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Sustainable
Governance
Indicators

2015 Denmark Report

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Executive Summary

Democracy functions well in Denmark, where governance features strong credibility and transparency. Indeed, public trust in government and public administration is high in the country. Prior to the global financial crisis, Denmark was often referred to as a model example of a well-functioning economy, with low unemployment and surpluses in both the public balance and current account balance. The Danish welfare state is extensive both in terms of service provision and the social safety net, which also translates into a high tax burden. Featuring relatively low levels of inequality, Denmark has shown that it is possible to combine an extensive welfare state with a well-functioning economy.

Denmark was severely affected by the global financial crisis, partly as a result of an overheating economy in the years preceding the turmoil. This was associated with rapidly increasing housing prices, wages and indebtedness. The economy has thus displayed a boom-and-bust pattern. Although many of the country's macroeconomic indicators still appear favorable when compared with other EU countries, significant problems have surfaced. The financial crisis has brought underlying structural problems to the fore. Denmark's competitive position weakened significantly prior to the crisis, causing a more difficult adjustment process. However, wage competitiveness has improved in recent years pointing to adjustment capabilities and flexibility. Employment has decreased sharply as a consequence of the crisis and, although no significant increases in long-term unemployment have been observed, it is too early to conclude whether the structural level of unemployment has increased. The level of job creation remains high and, therefore, most unemployment spells are short. However, recovering from the crisis has been much slower than expected and economic forecasts have several times been adjusted in the direction of a delayed recovery.

In a medium term perspective, it is worrying that the underlying productivity growth is low, even from a comparative perspective. This raises the question whether Denmark can maintain its position among the countries with the highest per capita income. Moreover, Denmark is also still facing the challenge of how to design its social safety net to balance social concerns and distributional objectives with an incentive structure. The decrease in employment has been concentrated on the unskilled, and there is a risk of marginalization in the labor market. The design of the unemployment

insurance scheme has been reformed, but the tightening of support periods remains politically controversial.

In an attempt to strengthen the incentive structure and boost labor supply and employment over time, the past and present governments have had strong reform agendas. The agendas have aimed to overhaul the structure and design of all elements of the social safety net (i.e., pensions, early retirement, social assistance and disability pensions) as well as the tax system. Higher labor supply and employment improves public finances via both lower social expenditures and higher tax revenue. Accordingly, this reform strategy obtained support rather than the alternatives involving tax increases or expenditures cuts. These reforms ensure the fiscal sustainability of current welfare arrangements, although public finances remain strained. Denmark is thus among the front-runners in terms of instituting reforms to address various challenges. Even so, the reform of the unemployment insurance scheme has been controversial and remains contested in political debates.

All of the previously mentioned reforms have been based on work by commissions, an important policy instrument in a country with a strong consensus tradition and which has mostly been governed by minority governments. Several issues are high on the political agenda. First, Denmark ranks among the top OECD countries with regard to educational expenditures, but it scores lower on various indicators for educational performance.

Education, therefore, has been an issue, which recently led to educational reforms that increased curricular demands and improved teacher training. Second, the public sector (mainly municipalities) has experienced increased strain in relation to service provision. Many find standards lagging behind expectations, but tight finances make it difficult to expand provisions. Third, the issue of immigration and integration of immigrants remains controversial. Immigration policy was tightened during the previous liberal-conservative government but has been slightly relaxed under the new government. While immigrants from poorer countries have improved their labor market position in recent years, there are still problems. Finally, Denmark's position in international politics is a controversial issue. The debate applies to foreign policy in general and military operations in Afghanistan and Iraq in particular. As these military operations were being phased out, Denmark again became involved in Iraq and Syria because of the advance of the so-called Islamic State (IS). The country's position vis-à-vis the European Union also remains a contested issue. Currently, there does not appear to be a move to change the four Danish opt-outs, though the Justice and Home Affairs opt-out may be up for a vote after the next election. A vote on European Monetary Union membership lies further into the future.

Key Challenges

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, despite some delays and deferrals of such reforms. A tradition of open dialogue, cooperation and broad-based reform goals may contribute to the country's adaptability. Trust between different actors and societal groups, often referred to as "social capital," has also been an important factor. However, to remain among the leading industrialized 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 challenge in the short term is to cope with the effects of the global financial crisis and, in particular, to ensure that the decrease in employment does not translate into an increase in long-term unemployment. A pickup in economic growth is necessary for employment to increase.

