legal, but in reality the Danish administration tends to rely on common sense and be rather pragmatic in its approach. But there is no doubt that political considerations do enter administrative decisions to a certain degree.

Acts passed by the People's Assembly as well as administrative regulations based on these acts are all made public. They are now widely available on the Internet.

Citation:

Henning Jørgensen, *Consensus, Cooperation and Conflict: The Policy Making Process in Denmark*. Cheltenham: Edward Elgar, 2002.

Judicial review
Score: 10

There is judicial review in Denmark. Section 63 of the Danish constitution makes it clear that the courts can review executive action: "The courts of justice shall be empowered to decide on any question relating to the scope of the executive's authority." The judiciary is independent even if judges are appointed by the government. Section 64 of the Constitution stipulates: "In the performance of their duties the judges shall be governed solely by the law. Judges shall not be dismissed except by judgment, nor shall they be transferred against their will, except in such cases where a rearrangement of the courts of justice is made."

Administrative decisions can normally be appealed to higher

administrative bodies first and after exhaustion of these possibilities, to the courts. The legal system has three levels with the possibility of appealing lower level judgments to high courts and eventually the Supreme Court.

Citation:

Henrik Zahle, Dansk forfatningsret 2: Regering, forvaltning og dom. Copenhagen: Christian Ejlers' Forlag, 2004.

Appointment of
justices
Score: 10

According to section 3 of the Danish constitution, "Judicial authority shall be vested in the courts of justice." Further, section 62 stipulates: "The administration of justice shall always remain independent of executive authority. Rules to this effect shall be laid down by statute." Finally section 64 stipulates, inter alia: "In the performance of their duties the judges shall be governed solely by the law. Judges shall not be dismissed except by judgment, nor shall they be transferred against their will, except in such cases where a rearrangement of the courts of justice is made."

There are basically three levels of courts in Denmark: 24 district courts, two high courts and the Supreme Court. Denmark does not have a special constitutional court. The Supreme Court functions as a civil and criminal appellate court for cases from subordinate courts.

Judges are appointed by the monarch following the recommendation from the justice minister on the advice of the Judicial Appointments Council. This latter council was formed in 1999. The purpose was to secure a broader recruitment of judges and greater transparency. The council consists of a judge from the Supreme Court, a judge from one of the high courts, a judge from a district court, a lawyer and two representatives from the public. They have a four-year mandate and cannot be reappointed.

Appointed judges are highly educated with several years of law studies. Many used to have experience working in the Ministry of Justice before becoming judges and some move from lower courts to higher courts. In recent years there has been an effort also to recruit distinguished lawyers from outside.

In the case of the Supreme Court, a nominated judge first has to take part in four trial votes, where all Supreme Court judges take part, before he or she can be confirmed as a judge.

Citation:

Henrik Zahle, Dansk forfatningsret 2: Regering, forvaltning og dom. Copenhagen: Christian Ejlers' Forlag, 2004, p. 88;

"Dommerudnævnelsesrådet," at <http://www.domstol.dk/om/organisati on/Pages/Dommerudn%C3%A6vnelsesr%C3 %A5det.aspx>;

Corruption
prevention
Score: 9

In Transparency International's Corruption Perception Index 2009, Denmark was ranked second on the list with a score of 9.3, after New Zealand, which scored 9.4, but ahead of Singapore, Sweden and Switzerland. Denmark is thus considered one of the least corrupt countries in the world.

We can therefore safely say that there is practically no corruption in Denmark. Norms are strongly against corruption, and the risk of exposure by an active press is high. In the past there has been the occasional case of a local government official accepting "services" from business in exchange for contracts with the municipality, but such cases are rare. There have also occasionally been cases of officials using their representation accounts rather generously. Again, such cases are rare. The latest case involved a well-known member of parliament, Peter Brixtofte, who was sentenced to two years in prison for abuse of office. He had used public funds to finance his wine collection during his time as mayor of the town of Farum.

Citation:

Corruption Perceptions Index 2009, at http://www.transparency.org/policy_research/surveys_indices/cpi/2009/c_pi_2009_table;
2009 Country Reports on Human Rights Practices - Denmark, at

II. Policy-specific performance

A Economy

Economy

Economic policy
Score: 8

Prior to the global financial crisis, the Danish economy experienced a boom period. Unemployment reached record lows, there was a current account surplus and the public budget was in the black. However, there were also clear signs of an overheating economy. For a number of years, wage increases had exceeded competitive levels while productivity growth fell below competitors' levels. Therefore wage competitiveness had systematically deteriorated. Structural problems were growing but concealed by the country's favorable current account balance. However, this was to a large extent caused by net exports of energy (oil and gas) and positive developments in the shipping industry, while industrial exports were falling. There are also arguments that public budget surpluses were not as large as they should have been, given the strength of automatic budget

responses.

The global financial crisis significantly affected the Danish economy. GDP decreased by almost 1% in 2008, and 5% in 2009. Although positive growth is forecasted for the coming years, growth rates are modest (1% to 1.5% of GDP) and hence the recovery is only expected to come slowly. Registered unemployment has more than doubled (from less than 2% to close to 5%), but this conceals a much larger drop in employment. Roughly, the decrease in employment is twice the increase in unemployment. The difference is explained partly by the return of foreign workers to their home countries, general retirement and rising unemployment numbers that are harder to track, as the registered unemployment rate only includes unemployed entitled to benefits or social assistance. However, there is a significant number of people who are not eligible for unemployment benefits or social assistance (means tested on a family basis).

Public finances have changed dramatically and for 2009 the deficit is about 5.5% of GDP, while deficits are projected in the coming years. It is a concern that Denmark violates the 3% budget norm outlined in the Stability and Growth Pact, and that it accordingly is entering the excessive deficit procedure. The Danish convergence program, published in February 2010, attracted much attention since it gave the first official account of the “state of public finances” after the financial crisis. It was assessed that significant budget improvements were needed to ensure both that the 3% budget norm would be met in 2013 and to ensure fiscal sustainability. This assessment has framed policy discussions over the need for consolidation of public finances. While fiscal policy was turned in an expansionary direction at the onset of the crisis, it is now turning in the opposite direction.

Citation:

Danish Economic Council, The Danish Economic, Various issues

Ministry of finance, Økonomisk Redegørelse, various issues

Ministry of Finance, 2009, Convergence programme for Denmark

“Economic Survey of Denmark, 2009,” OECD Policy Brief, November 2009, at http://www.oecd.org/dataoecd/5/25/4_3978821.pdf

Economic Survey of Denmark 2009: Executive summary, at [http://www.oecd.org/document/59/0,3_OECD_Economic_Outlook_No._86_\(November_2009\),_at_Lars_Løkke_Rasmussens_særlige_redegørelse_i_folketinget_14._april_2009,_at](http://www.oecd.org/document/59/0,3_OECD_Economic_Outlook_No._86_(November_2009),_at_Lars_Løkke_Rasmussens_særlige_redegørelse_i_folketinget_14._april_2009,_at)

Labor market

In terms of unemployment, the Danish labor market performed very well prior to the global economic crisis. The unemployment level was below 2%, and the Danish case attracted substantial international attention, with its “flexicurity” focus. The debate has highlighted the

Labor market policy
Score: 9

country's flexible hiring and firing rules, as well as the social security ensured for citizens via the country's generous social safety net. However, these elements were also in place during the 1970s and 1980s when unemployment was persistently high and where Denmark was singled out by international bodies like the OECD as a case not to emulate. The main changes in labor market performance were driven by a sequence of reforms during the 1990s by the social democratic-led coalition government. These changes were introduced with the understanding that it was the country's right and duty to maintain the social safety net, but that more clear requirements for claimants were needed. Thus the focus shifted from income maintenance to job search and job creation. There are now explicit participation or activation requirements for claimants of both unemployment insurance benefits and social assistance. Moreover, participation in active labor market programs no longer qualified for a period of extended benefits and benefit duration was shortened.

The Danish model has become known as a "flexicurity" model. It is not costly to fire employees; the social welfare state steps in with motivation and training. There is a fair amount of mobility. Youth employment and employment of women are comparatively high in Denmark. The main challenge Denmark faces is getting more immigrants, and to some extent older people, into the job market.

The European Commission has looked favorably at the Danish labor market policy.

With the current economic crisis the model faces challenges, but it will probably be one of the ingredients that will help Denmark pull through.