Second, the economy's growth potential is an issue due to a declining trend in productivity growth in the private sector. Given the relative size of the public sector, improving government efficiency and productivity is also an important issue. Significant challenges remain within the educational sector, which uses significant public resources but produces unsatisfactory outcomes, both quantitatively and qualitatively.

Third, although, comparatively, inequality is low and social cohesion is high, Danish society is trending toward more disparity and inequality. This applies to immigrants as well as groups who are marginalized in the labor market, often due to insufficient job qualifications.

Fourth, while the long-term financial viability of the welfare state in relation to aging is ensured via a series of reforms, the underlying profile of public finances is problematic, with increasing demands on welfare services in general and health care in particular. At the same time, in the design of welfare policies, it is important to balance concerns for equality and social security

with incentives for education and work. The hallmark of Danish society – and other Nordic countries – has been to balance low inequality and an extensive public sector with a well-functioning economy and high income level. It remains an ongoing challenge to reconcile these objectives.

Fifth, Denmark, with its small yet open society, has a long tradition of being an active participant and partner in international political cooperation. At the same time, there is a strong desire within society to establish some space, a principle of “arm’s length distance” over certain issues, to underline Denmark’s independence and prevent the country’s marginalization in international forums. The Danish-EU debate has thus always been somewhat fragmented and not always comprehensible to foreign observers. A case in point are the four Danish opt-outs included in the Maastricht Treaty. The one opt-out concerning citizenship is of no practical importance. Denmark does not subscribe to EU defense policy and does not fully participate in the Justice and Home Affairs (JHA) cooperation. The Lisbon Treaty has made all JHA cooperation supranational. Denmark can use the new opt-in mechanism, which is allowed by a protocol to the treaty. European Monetary Union membership remains a very delicate subject after the referendum in 2000. Denmark is not a member, but pursues a tight, fixed exchange rate policy to the euro. This peg has been very credible, as reflected in a very small (and in some periods negative) interest rate spread. Denmark is, in this sense, a shadow member of the euro zone, although it is not directly represented in the supranational executive bodies. In parliament there is a majority that supports EMU membership, but given the tensions of earlier votes on this issue, it is considered a high-risk endeavor to call a new referendum without a clear majority mandate from the Danish population for such a move.

Both the former and the current government have set high strategic targets. Various plans signal a political awareness of the country’s structural problems. Dealing with the issues is a work in progress.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 9

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 driven by booming domestic demand. The housing market experienced very strong price increases, in part driven by financial liberalizations and the so-called tax freeze, which put a limit on property taxation (ejendomsværdiskatten). The high employment rate resulted in wage increases and, since productivity growth fell below competitors' levels, wage competitiveness deteriorated significantly over the period up to the financial crisis. Structural problems were growing, but the country's favorable account balance and the surpluses on public budgets concealed the problems.

The global financial crisis significantly affected the Danish economy. GDP decreased by about 1% in 2008 and by 5.7% in 2009. Although average growth has been positive since 2009, the growth rate has been modest and thus insufficient to produce a major employment increase; growth in 2013 was -0.5%. The government and the Economic Council predict a growth rate close to 0.5% in 2014. In October 2014, the Economic Council predicted 1.5% growth for 2015 and 2.5% for 2016. Hence, the recovery has been delayed and is expected to come only slowly. Registered unemployment more than doubled during the crisis (gross unemployment increased from 2% to about 6%), but this concealed a much larger drop in employment. Roughly, the decrease in employment was twice the increase in unemployment. The difference is explained by a significant drop in the labor force, which is due to large inflows into education, increase in activation, as well as to the number of recipients of social assistance not ready for work. Moreover, there may be some hidden unemployment since the registered unemployment rate only includes the

unemployed entitled to benefits or social assistance. Unemployment insurance is voluntary, implying that some unemployed are not eligible for unemployment benefits, and at the same time a shortening of the benefit period (from four to two years) has been a major issue. Since social assistance is being means tested on a family basis, expiring unemployment benefits may imply a loss of income support. Various ad-hoc measures have been taken to minimize the consequences of this “drop out problem.” According to the latest economic reports, employment is now increasing (almost 20,000 persons over the previous year). The Economic Council does not expect the unemployment rate to decline significantly in 2015.