Enterprises

Enterprise policy
Score: 8

It is fairly easy to start a business in Denmark, as the economy is not overly regulated and there is little bureaucratic red tape. The amount of investment, especially foreign direct investment (FDI) could be higher. Unit labor costs are relatively high. Still, the economy is reasonably competitive. Interest rates as well as energy costs have remained relatively low.

The government is actively trying to improve the country's business environment. This has been a part of the National Reform Program, the Danish contribution to the Lisbon Strategy. In this program, the government identified five challenges in the microeconomic area, namely enhancing competition in certain sectors, strengthening public sector efficiency, developing a knowledge society, securing environmental sustainability and encouraging entrepreneurship.

The goal of the government's enterprise policy by 2010 was for

Denmark to be one of the countries where most new enterprises are launched, and by 2015 to be one of the countries where most new growth enterprises are launched.

These goals echo the European Union's Lisbon Strategy 2000-2010, which is now widely judged to have been a failure. The open method of coordination did not produce the structural reforms required in many countries for Europe to become more competitive. Needless to say, national performance varies a lot. In a recent evaluation document from the European Commission, Denmark is listed as having the highest employment rate in 2009 after the Netherlands. And Denmark has the third highest expenditure on R&D, after Sweden and Finland.

Comparative studies of entrepreneurship find that Denmark is among the top countries in terms of enterprise start-ups. However, the financial crisis has apparently affected start-ups in Denmark more than other countries. However, although the number of start-ups is relatively large, there are relatively fewer high-growth start-ups.

Taxes

Denmark's large, expansive welfare state implies a high tax burden. The tax burden relative to GDP is close to 50% and therefore Denmark ranks at the top of welfare spenders among OECD countries. The tax structure in Denmark differs from most countries by having direct income and indirect (VAT) taxation as the predominant taxes, while social security contributions play a modest role.

Large and small tax reforms (1987, 1994, 1998, 2004 and 2009) have been implemented over the years following an international trend of broadening tax bases and reducing marginal tax rates. The latter has in particular been important for labor income taxation. Decreasing income tax rates have, to a great extent, been financed by broadening the tax base, especially by reducing the taxable value of negative capital income (the majority of house owners have negative capital income because of mortgage interest payments) from 48% to 73% in 1986 to approximately 33% in 2010. In 2004 an earned income tax was introduced to strengthen work incentives. Environmental tax has also been increasingly used.

An important issue in policy design is tax competition. This has led to reduction of some excise taxes to reduce "border" trade. Corporate tax rates have also been reduced from 50% in 1986 to currently 25%, although the tax base has been broadened.

In 2009 a new tax reform was approved, which includes a further reduction in the top marginal tax rate (from 63% to 56%), but more importantly, the income limit for which the top tax rate applies was

Tax policy
Score: 8

reduced. This implies a significant drop (350,000 persons) in the number of taxpayers who pay the top marginal tax rate. The changes were financed by broadening the tax base, via a reduction in the tax value of deductibles, and further increases in environmental taxes.

Citation:

Andersen, T.M., H. Linderoth, Niels Westergaard-Nielsen og Valdemar Smith, The Danish Economy, DJØF.

HENRIK SKOV, OECD: Stor ros til skattereformen, at http://jp.dk/indland/indland_politik/article1620183.ece

Major Danish Tax Reform Effective Jan. 1, 2010, at Outlook, December 2009, at

Budgets

Budget policy
Score: 8

The global economic crisis that started in 2008 has had adverse effects on Denmark's public budget. In 2008 Denmark operated under a surplus, corresponding to 3.4% of GDP. In 2009 that changed to a deficit corresponding to about 3% of GDP. The deficit is expected to reach about 5.5% of GDP in 2010. The large swing in the budget balance is partly due to the strong automatic budget reaction and partly due to an expansionary fiscal policy (amounting to 1.5% of GDP).

Systematic budget deficits are forecasted, and measures are needed both to meet the 3% budget norm within the Stability and Growth Pact, and to ensure fiscal sustainability. Public debt is low by international standards (in 2008, 35% of GDP), and net debt was negative before the crisis. Denmark succeeded in consolidating public finances in the years prior to the financial crisis.

While public finances in Denmark are not in as difficult a position as a number of other European countries, there are still significant problems. A particular noteworthy aspect is that analyses of fiscal sustainability show that the structural balance will display deficits for the coming 35 to 40 years. Although surpluses are expected far in the future, implying that the country's fiscal sustainability indicator looks reasonably favorable (and among the best within the European Union), it is very risky to base economic policy on a trajectory implying systematic deficits for such an extended period. Hence, the need for reforms to consolidate public finances and to ensure a more robust budget profile.

Citation:

Danish Economic Council, The Danish Economic, Various issues

Ministry of finance, Økonomisk Redegørelse, various issues

Ministry of Finance, 2009, Convergence programme for Denmark

Budget Outlook, December 2009, at <http://uk.fm.dk/Publications/2009/Budget%20Outlook%20Dec%202009.aspx>;

Economic Survey, December 2009, at

B Social affairs

Health care

Health policy
Score: 9

The main principles of health care in Denmark are: universal health care for all citizens, regardless of economic circumstances; services are offered “free of charge”; and sector governance, that is hospitals are governed by elected regional bodies, now governed by councils of the newly formed regions. But financing through taxes depends on the state budget, so regional authorities depend on annual budget negotiations with the Ministry of Finance.

While health expenditures for a number of years did not grow more than GDP, there has been an upward trend in recent years, implying that the expenditure share has increased one percentage point of GDP, to close to 10%. The expenditure share has thus moved from close to the OECD average to the top. This increase is mainly driven by a change in policy from a top-down system to a more demand-driven system. The latter has been motivated by a concern about long waiting lists and the move to offer a “time guarantee” where patients under the public system can turn to a private provider if the public health care system can’t meet the time limit for treatment in a public hospital. In addition, the government has aimed to bring more private providers into the sector. This is also reflected in the tax deductibility of employer-provided, private health insurance.

A 2007 structural reform has shifted the responsibility for hospitals and health care from the old counties to the new regions. Health care is financed by a specific tax, however, which is part of the overall tax rate and over which regions have no control.

Basic principles underlying the health care sector have thus been changed in recent years. This reflects both ideological views but also the increasing demand for health care. A particular challenge for the future is how to manage and finance the need and demand directed toward health care.

Citation:

Danish Economics Council, 2009, Danish Economy– Autumn 2009, ch III, Henning Jørgensen, Consensus, Cooperation and Conflict, Ch. 7

“OECD Health Data 2009. How Does Denmark Compare” downloaded from:

Websites:

www.im.dk

www.ventainfo.dk

Social inclusion

Social inclusion
policy
Score: 9

There is a high degree of social cohesion in Denmark. The country is very egalitarian. High taxes allow for generous transfers to less well-off citizens; there are few instances of absolute poverty in Denmark. Welfare programs also have strong legitimacy. A high percentage of people are said to be happy with their life.

The American scholar John Campbell has written that, “for Danes, social cohesion is a national priority...that social cohesion has contributed significantly to Denmark’s ability to adapt flexibly to globalization. I maintain (and research confirms) that the greater income and social equality experienced by Danes than by those in many other advanced capitalist countries leads to more social trust and a greater collective commitment to national goals, given that a more equitable distribution of wealth ensures that national gains benefit everyone.”

Denmark has the highest Gini coefficient score (least inequality) among OECD countries. Denmark also has the highest score on life satisfaction. In respect to gender equality, Denmark ranks third after Sweden and Norway. Only two countries, Sweden and the Czech Republic, have better scores on poverty.

Poverty is a relative concept, however, which includes both economic and non-economic dimensions (such as social inclusion). There is no official definition of poverty in Denmark, although an implicit definition is implied by the lowest level of assistance in the social safety net. Recently there has been much debate both about the definition of poverty and thus the country’s number of poor, and whether an official poverty definition is needed. The rules in the social assistance system requiring residence in seven out of the preceding eight years to qualify for base assistance is a much-debated issue. If this condition is not met, a lower benefit (starthjælp) is offered. Questions remain whether this rule is responsible for causing poverty and social exclusion.

Citation:

John Campbell, “Note to Denmark: Don’t Change a Thing,” downloaded from <http://www.dartmouth.edu/~vox /0506/0417/denmark.html>

Families

Family policy
Score: 9

Danish family policy is well-received. The country's system of day-care centers, crèches and kindergartens allow sufficient flexibility for both parents to work. Indeed, female employment in Denmark is among the highest in OECD countries. Comparative research also shows that men in Nordic countries tend to contribute more to work at home than do men in many other countries. The system of parental leave, in connection with childbirth, is relatively generous and men also have parental leave rights.

It is not just the government, including government municipalities that are in charge of day care facilities, which contribute to better family policy. Social parties and business have roles to play.

The great majority of children attend daycare facilities in Denmark. In 2006, 90.7% of children aged three to five attended some kind of preschool institution, compared to the OECD average of 73.49%. Such facilities are regarded as an indispensable public service. There has been a large expansion in the number of preschools in recent years.

Citation:

DRAFT, chance for balance – a shared responsibility: RECOMMENDATIONS FROM THE FAMILY AND WORKING LIFE COMMISSION, at http://www.familieogarbejdsliv.dk/fileadmin/user_upload/documents/Reco mmendations.pdf

Pensions

Pension policy
Score: 9

Pension policy in Denmark is well-diversified across the three pillars, according to the World Bank classification:

(1) Public pensions are considered a basic part of the welfare state; the base pension is universal in the sense that it is only age-dependent. However, a full pension requires residency for 40 years, with the pension age set at 65; what's more, there is a labor income limit. In addition to a base pension, there are means-tested supplements.

In addition there are age-specific subsidies (e.g., for transport) as well as a specific scheme for rent subsidies for the elderly.

(2) Labor market pensions made their mark on Danish society during the late 1980s and early 1990s. These pension schemes are negotiated in the labor market but are mandatory for the individual. The contribution is split between employers (2/3) and employees

(1/3). The contribution rate has been increased over the years and is now 10.8% for most employees. However, since these pension funds are relatively new, few have contributed at high rate during their whole working career. In addition, there are supplementary labor market pensions from pension funds ATP and LD Pensions. The former is mandatory and redistributive, in the sense that contributions depend on income but are based only on working years. The LD Pension is a “frozen” wage increase from the 1970s that has since been transformed into a pension right.

(3) While most citizens are covered by pensions from pillars one and two, there is still a large group (roughly 1/3) who collect private pensions through financial institutions on top of their public pension. Since this is related to labor market performance, there is a gender difference both due to a slightly lower labor force participation for women and a lower level of income. Pension savings are tax subsidized. Contributions are deductible in taxable income, while pensions are taxable income. However, for most the tax rate that applies to the deduction when working is higher than the one applying when not working as a pensioner, due to progressive elements in taxation, and hence the subsidy. The tax principle causes problems in relation to portability when, for example, Danish pensioners decide to move to another country.

In addition to the public pension scheme, the early retirement scheme is important. It allows retirement at the age of 60 and offers a benefit until the statutory pension age of 65. The scheme is voluntary and contribution-based, but it is highly subsidized. The scheme was introduced in 1979 as a labor market initiative to cope with youth unemployment, but has since then become an integral part of the welfare package. The scheme has been reformed a number of times and now includes incentives to delay retirement until the age 62.

While the labor force participation in general is high in Denmark even for citizens aged 50 to 55, it is low for those aged 60 to 65, which reflects the effects of the early-retirement scheme. The scheme is much debated and politically controversial.

The problems of an aging population are also affecting Denmark. The financial consequences of increasing longevity are large, and have been at the core of policy debates for some years. A so-called welfare reform was approved with broad parliamentary support in 2006. This scheme increases the statutory age for early retirement by two years over the period 2019-2023, and the statutory pension age by two years over the period 2024-2027. After these transitions periods, the statutory ages are linked to longevity via an indexation mechanism targeting an average retirement period of 19.5 years.

This reform is a significant response to the challenge of Denmark's aging population, although recent assessments show that the reform does not fully solve the problem.

Citation:

Aftale om fremtidens velstand og velfærd og investeringer i fremtiden, downloadable from:

<http://www.fm.dk/db/filarkiv/15159/velfaerdsaftale.pdf>

Kirsten Ketscher, "Folkepension i 50år," *Juristen*, No. 4 (2007).

Jørn Henrik Petersen og Nina Smith, "Tilbagetrækning og pension," in Jørn Henrik Petersen & Klaus Petersen (eds.), *13 Løsninger for den danske velfærdsstat*. Odense: Syddansk Universitetsforlag, 2006, pp. 151-166.

Velfærdskommissionen, 2006, *Fremtiden velfærd – vores valg*, Analyserapport, www.fm.dk

DREAM, 2009, *Langsigtet økonomisk fremskrivning 2009*, www.dreammodel.dk

Integration

Integration policy
Score: 7

In 2009 there were approximately 530,000 immigrants and descendants of immigrants living in Denmark, which corresponds to 9.5% of the population. After the tightening of immigration policy introduced by the liberal-conservative government in 2002, immigration from non-Western countries fell but net immigration from Western countries rose. In January 2009, 11.1% of immigrants and their descendants were of Turkish origin, followed by 5.8% of German origin, 5.5% of Iraqi origin, 5.2% of Polish origin, 4.5% of Lebanese origin, and 4.2% came from Bosnia-Herzegovina.

The employment frequency among 16- to 64-year-old immigrants and their descendants rose from 46% in 2001 to 57% in 2008. This latter figure should be compared with 79% for Danes. For female immigrants and their descendants, employment rose from 38% to 51% in the same period, which still means that one in two immigrant women do not work.

The employment rate for immigrants from poorer countries has been increasing in recent years, and so far this group has not seemed to suffer disproportionately from the effects of the financial crisis. This improvement can in part be attributed to a lower inflow of immigrants, which has increasing the average residence period of immigrants in general, and that more immigrants were admitted to Denmark for labor market reasons.

In relation to educational achievements, immigrants and their descendants are making progress but still fall well behind native Danes. In 2008, the percentages of 25- to 29-year-olds who had achieved a higher education were 9% for immigrants and 20% for their descendants, compared with 32% for Danes. The 24-year-old rule for family reunification introduced in 2004 has had the effect that immigrants and their descendants bring spouses from abroad now less often. The percentage fell from 61% in 2001 to 31% in 2008. Instead, immigrants increasingly marry other immigrants or their descendants already living in Denmark, as well as native Danes.

Still, it is fair to say that a number of immigrants in Denmark, especially from non-Western countries, have problems integrating. The government has therefore introduced a number of policies and measures in cooperation with municipalities designed to further the integration of immigrants.

These instruments, apart from improved language courses at all levels, include financial incentives to the municipalities, industry, NGOs and so on to assist with the integration of immigrants.

The government claims that the situation is improving. According to a recent publication from the Ministry of Refugees, Immigration and Integration Affairs, an increasing number of immigrants say they feel more integrated, have more Danish friends and fewer feel discriminated against, while many more immigrants are speaking Danish than ever before. Still, there is a long way to go.

Citation:

Ministry of Refugee, Immigration and Integration Affairs, Integration 2009: Nine Focus Areas, at

http://www.nyidanmark.dk/NR/rdonlyres/B3D6D658-B4D2-4879-B63B-D61B58CB2131/0/Integration_2009_UK_web.pdf

C Security

External security

Denmark's external security is based on its membership in NATO. Since the end of the Cold War, there has been no serious conventional threat to Danish territories. But terrorist attacks in the United States, Spain, Britain and other countries suggest that Denmark may too face the external threat of a terrorist attack. This

External security
policy
Score: 8

risk is related both to the controversy surrounding the Muhammad cartoons and the country's involvement in the war in Afghanistan. A broad six-party agreement on Danish defense in June 2004 defined defense goals as:

- to counter direct and indirect threats to the security of Denmark and allied countries;
- to maintain Danish sovereignty and the protection of Danish citizens;
- to work toward international peace and security in accordance with the principles of the U.N. Charter, especially through conflict prevention, peacekeeping, peacemaking and humanitarian operations.

The changed security situation required the Danish defense “to strengthen its capacities in two central areas: 1) international deployable military capacities and 2) the ability to counter acts of terror and their consequences.” The agreement also states that “Danish security policy should primarily be aimed at countering the threats where they emerge, regardless of whether this is within or beyond Danish borders.”