Public finances changed from large surpluses to deficits as a consequence of the crisis. The large change was a consequence of the sharp decline in GDP and the rather strong automatic budget response (automatic stabilizers). As a consequence, Denmark was violating the 3% budget norm outlined in the Stability and Growth Pact, and it accordingly entered the excessive deficit procedure. The EU recommended that, over the period 2010 to 2013, Denmark bring the deficit below the 3% norm and improve the structural budget by 1.5 percentage points relative to GDP. Denmark succeeded in lowering the deficit substantially in 2013 to -1.1% of GDP and for 2014 a surplus of 1.8% of GDP is expected. This is primarily due to a forward shifting of tax revenue from pensions (so-called capital pensions), deficits are expected for 2015 and 2016. In addition, there is now a criterion (i.e. a fiscal compact) that does not allow the structural budget balance to display a deficit in excess of 0.5% of GDP. According to Economic Council forecasts, the structural balance would be close to but not violate this target. Fiscal policy plans aim for structural balance in 2020 with a small budget surplus.

The policy agenda (regeringsgrundlag) of the Social Democratic led government that came to power in October 2011 put high priority on kick-starting the economy by strengthening competitiveness and reforming the tax code to reduce tax on earned income. Economic parameters have also affected other reforms adopted under the new government, including reforms of social assistance and study grants. These reforms aim at getting unemployed to look for jobs and students to get through their studies faster. In April 2013, a growth pact was adopted with broad support in parliament.

Citation:

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Labor Markets

Labor Market
Policy
Score: 8

The Danish model has become known as a “flexicurity” model, meaning that it is not costly to fire employees and that the social welfare state will step in with income support and, when necessary, motivation and training to help workers find jobs. On the positive side, there is a fair amount of job mobility in Denmark, and youth employment and the employment of women are comparatively high. The main challenge Denmark faces is getting more immigrants, and to some extent older people, into the job market.

In terms of unemployment, the Danish labor market performed very well prior to the global economic crisis. The unemployment level was close to 2%, and the Danish case attracted substantial international attention, with its “flexicurity” focus. The debate has highlighted the country’s flexible hiring and firing rules as well as the country’s generous social safety net provided income support in case of job loss. However, these elements were also in place during the 1970s and 1980s when unemployment was persistently high and when international bodies – like the OECD – singled out Denmark as a model 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 policy focus shifted from income maintenance to job creation, as well as requiring claimants to search for jobs. 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 made one qualified for a period of extended benefits. The government also shortened benefit duration.

With the current economic crisis, the model faces challenges. A major challenge is to ensure that an increase in unemployment does not translate into an increase in structural unemployment. It is still too early to judge whether this will be the case, but several indicators suggest that the labor market has

displayed substantial flexibility in coping with the crisis. First, wages have adapted to the new situation, and the deterioration in wage competition in the boom period prior to the crisis has to a large extent been eliminated. Second, although there has been some increase in long-term unemployment, the increase has not been as large as in previous crises, and there does not seem to be a trend increase in long-term unemployment. Finally, the high level of job turnover remains in place, implying that most unemployment spells are short, and that entry into the labor market is reasonably easy for the young. Youth unemployment has increased but it is still among the lowest in the OECD area.

The current government has continued the active labor market policy of previous governments, with emphasis on improving competitiveness. In 2012, the budgeted amount for labor market policy was approximately DKK 16 billion, almost 0.9% of GDP, much higher than most OECD countries. However, there is an ongoing discussion on the level and design of active labor market policies, and a government appointed expert group (the Kock-group) has made a number of recommendations for improving the efficiency of labor market policies.

It is somewhat difficult to assess the labor market situation since more jobless are self-supporting due to reforms of unemployment insurance and the social assistance scheme. A decline in overall unemployment is generally expected.

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Taxes

Tax Policy
Score: 8

The extensive welfare state is funded through a tax burden equal to nearly 50% of GDP, which is among the highest within the OECD. The tax structure differs from most countries in that direct income and indirect (VAT) taxation serve as the predominant taxes, while social security contributions play a modest role.

Large and small tax reforms (1987, 1994, 1998, 2004, 2009 and 2012) 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 taxes have 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 a planned 22% in 2016 (a recent reform reduced it from 25%), although the tax base has been broadened.

The 2009 tax reform included a 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 reduced. This resulted in 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.

Under the new government a tax reform followed in the fall of 2012. It included an increase in the top tax bracket and a higher earned income tax credit. Some excise taxes were also increased.

A recurrent issue in tax debates has been the role of the so-called tax freeze introduced by the previous government and, which, among other things, has implied a freeze of property taxes (the taxation of the user value of owner-occupied housing based on the current value of the house). This tax freeze was a contributing factor to the house price boom prior to the financial crisis. There is at present no political support to change this, although the Economic Council has argued for a “normalization” of this tax. The valuation principle underlying this tax has been criticized and a new system is being planned.