The Danish defense is therefore being reorganized away from classic territorial defense to having the capabilities required for international peacekeeping and peacemaking activities. Denmark has a proud tradition of taking part in U.N. peacekeeping actions, and since the end of the Cold War, Denmark has also taken part in a number of NATO activities, for example in former Yugoslavia. Similarly Denmark has been actively involved in the conflicts in Afghanistan and Iraq.

Danish defense policy has normally been based on broad agreements between several political parties. The latest such agreement was reached on June 24, 2009, involving the Social Democratic Party, the Danish People's Party, the Socialist People's Party, the Conservative Party, the Radical Liberal Party and the Liberal Alliance Party. The agreement continues the trend observed previously, adapting to international changes, including armed conflict, stabilization tasks and international policing in various parts of the world.

But Denmark has a problem: the opt-out from EU defense policy. So Denmark has not been able to take part in activities under European Defense and Security Policy (ESDP) since they started in 2003. Many Danish politicians would like to abolish the defense opt-out. And

there has also been a majority public opinion in favor of such a step.

But so far the government has not wanted to risk calling a referendum (remembering that the Danes voted against participation in the euro in 2000).

Citation:

Ministry of Defense, DANISH DEFENCE AGREEMENT 2010 – 2014, Copenhagen, 24 June 2009 at [http://www.fmn.dk/Nyt%20og%20Presse/Documents/20090716%20Samlede%20Forligstekst%20Danish EU-opt-outs,](http://www.fmn.dk/Nyt%20og%20Presse/Documents/20090716%20Samlede%20Forligstekst%20Danish%20EU-opt-outs) Danish Foreign Policy Yearbook 2009, p. 193.

Internal security

Internal security
policy
Score: 8

Internal security depends both on defense forces and police work (falling under the Ministry of Justice). Cooperation between the police and defense intelligence services was increased after 9/11. So has international cooperation among Western allies.

Denmark is not a violent society. The homicide rate is low, and Danes normally trust the police. Burglaries are not uncommon, though crime related to drug use does occur.

The EU is also trying to upgrade all aspects of Justice and Home Affairs (JHA) cooperation. Here too Denmark has a problem, namely the JHA opt-out from 1993. Denmark has been taking part in JHA cooperation as long as the body was intergovernmental, as opposed to applying the community method of what used to be the EU's first pillar. After passage of the Lisbon Treaty and the abolition of the pillar structure of the European Union, all JHA actions have become supranational. Denmark therefore does not take part in JHA post-Lisbon, except if it decides to opt-in, which has been made possible by the treaty.

In a Gallup poll in December 2008, when Danes were asked whether they were in favor of Denmark's participation in the EU's Justice and Immigration Policy, 49% said they were in favor with 34% against. A strong political coalition could thus possibly win a referendum to abolish this Danish opt-out. But the government has not called such a referendum.

Because of the Muhammad cartoon controversy in 2005, it is reasonable to expect that there are both foreign and domestic threats against Denmark. In an opinion poll of June 4, 2008, 75% of the Danes answered “probably/very probable” to the question, “How probable do you think it is that Denmark will become a target for terror attacks carried out by fundamentalist Islamic groups within the near future?” The murder plot discovered by Danish police in February 2008 against cartoonist Kurt Westergaard lends support to the feeling that Denmark may be the target of terror attacks.

Citation:

Reference:

“The Danish EU opt-outs” Danish Foreign Policy Yearbook 2009, p. 194.

Murder plot against Danish cartoonist, at <http://jp.dk/uknews/article1263133>. ece

D Resources

Environment

Environmental
policy
Score: 8

Concerning environmental policy, Denmark is often seen as a relatively progressive country. Academics, for example, have labeled countries like Germany, the Netherlands and Denmark as the “green states” during the formative years of EU environmental policy. Within the European Union, Denmark has been asking for high environmental standards.

Much of Denmark’s current environmental policy is based on EU directives. Taking EU policy as standard – and it can of course be discussed whether EU standards are good enough – we do have data on implementation. These data suggest that Denmark is doing reasonably well on implementation.

Denmark’s environmental performance review by the OECD in 2008 was somewhat mixed. On one hand it was stated that “the well-balanced environmental policies of Denmark have led to significant environmental progress.” However, at the same time it was stated that “further environmental progress is needed for health and economic reasons,” suggesting that further environmental improvements be reflected in the country’s transport, agriculture, energy sectors as well as fiscal policies. Denmark is below OECD averages for municipal waste generation per capita and in the use of nitrogenous fertilizers.

Denmark has some of the highest rates of mortality for some types of cancer, and allergy and respiratory diseases affect about 20% of the population.

Citation:

Alberta M. Sbragia, "Environmental Policy: Economic Constraints and External Pressures," in Helen Wallace and William Wallace (eds.), *Policy-Making in the European Union*. Fourth Edition. Oxford: Oxford University Press, 2000, pp. 293-316. Statistics on environmental infringements, at <http://ec.europa.eu/environment/legal/law/statistics.htm>

Organisation for Economic Co-operation and Development, PRESS STATEMENT, Copenhagen, 25 January 2008

Launch of the Environmental Performance Review of Denmark, By Mr. Lorents Lorentsen, Environment Directorate

Research and innovation

Denmark scores quite well in international comparisons on competitiveness. Denmark ranked fifth in the World Economic Forum's Competitiveness Index for 2009, after Switzerland, the United States, Singapore and Sweden, but ahead of Finland, Germany and Japan. This was down from third in 2008.

The report emphasized the country's high rankings with regard to macroeconomic stability, its high national savings and narrow interest-rate spreads. However, this ranking should be interpreted carefully in a forward-looking perspective, given the serious deterioration of wage competitiveness and falling productivity.

Denmark and other Nordic countries are said to "have among the best functioning and most transparent institutions in the world." These countries "also continue to occupy the top three positions in the higher education and training pillar, the result of a strong focus on education over recent decades." Further, "this has provided the workforce with the skills needed to adapt rapidly to a changing environment and has laid the ground for their high levels of technological adoption and innovation."

On one point Denmark scored better than its Northern neighbors: "Denmark continues to distinguish itself as having one of the most flexible and efficient labor markets internationally."

In 2010 the public sector R&D expenditures in Denmark is to reach 1% of GDP. Significant increases were budgeted for 2009 and 2010. Private sector R&D expenditure was 1.65% of GDP in 2006, lower

Research and
innovation policy
Score: 8

than in Sweden and Finland, but above the EU average.

Citation:

World Economic Forum, The Global Competitiveness Report 2009-2010, at <http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>

“Denmark’s National Reform Programme: Contribution to the EU’s Growth and Employment Strategy (The Lisbon Strategy), October 2008

Education

Education policy
Score: 7

Denmark claims top levels in education spending, but not in achievement.

Danish pupils have not scored well on Program for International Student Assessment (PISA) problem-solving tests. After the 2003 PISA results the government realized that something had to be done. At the time Denmark was 16th among 30 OECD countries in reading, but the result was worst in science, where Denmark was 31st out of 40 participating countries. In math, Danish pupils were 13th among the 30 OECD countries, but 15% to 16% of pupils had completely insufficient math competences.

The PISA results led to various efforts to improve Danish schools. As part of the government’s 2006 globalization strategy, reforms of primary and lower secondary school system were announced. “Academic standards need to be raised considerably in the core subjects of reading, mathematics, science and English. Evaluation and testing should give teachers, parents and pupils a clear idea of where particular focus is needed. Teachers should become subject specialists. The schools’ management should be strong and visible, and the local authorities’ responsibility for academic results should be crystal clear.”

It is a target that 95% of young Danes should complete a general or vocational upper secondary education program. At least 50% of young people should complete a higher education program.

In 2006 Denmark moved up, to 18th in science, a result seen as still not good enough. Teacher training overall has to improve and attitudes toward education reform have to change.

Currently a thorough review of Denmark’s basic schooling system, called a “360-degrees review” is in process.

A special problem is the fact that non-Western students score markedly lower than Danish students, a problem in particular for boys. However, second-generation students do relatively better than first-generation students.

Citation:

Ministry of Education, "Danske PISA-resultater skaber behov for øget indsats," 6 december 2004.

Ministry of Education, Uddannelse - udvalgte nøgletal, 2008, at <http://pub.uvm.dk/2008/uddannelsest al/>

Education at a Glance 2009, OECD INDICATORS, at <http://www.oecd.org/dataoecd/41/25/2006>, Fremtiden velfærd - vores valg, Analyserapport, København.

Management Index

I. Executive Capacity

A Steering capability

Strategic capacity

Strategic planning
Score: 8

The amount of strategic thinking in Danish government administration varies across different ministries. It also depends on the decision style of the ministry head. Major reforms in Denmark are usually prepared through committees or commissions established to produce a report outlining issues and options. However, one of the conclusions in a major research project on power in Denmark in the beginning of the new millennium was that “Denmark has never had strong traditions for basing political decisions on accessible knowledge — as opposed to Sweden, for instance. The scientific/analytical level in Danish white papers has generally been low. White papers have often seemed negotiated rather than analytical presentations of political issues. Trends in recent years point toward a further weakening of the knowledge base of decision-making. Fewer and fewer bills are prepared in commissions, and when the commissions are formed, their time frame is often narrower than previously.”

It is not clear whether this conclusion still stands. In recent years there have been a number of commissions appointed (Strukturkommissionen, Velfærdskommissionen, Arbejdsmarkedskommissionen, Skattekommissionen and so on) to prepare inputs for important policy discussions and reforms. Moreover, professionalism in ministries has increased.

More overarching strategic policy plans or documents with a strong focus on economic policy in recent times are the government’s 2010 plan and the 2015 plan. The former was launched by the government under Prime Minister Poul Nyrup Rasmussen in 2000, and later adopted with minor modifications by the government under Prime Minister Anders Fogh Rasmussen. The 2015 plan is a revision and update of the 2010 plan, and a 2020 plan is expected by the end of 2010.

It should also be taken into account that government policies

traditionally have been consensus-driven. This applies both in parliament, as most governments have been minority governments, and in relation to negotiations involving organizations and the political system, most notably in relation to labor market issues.

Additionally, a new type of forum has been developed which brings high-profile policymakers (ministers), representatives from society, and experts together in globalization councils (globaliserings rådet) or growth forums (vækstforum) to discuss important policy issues. This can be seen as a new instrument in the consensus-driven policy approach.

Citation:

Lise Togeby, et al., *Power and Democracy in Denmark: Conclusions*, Aarhus, 2003.
www.magtudredningen.dk

Niels Ejersbo og Carsten Greve, *Modernisering af den offentlige sektor*. Copenhagen: Børsen, 2005.

Denmark's National Reform Programme. Contribution to the EU's Growth and Employment Strategy (The Lisbon Strategy), October 2008, at <http://uk.fm.dk/Publications/2008/1>

642-Denmarks%20National%20Reform%20 J.G., P.E.Mouritzen and A.S Nørgaard (eds), 2009, *De Store Kommissioner– Vise mænd, smagsdommere eller nyttige idioter*.

Scholarly advice
 Score: 8

The administration has a certain amount of in-house expertise. However, for most policy areas there are advising councils or committees involving experts, for example doctors often are involved, consulted through various agencies, when health policies are being discussed. In addition, the Danish economic council plays an important role, and politicians listen to its members' advice. Recently, an environmental economic council was also established. The two councils are chaired by the same four economics professors, known as the "wise men." The chairmanship prepares reports that are then discussed by the members representing unions, employers, the central bank and the government. The reports also garner media attention.

Although unlike the American system, where a university professor can spend a few years in government administration and then return to academia, Danish academics remain outside politics.

Citation:

De Økonomiske Råd, at <http://www.dors.dk/>

Jørgen Grønnegård Christensen, Peter Munck Christiansen og Marius Ibsen, *Politik og forvaltning*. 2. udgave. Århus: Academica, 2006.

Inter-ministerial coordination

GO expertise
Score: 7

The Danish Prime Minister's Office (PMO) is relatively small. It has a total of 91 employees, with 36 academics and 27 technical and administrative staff.

It is divided into two groups, one dealing with foreign policy and the second with domestic political and economic issues. There is also a law division and an administrative division. The prime minister has three portfolio tasks, namely the North Atlantic area, for example, Greenland and the Faroe Islands, the press and constitutional law.

Being small, the PMO does not have a capacity to evaluate the details of all laws. But some officials are seconded from important line ministries to give the PMO a certain capacity. This capacity has been strengthened since the 1990s.

In Denmark there is a strong tradition of so-called minister rule (ministerstyre). A minister is in charge of a certain area (ressort). But the cabinet is a collective unit and it is supposed to have only one policy focus, for which the prime minister has the overall responsibility.

Citation:

The Prime Minister's Office, http://www.stm.dk/_a_2747.html
Jørgen Grønnegård Christensen et al., Politik og forvaltning, 2006.

GO gatekeeping
Score: 9

The prime minister has the discretionary power to take the actions deemed necessary. However, the fact that most governments have been minority governments implies that consensus and negotiation is involved.

Citation:

Jørgen Grønnegård Christensen et al., Politik og forvaltning, 2007.

Line ministries
Score: 9

The norms of minister rule and the "resort" principle (where ministers are in charge of certain areas) give the line ministries a fair amount of autonomy. It is also the line ministries that have the most technical expertise. But to achieve coherent government policy, interdepartmental coordination takes place. This is not a hierarchical coordination, but based on negotiations. The prime minister has a special place given his constitutional prerogatives as the person who appoints and dismisses ministers. The cabinet holds weekly meetings. This is a political clearing institution, where a number of

political issues are debated under the chairmanship of the prime minister. The last check of proposals comes in these weekly cabinet meetings (regeringsmøder). Major issues and strategic considerations are dealt with in the government coordination committee (regeringens koordineringsudvalg) involving the prime minister and four other key ministers.

The Ministry of Finance also plays an important role whenever financial resources are involved. No minister can go to the finance committee of the People's Assembly (Folketing) without prior agreement from the Ministry of Finance.

Apart from coordinating the preparation of next year's finances, the Ministry of Finance is also involved in formulating general economic policy and offering economic and administrative assessments of the consequences of proposed laws.

Citation:

Jørgen Grønnegård Christensen et al., Politik og forvaltning, 2007.

Cabinet committees
Score: 9

Policy preparation tends to take place in cabinet committees (regeringsudvalg) involving a smaller number of ministers. Since 2001, there have been five to six such cabinet committees. Currently the following standing cabinet committees exist: the coordination committee (chaired by the prime minister), the economy committee (chaired by the finance minister), the security committee (chaired by the prime minister), the appointments committee (chaired by the prime minister), the committee concerning the European Council and greater foreign and security questions (chaired by the prime minister) and the foreign policy committee (chaired by the foreign minister). This system has been strengthened under the most recent liberal-conservative government, and there are parallel committees of high-level civil servants.

Citation:

Jørgen Grønnegård Christensen et al., Politik og forvaltning, 2007
Oversigt over faste regeringsudvalg, at http://www.stm.dk/_a_1848.html

Senior ministry
officials
Score: 9

Denmark does not have a tradition of political appointees or junior ministers. The ministries' top civil servants are always career civil servants. There is a long tradition for relatively smooth cooperation between the minister and his top civil servants, headed by the permanent undersecretary (departementschef). In the 1990s, Prime Minister Poul Nyrup Rasmussen started appointing media consultants from outside, and since then this practice has been

accepted. The liberal-conservative government that followed continued the practice.

Since appointments of top civil servants are based on merit, these officials are usually quite capable. They also tend to be loyal, even if their own political convictions might not correspond fully to those of the minister. Some permanent under-secretaries have built up an impressive knowledge base and expertise as well as understanding of the political game. They see it as a central part of their job to protect the minister.

Citation:

Jørgen Grønnegård Christensen et al., *Politik og forvaltning*, 2007.

Line ministry civil
servants
Score: 9

There are various interdepartmental coordination mechanisms at the level of civil servants. Often coordination starts at lower levels and moves up for a final check at the level of undersecretaries. Some committees of undersecretaries shadow cabinet committees within the government.

An area that requires a lot of coordination is EU legislation. From the start of Denmark's membership, coordination between the ministries has taken place. Currently there are more than 30 EU special committees within the administration dealing with specific EU policies. These special committees involve representatives from ministries and agencies, and often also from interest organizations, that are concerned with the legislation in question. The lead ministry will chair these special committees.

The top-level committee is the EU committee chaired by the Foreign Ministry. Ministries that have most EU cases are permanent members. Other ministries take part on an ad hoc basis. At the cabinet level it is the foreign minister who chairs the foreign policy committee, but when it comes to meetings in the European Council these meetings are prepared by a permanent undersecretary committee chaired by the undersecretary in the PMO.