The Growth Package 2014 included some cuts in corporate energy taxes and dividend taxes for unlisted companies, the purpose being to increase investments by small- and medium-sized enterprises (SMEs).

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Budgets

Budgetary Policy
Score: 9

The global economic crisis resulted in a dramatic shift in public finance from surplus to deficit. The economic crisis' depth and the strong automatic budget reaction account for the shift. (Denmark has the strongest automatic stabilizers within the OECD.) On top of this, Denmark has also pursued an expansionary discretionary policy to mitigate some of the consequences of the crisis.

One consequence of the crisis has been that Denmark's public finances have violated the norms of the Stability and Growth Pact, and it has been an overriding policy concern to bring public finance in accordance with EU recommendations. This includes bringing the budget deficit below 3% of GDP and improving the structural balance by 1.5 percentage points of GDP over the period 2010 to 2013. The deficit for 2012 was 3.9% of GDP and was thus in violation of the 3% budget norm, but it is explained by the repayment of individual contributions to the early retirement program as a consequence of a structural reform of this scheme. The deficit for 2013 was -1.1% and 2014 is expected to have a surplus of 1.8%. According to the government's Budget Outlook from December 2014, a deficit of about 2.5% is predicted for 2015 and 2016. The lower deficits in 2013 and 2014 are due to the reallocation of capital pension schemes. There is now an additional target on the structural budget balance (deficit not to exceed 0.5% of GDP) and planned policies are close to this limit. Since June 2014, Denmark is no longer under the EU's excessive deficit procedure. This reflects the European Commission's assessment that Denmark's budget policy is now sustainable.

Denmark had already taken initiative to introduce a budget law with expenditure targets, which is now an element in the fiscal compact in the European Union.

The overall status of Denmark's public finances is rather strong. Gross debt by the end of 2013 was 45.1% of GDP. It is expected to be 43% in 2016. These figures are well below the 60% limit set by the EU's Growth and Stability Pact. Recent assessments show that current policies satisfy the conditions for fiscal sustainability. This is mainly the result of reform undertaken over recent years to increase the retirement age (both early retirement and public pensions), to reduce the early retirement period (from 5 to 3 years) and various other reforms of disability pensions, social assistance, and study grants. The overall strategy is to meet the financial challenges created by demographic shifts by increasing labor supply and employment. If successful, this strategy will improve public finances both via lower expenses on income transfers and higher tax payments.

This strategy has broad political support since it has been more attractive than either tax increases or cutting-back on central welfare arrangements.

In short, when compared to other OECD countries, public finances in Denmark are in relatively good shape. Still, 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. There is thus an issue with the profile of public finances that needs to be addressed. Moreover it should be noted that an assessment of fiscal sustainability considers whether it is possible to maintain current welfare arrangements, but does not include room for improvements in, for example, the standards and qualities of welfare services (e.g., health). Hence, some pressure on public finances can be expected.

Citation:

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Research and Innovation

R&I Policy
Score: 8

Denmark used to score quite well in international comparisons on competitiveness. Denmark ranked third in the World Economic Forum's Competitiveness Index in 2008 but fell several places in subsequent reports. In the latest 2014-2015 report Denmark is ranked 13th, which is an improvement of two places compared with 2013-2014. The main factor behind the falling competitiveness was the serious deterioration of wage competitiveness and falling productivity. At the moment, however, wage competitiveness is improving in comparison with neighboring countries due to moderate growth in unit labor costs.

The 2014-2015 report mentions the following factors as explanations of recent improvements: institutions and financial markets as well as macroeconomic conditions. Denmark continues to score reasonably well on its higher education and training system (10th) and labor market flexibility (12th).

Despite this progress, Denmark has experienced a progressive decline in productivity growth, the causes of which are under debate. The government has appointed a “productivity commission” to analyze the issue and to provide specific policy proposals on how to strengthen productivity growth.

Public R&D spending relative to GDP puts Denmark in seventh position among OECD countries. If we look at the total number of researchers in relation to population Denmark is number three among the OECD countries (after Israel and Finland). Finally, if we look at patent applications Denmark comes in at a seventh place (after Sweden, Switzerland, Finland, Japan, Israel and Germany). These factors suggest that Denmark may improve its competitiveness in the future if it can deal with the current problems, including relatively high labor unit costs.

The target for R&D investments is 3% of GDP. This figure was actually reached in 2009, with 1.02% public and 2.1% private research investments. Since Danish businesses are less innovative than foreign competitors, the government has taken various initiatives, including the creation of a Business Innovation Fund, as well as a Globalization Fund.