Citation:

Specialudvalg under EU-udvalget, at <http://www.eu-oplysningen.dk/upload/application/pdf/63ed1b4d/Specialudvalg%20under%20EU-Udvalget%20til%20FT%20%283%29%20%283%29.pdf>

Finn Laursen, "Denmark: in pursuit of influence and legitimacy," in Wolfgang Wessels, Andreas Maurer and Jürgen Mittag (eds.), *Fifteen into one? The European Union and its member states*. Manchester: Manchester University Press, 2003, pp. 92-114.

Jens Blom-Hansen og Jørgen Grønnegård Christensen, *Den europæiske forbindelse*. Århus: Magtudredningen, 2004.

Informal coordination
procedures
Score: 8

The Danish administrative system is a mix of formal rules and norms and more informal traditions. Officials hold informal talks in the halls of government, over lunch, during travel to and from Brussels, as just a few examples. The informal mechanisms can make formal meetings more efficient. But important decisions must be confirmed in more formal settings.

At the political level, informal mechanisms are probably more important than among officials.

RIA

RIA application
Score: 8

An instruction (cirkulære) from the PMO in 1998 to all ministries and agencies established the requirement of evaluating various consequences of proposed legislation and administrative regulations. Subsequently, a number of ministries developed texts advising the civil servants on how to do this. In May 2005 a common guide was worked out with the Ministry of Finance as lead ministry.

The rules require impact assessments dealing with economic consequences for state and local governments, administrative consequences, business economic consequences and environmental consequences. The relation to EU legislation must also be assessed. Thinking about consequences starts during the initial consideration of a new law or regulation (screening stage), continues while the content and degree of new measures are considered (scoping stage) and a detailed RIA is worked out during the final stage (assessment stage).

So RIAs have become a required part of Danish policy formulation.

The extent to which existing regulations are regularly assessed depends on the regulation in question and the feedback the administrative agency gets.

Citation:

Prime Minister's Office (Statsministeriet), Cirkulære om bemærkninger til lovforslag og andre regeringsforslag og fremgangsmåden ved udarbejdelse af lovforslag, redegørelser, administrative forskrifter m.v., No. 159, 16. september 1998, at http://www.stm.dk/_p_5430.html

Ministry of Finance, Vejledning om konsekvensanalyser, Maj 2005, at <http://www.oplysningsskema.dk/docs/> of Justice, Vejledning om Lovkvalitet, Juni 2005, at <http://jm.schultzboghandel.dk/uploa>

Needs analysis
Score: 9

The instructions from the PMO and the Ministry of Finance require the RIA to analyze the purpose of and need for regulation. A needs analysis is expected to be part of the initiation of the legislative process. The examples outlined by the Ministry of Finance in its RIA guide are quite clear, concise and specific. So a needs analysis will

normally be a part of a RIA. The thoroughness of this analysis depends on the importance and nature of the new regulation.

Citation:

Ministry of Finance, Vejledning on konsekvensanalyser, Maj 2005, at <http://www.oplysningsskema.dk/docs/vejlkons.pdf>

Alternative options
Score: 6

Assessing the consequences of new or revised legislation or administrative regulations entails a detailed process. The process may start with a white paper which outlines options. A ministry or agency will also most likely consider the options at the screening stage, but they only concentrate on the specific measure that has already been chosen. When it deals with a proposed law going before the People's Assembly, only the regulatory consequences of that law are assessed. However, this does not prevent MPs from discussing alternative options or asking the responsible minister about alternative options. Moreover, there is also certainly an element of searching for a satisfactory solution with the result that not all options are considered. RIAs do also involve cost-benefit analyses.

Societal consultation

Negotiating public
support
Score: 9

There is a long tradition of involving economic and social actors at all stages of the policy cycle, even sometimes implementation. Both formally and informally there are good contacts between government administration and the main interest organizations (trade unions, employers, various business organizations and NGOs), as well as heads of major companies. Interest organizations provide important information for politicians and civil servants. While corporatism has changed over the years, it still exists in Denmark.

Citation:

Henning Jørgensen, Consensus, Cooperation and Conflict: The Policy Making Process in Denmark, 2002.

Jørgen Grønnegård Christensen et al., Politik og forvaltning. 2. udg., 2007.

Policy communication

Coherent
communication
Score: 8

It is important for a government to effectively communicate its policies to its citizens. Communication strategy, and media attention, has become important aspects of politics, and political survival depends on efficient communication. Good communicators are more likely to get ministerial posts than poor communicators. The PMO

plays an important role in communication, and in recent years prime ministers have employed media advisers.

There are only a few examples of ministers speaking out on issues that were not in accordance with the government's policy. In such cases the prime minister will act swiftly and a corrective statement will follow from the minister in question – or he or she will most likely lose their job.

Citation:

Henning Jørgensen, *Consensus, Cooperation and Conflict: The Policy Making Process in Denmark*, 2002.

Jørgen Grønnegård Christensen et al., *Politik og forvaltning*. 2. udg., 2007.

B Policy implementation

Effective implementation

Government
efficiency
Score: 8

The government during the period under review was a minority government, and thus must seek parliamentary support for its policies. The parliamentary support is ensured by the Danish People's Party, so compromises have to be found between the government and this party.

Danish government administration is reasonably good at implementation. It is important to point out that a large part of implementation is carried out by local governments, as Denmark is a relatively decentralized state. Much of the services of the welfare state are provided by decentralized units and the intention is actually to allow some geographical variation. But through stipulations in framework laws and budget constraints, the government is quite successful in steering agencies and administrative bodies even if they are not in a direct hierarchical relationship with the central government.

In recent years tensions have developed between the municipalities and the government/political system. This involves cases where policymakers at the national level do not accept the choices made by local governments, and thus attempt to control their actions via rules and regulations. More recently, the difficult financial situation in most municipalities and the need to coordinate local needs with national budget issues have caused tensions. Municipalities have violated negotiated budget agreements and sanctions have been enforced.

A major structural reform effective in 2007 changed the structure of the public sector. Counties were replaced with regions that were mainly responsible for health care provisions, and municipalities were merged into larger units (now a total of 98). The reform is new and still being implemented, so it is too early to assess its consequences.

Citation:

Jørgen Grønnegård Christensen et al., Politik og forvaltning, 2007, chapter 2.

Ministerial
compliance
Score: 9

Denmark has parliamentary rule. The government can be forced to retire any time if in the minority in parliament. The prime minister is the leader of the government, and he does not allow ministers to pursue private interests that are not compatible with the declared goals of the government. Close scrutiny by parliament, including its committees, and an attentive press, seldom lets rogue ministers behave this way for long. The prime minister can both fire and promote ministers, so there are incentives to do what the prime minister expects. Party members can of course revolt against a prime minister, but this happens rarely in Denmark. There is a high degree of party discipline.

Monitoring line
ministries
Score: 8

For sensitive political issues the prime minister has a strong incentive to monitor line ministries. But when it comes to less important issues or details, he has neither the time nor the means for close monitoring. His control is indirect, through the members of his cabinet.

Monitoring agencies
Score: 8

Executive agencies have certain autonomy, but given the formal norms of minister rule, the minister is ultimately responsible for what happens in the agencies. So it is in a minister's political interest to monitor activities closely.

The work of the agencies is often based on specialized expertise; as long as an issue is not politicized, the minister will normally defer to the decisions made by the agencies.

Task funding
Score: 8

Part of the tax paid in Denmark is municipal income tax, and the tax rate varies between municipalities. The municipalities also receive money from the state (bloktilskud), and there is an equalization arrangement that moves funds from richer to poorer municipalities. The central government tries to control local expenditures through economic agreements. The current government does hold local governments on a tight leash given the tax freeze it introduced, which also includes local governments. There are annual negotiations between the municipalities and regions about the financial framework agreement. Many municipalities currently find themselves in a very tight financial situation. Since municipalities act independently – though coordinated via their organization (Kommunernes Landsforbund) – there is an issue in ensuring that financial decisions

of the municipalities adds up to a sum consistent with the overall targets set by the Ministry of Finance. Persistent deviations in recent years suggest that the current system is not fully efficient.

Citation:

Jørgen Grønnegård Christiansen et al., Politik og forvaltning, 2007, p. 116.
Andersen, T.M., H. Linderoth, Niels Westergaard-Nielsen og Valdemar Smith, The Danish Economy, DJØF

Constitutional
discretion
Score: 8

Section 82 of the Danish constitutions reads that, “The right of municipalities to manage their own affairs independently, under state supervision, shall be laid down by statute.”

So the constitution assumes some autonomy of municipalities, but leaves it to parliament to determine the scope. Indeed, in a comparative perspective Denmark is a decentralized state, but it is not a federal state. In recent years there has been a tendency to curtail the effective discretion of lower layers in the public sector, in particular the municipalities. The People’s Assembly can, at any time, change the scope of local autonomy and its organization. The latest change came in 2007, when the reorganization resulted in a total of five regions and 98 municipalities (kommuner). At both levels there were mergers to create bigger units, with economies of scale, and greater capacities for dealing with delegated tasks.

The regions are mainly responsible for health and regional development, while the municipalities have a wider range of tasks. They basically administer the welfare state: schools, day care, elderly care, libraries, sport and roads. They play an important role in employment policy as well.

Citation:

Jørgen Grønnegård Christiansen et al., Politik og forvaltning, 2007.
Ministry of the Interior and Health, Aftale om strukturreform, juni 2004

National standards
Score: 9

National laws set standard with varying degrees of discretion for local authorities. The central government can supervise whether standards are met through benchmarks, tests and requirements that performance indicators be published, such as hospital waiting lists, school performance results, and so on. Here too an active press can play a role in exposing problems, and the central government, which is ultimately responsible politically, can intervene by setting stricter standards or transferring extra money to certain activities. Rhetorical action, such as shaming underachievers, can also be part of the strategy.

C Institutional learning

Adaptability

Domestic
adaptability
Score: 9

The most intrusive form of international/supranational cooperation Denmark takes part in is with the European Union. Since membership in 1973, an elaborate system of coordination within government administration has developed. It involves all affected ministries and agencies and often also interest organizations. In parallel, the European Affairs Committee in the People's Assembly (Folketing) has become an efficient democratic control of Danish EU policy. Denmark speaks with one voice in Brussels.

Citation:

Peter Nedergaard, *Organiseringen af Den europæiske Union*. 4. udg. Copenhagen: Handelshøjskolens Forlag, 2005, chapters 20-23.

Finn Laursen, "Denmark: in pursuit of influence and legitimacy," in Wolfgang Wessels, Andreas Maurer and Jürgen Mittag (eds.), *Fifteen into one? The European Union and its member states*. Manchester, Manchester University Press, 2003, pp. 92-114.

International
coordination
Score: 9

Among international coordination of reform efforts, the EU's Lisbon Process arguably has been the most important in recent years. Denmark took an active part in these efforts. We can expect Denmark to take an active part in the EU's new 2020 Strategy, which is replacing the Lisbon Strategy, which in the end was not very successful.

For a small country, Denmark's contribution to U.N. Security Council missions is not poor.

Danish development assistance is also considered a success in Copenhagen as well as by the OECD's Development Assistance Committee.

Citation:

Gorm Rye Olsen, "Forvaltningen af bistanden til den tredje verden og det internationale politikfællesskab" in Martin Marcussen og Karsten Ronit (eds.), *Internationaliseringen af den offentlige forvaltning i Danmark: Forandring og Kontinuitet*. Aarhus Universitetsforlag, 2003, pp. 207-229.

Organizational reform capacity

Self-monitoring
Score: 9

As part of a continuous modernization policy that goes back to the governments under Prime Minister Poul Schlüter in the 1980s, the

current government in the period under review has consistently monitored institutional arrangements and many reform programs have been produced. The current public management and governance strategy includes contracts, result-oriented salaries, measurements, evaluations and efficiency reports.

Citation:

Niels Ejersbo og Carsten Greve, *Moderniseringen af den offentlige sektor*. Copenhagen: Børsens Forlag, 2005.

Institutional reform
Score: 7

When the first government under Prime Minister Anders Fogh Rasmussen came to power in 2001, it abolished some ministries and merged others, and there were various internal reorganizations. Rasmussen also closed a number of councils and committees (råd og nævn). In his New Year's speech he criticized so-called judges of taste (smagsdommere), or experts he felt had too much influence. The government's first reform program was entitled "With the citizens at the helm" (Med borgeren ved roret). A number of reform plans were introduced in the following years.

In 2009, Lars Løkke Rasmussen took over as prime minister from Anders Fogh Rasmussen, who then went on to become NATO Secretary General. He inherited Denmark's National Reform Program of October 2008. Another program, Denmark's Convergence Program 2009, set a number of goals to be reached by 2015. After this followed the plan, "Denmark 2020: Knowledge>Growth>Prosperity>Welfare." in February 2010. In this the government announced 10 ambitious goals for 2020:

- (1) Denmark is to be among the world's wealthiest countries.
- (2) The Danish supply of labor is to be among the tenth-highest in the world.
- (3) Danish schoolchildren are to be among the cleverest in the world.
- (4) At least one Danish university is to be listed among Europe's top 10 universities.
- (5) Denmark is to be among the 10-top countries in the world where people live the longest.
- (6) Denmark is to be a green, sustainable society and among the world's three most energy efficient countries.
- (7) Denmark is to be listed among the best countries in creating equal opportunity for its citizens.
- (8) Denmark is to be amongst the freest countries and among the best in Europe at achieving integration.
- (9) Danes are to be among the world's most trusting and safe people.
- (10) The Danish public sector is to be among the most efficient and least bureaucratic in the world.

While a tax freeze will remain in place, taxes on cigarettes and

alcohol will increase as well as the registration tax for cars. Since cars already cost two- to three-times what they cost in most countries, this may not help to attract foreign workers.

These goals are extremely ambitious, especially given the economic downturn caused by the global economic crisis. It is tempting to see a certain amount of wishful thinking in this. In 2000, the European Union announced ambitious goals for the European economy to become the most competitive in the world within a 10-year period, through the so-called Lisbon Strategy. These goals were not achieved. Will Denmark be able to go through the required reforms over the next 10 years? Will Danish society be able to integrate and attract foreigners to work? Will Danish universities be able to pay competitive salaries to attract and retain talent? Will the culture in Danish schools allow for more competition? A number of similar questions arise, yet only time can answer them.

Citation:

Ejersbo og Greve, Modernisering af den offentlige sektor, Børsens forlag, 2005..

Regeringen, Danmarks Konvergensprogram 2009, Februar 2010, at <http://www.fm.dk/Publikationer/2010>

DANMARKS%20KONVERGENSPROGRAM% 202009.aspx

The Danish Government, Denmark 2020: February 2010, at

/1940-

II. Executive accountability

D Citizens

Knowledge of government policy

Citizens get most of their information on government policy developments through television, radio and newspapers, which of course are selective in their reporting. Computer access is widespread. Government documents are as a rule freely accessible via the Internet, and published work is also often free. Documents can also be read in public libraries, of which there are many.

Election campaigns serve the purpose of presenting and debating the policies of the government as well as the opposition. A relatively high turnout during national elections (the turnout for the 2007 election was 86.5%) suggests a certain degree of interest and enough knowledge to consider voting important. In the European Union context, Danes are considered among the most knowledgeable about

Policy knowledge
Score: 8

EU issues (partly due to the use of referendums), but turnout at elections for the European Parliament are much lower than for national ones (turnout for EU elections in 2009 was 59.5%), presumably because the issues in such elections are considered less important. The bread-and-butter questions of national Danish politics – jobs, health, education, pensions and so on – can inspire citizens to seek information and take part in politics.

Citation:

Lise Togeby et al., Power and Democracy in Denmark. Conclusions. Århus: Magtudredningen, 2003.

E Legislature

Legislative accountability

Obtaining documents
Score: 9

Parliament may ask for and will get most government documents. There are internal ministry documents, however, that are not made available. But ministers and ministries know that it is politically important to heed parliament requests. Documents may be stamped confidential, but most committee documents in general are publicly available.

Citation:

Henrik Zahle, Dansk forfatningsret 1: Institutioner og regulering. Copenhagen: Christian Ejlers' Forlag, 2005.

Folketinget, Håndbog i folketingsarbejdet. Oktober 2005, at http://www.ft.dk/Dokumenter/Publikationer/Folketinget/Haandbog_i_folketingsarbejdet_2005.aspx.

Summoning ministers
Score: 10

Committees regularly summon ministers for meetings, called consultations (samråd). These meetings are key elements of how the Danish parliamentary system works. At consultations, MPs get much of their information for the legislative process. At the same time, the meetings are where the People's Assembly exercises its parliamentary control of the government.

Citation:

Henrik Zahle, Dansk forfatningsret 1: Institutioner og Regulering, ad Dansk forfatningsret 2: Regering, forvaltning og dom.

Summoning experts
Score: 9

Normal committee meetings take place behind closed doors. However, committees can decide to hold open meetings – including ones without the minister present – and invite experts from outside,

as well as civil servants and representatives from interest organizations to explore and discuss issues. Such meetings are also open to the press. Committees may also decide to conduct larger hearings, sometimes in cooperation with the Danish Board of Technology. Such hearings occasionally take place in the room in which the former second chamber of the Danish parliament, the Landsting, met until it was abolished by the new constitution in 1953.

Citation:

Folketinget, Håndbog i Folketingsarbejdet, Oktober 2005, p. 49.

Task area
coincidence
Score: 8

The committee structure largely corresponds to the structure of ministries. The Ministry of Social Affairs, for instance, corresponds to the Social Affairs committee in the People's Assembly (Folketing). The Ministry of Taxation corresponds to the Fiscal Affairs committee in the assembly. Other committees, for instance, deal with energy, defense, culture, environment, health and education, and all know who "their" minister is. A few committees don't have such an easy parallel, such as the European Affairs committee. Although the Ministry of Foreign Affairs is responsible for coordinating EU policy, the European Affairs committee will have consultations (samråd) with all ministers that take part in EU council meetings, and seek a mandate for upcoming negotiations in the council. So this creates some internal coordination problems in the People's Assembly, between the European Affairs committee and the committees dealing with the substance of EU legislation (fagudvalg).

Citation:

Folketinget, Håndbog i Folketingsarbejdet, Oktober 2005.

Finn Laursen, "The Danish Folketing and its European Affairs Committee: Strong Players in the National policy Cycle," in Andreas Maurer and Wolfgang Wessels (eds.), *National Parliaments on their Ways to Europe: Losers or Latecomers?* Baden-Baden: Nomos Verlagsgesellschaft, 2001., pp. 99-115.

Finn Laursen, "The Role of National Parliamentary Committees in European scrutiny: Reflections based on the Danish Case," in Katrin Auel and Arthur Benz, eds., *The Europeanisation of Parliamentary Democracy*. Abingdon: Routledge, 2006, pp. 110-125.

Audit office
Score: 10

The national audit office (Rigsrevisionen) is an independent institution under the authority of parliament. It examines the soundness of state accounts and assesses whether institutions have applied funds in the best possible ways. Its work is highly respected.

Citation:

Audit of the State Accounts, at <http://www.rigsrevisionen.dk/compos ite-6.htm>
Henrik Zahle, *Dansk forfatningsret 2*.

Ombuds office
Score: 10

In 1955, Denmark became the third country in the world, after Sweden and Finland, to introduce the institution of the ombudsman. The ombudsman is appointed by parliament, and the office is an independent institution. Citizens can complain to this office about decisions made by public authorities. The office, which has a staff of about 85, can also begin investigations on its own initiative and visit institutions. In 2006, there were 3,767 complaints, 245 own-initiative cases and 41 inspections of institutions. The institution produces an annual report.

Distinguished law professors have held the position of ombudsman. Criticisms from the ombudsman will normally lead to a change in practice or decisions. The ombudsman's views have very high credibility and respect.

Citation:

Parliamentary Commissioner for Civil and Military Administration in Denmark, at http://www.ombudsmanden.dk/english_en/

Henrik Zahle, Dansk forfatningsret 2: Regering, forvaltning og dom.

F Intermediary organizations

Media

Media reporting
Score: 7

The media is, as in other democracies, rather important. Some have argued that the media constitute a fourth power, next to the legislative, executive and judiciary powers in modern democracies; and that journalists play the role of citizen advocate vis-à-vis public authorities. The media partly have power, through editorial decisions, not to cover certain stories, yet obviously have to be selective. Like media outlets elsewhere, the Danish media shows a tendency to make the news easier for the public to relate to by simplifying or personalizing the stories reported, and emphasizing an element of conflict. In editorial decisions about who or what is covered, there appears to be a tendency to favor top politicians and government representatives, as if what such actors have to say is considered more interesting. Weaker actors, such as immigrant representatives or ethnic minorities, get less coverage, although immigration stories have become important and now form part of daily news coverage.

Apart from daily news programs, television and radio stations offer more analytical programs where issues can be analyzed more in depth. Some of these programs can be quite informative. It is worth mentioning that the education of journalists has been improved in

recent years.

Overall it is fair to say that the Danish media covers national news better than international news, including issues regarding the European Union.

Citation:

Peter Munk Christiansen og Lise Togeby, *Magten i Danmark*. Copenhagen: Gyldendal, 2005.

Parties and interest associations

Party competence
Score: 9

The major parties or the two government parties in the period under review, the Liberal Party and the Conservative Party, as well as the leading opposition parties, the Social Democratic Party and the Social Liberal party, are the so-called old parties. They have existed for more than 100 years and have all regularly taken part in governments. Since they are either in power or have the prospect of being in the next government, they have a strong interest in proposing plausible and coherent policies, and indeed it is fair to say that they do so. Newer parties, including the third biggest party currently in the People's Assembly, the Danish People's Party, may be more tempted to propose popular, even populist, policies. But parties that have ambitions of being included one day in a government will have to moderate their views. One could argue that this has happened in the case of the Socialist People's Party, which in some ways has moved closer to the Social Democratic Party. Recently the Social Democrats and the Socialist People's Party put forward a joint proposal, "A fair solution, together through the crisis." In a press release, the Social Liberal Party supported the proposal, but called for more concrete proposals. The four opposition parties, including also the Red-Green Unity List (Alliance), recently published a common energy vision, a plan to make Denmark the strongest climate nation in the world.

Citation:

Who's who in the Folketing and the government, http://www.ft.dk/~media/Pdf_materiale/Pdf_publicationer/Informationsark/Engelsk/Who_is_who_in_the_Folketing_and_the_government%20pdf.ashx

En fair løsning - sammen ud af krisen, at står samlet om at ville rydde op i Danmarks økonomi, at sites of the Danish political parties currently represented in the Folketing:

www.venstre.dk
www.konservative.dk
www.danskfolkepart.dk
www.socialdemokratiet.dk
www.radikale.dk
www.sf.dk
www.enhedslisten.dk
<http://liberalalliance.dk>

Association
competence
(business)
Score: 8

Interest organizations play an important role in Danish politics. Policies proposed by the major interest organizations are of course “reasonable” as seen from the point of view of the group they represent. They may not be quite as reasonable, however, as seen from the point of view of society at large, or from the viewpoint of the collective interest. That is why the views of interest organizations must be aggregated by the government.

Given the corporatist tradition in Denmark, the major interest organizations are regularly involved in policy-making. This tends to educate them to moderate their policy proposals. Interest groups know they will lose influence if they propose policies that are seen as unreasonable. They realize that they have an interest in getting things to work. The trade unions also have learned at some point that demanding very high raises in salaries will produce inflation and be counterproductive. They too have a tradition of being quite responsible and negotiating in good faith.

Citation:

Peter Munk Christiansen og Lise Togeby, *Magten i Danmark*. Copenhagen: Gyldendal, 2005.

Association
competence
(others)
Score: 8

There is a long corporatist tradition in Denmark. The major interest organizations are often members of committees and commissions preparing legislation. They provide information for the government and legitimacy for the policies adopted, thereby facilitating implementation.

In recent years, during the years of the Prime Minister Anders Fogh Rasmussen government, the relationship between the government and interest organizations changed somewhat. Some laws were passed without having been prepared through corporatist committees. Instead, interest organizations had to lobby more – by making direct contact with civil servants and politicians – so as to influence policies. Larger companies, such as A. P. Møller Mærsk, Novo-Nordisk, and so on, have also pursued such actions.

The fact remains that the administration needs input from outside when legislation is prepared. So there is a common interest in continuous dialogue.

Citation:

Peter Munk Christiansen og Lise Togeby, *Magten i Danmark*. Copenhagen: Gyldendal, 2005.

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