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Produktivitetskommissionen: www.produktivitetskommissionen.dk

Global Financial System

Stabilizing
Global Financial
Markets
Score: 8

While not in the euro zone, the Danish krone is pegged to the euro through the exchange rate mechanism (ERM II) and Denmark is expected to meet the requirements of the Growth and Stability Pact. Denmark’s central bank (Nationalbanken) takes part in the European System of Central Banks (ESCB), but not the more central decision-making bodies of the ECB. Denmark’s involvement at the European level is mostly through meetings of Economics

and Finance Ministers (Ecofin), but Denmark does not take part in the separate meetings of the euro zone finance ministers. Thus Denmark's non-participation in the euro zone does limit the country's possibilities of influence.

Denmark takes part in the Euro+ Pact among 23 member states, which include all euro zone countries. The pact is based on the Europe 2020 Strategy and commits participants to close coordination of the economic policy regarding competitiveness and economic convergence.

Denmark has also signed the so-called Fiscal Compact, a treaty on strengthened fiscal cooperation, adopted by all EU countries except the United Kingdom and the Czech Republic. The Fiscal Compact contains the same fiscal rule regarding structural budget balance as the Stability and Growth Pact plus an automatic correction mechanism that enters into force in case of deviation from the rule.

The Danish government is committed to eventually having a new referendum about joining the euro zone (after the negative one in 2000), but the financial crisis in the euro zone has reduced popular support for euro participation.

Denmark has implemented a number of new measures to regulate the financial sector, both EU-initiatives and additional measures. Danish banks are relatively large in proportion to GDP and closely integrated with the rest of Europe, thus the issue of financial regulation is important. The financial crisis revealed a number of problems which have since been intensively debated. It is unclear whether Danish financial institutions are currently significantly more robust than before the financial crisis. An open question is whether Denmark should participate in the Banking Union. The governor of the Danish Central Bank, Lars Rohde, has on various occasions spoken out in favor of Danish participation in the banking union. Member of the Executive Board of the ECB, Jörg Asmussen, has advised Denmark to join.

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II. Social Policies

Education

Education Policy
Score: 6

Denmark claims top levels in education spending, but not in achievement. Danish pupils have not scored well on the Program for International Student Assessment (PISA) problem-solving tests. In the PISA findings from 2009, Denmark was number 16 overall, 13 in mathematics, 19 in reading and 20 in science, results many Danes viewed as not good enough. To address this situation a number of initiatives have recently been taken and there is an ongoing discussion on the need for additional measures.

In the PISA results from 2012 Denmark scored 500 in mathematics (OECD average 494), 496 in reading (the OECD average) and 498 in science (OECD average 501), yielding an overall score just around the OECD average.

The PISA results led to various efforts to improve Danish schools. As part of the government's 2006 globalization strategy, reforms of the primary and lower secondary school system were announced. According to the 2009 PISA results, "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."

Further reforms were approved in 2013 granting more discretionary power to the school principal to allocate teacher resources and putting pupils in school for more hours. As a consequence, Danish schools went through a month-long strike/lockout conflict in the spring of 2013. Eventually the government intervened and Parliament passed a law that ended the conflict. It strengthened the powers of school principals. Since 2014, school days have become longer, there is more assisted learning, there are more lessons in Danish and math, and the teaching of foreign languages has been strengthened (English made compulsory from level 1, German and French from level 5). To strengthen the continued development of teachers' competencies the government has allocated one billion DKK from 2014 to 2020.

The government set the 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. The respective achievement figures in 2011 were 76.9% and 33.3%, implying there is still some way to go. However, it should be noted that the goal is formulated in terms of education level achieved 25 years after having left primary school.

One problem is the fact that immigrant students score markedly lower than Danish students, a problem particularly pronounced among boys. However, second-generation students do relatively better than first-generation students.

Vocational and university educations are currently being discussed and reform initiatives are being planned.

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Social Inclusion

Social Inclusion
Policy
Score: 8

Denmark has traditionally been known for having a high degree of social cohesion and the country is fairly egalitarian. High taxes allow for generous transfers to less well-off citizens translating into 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.

A government appointed expert group has recently proposed a new poverty line based on a relative poverty definition and operationalized by the median-income method. A person/family is in economic poverty if the equivalized income in three consecutive years is below 50% of the median-income, and there is no significant wealth. This measure is to be supplemented by analyses of material and social living conditions for a person/family and indicators for risk of poverty. Moreover, an annual report on developments and policies in

the area is to be prepared. The government has approved the recommendations of the expert group. Using the abovementioned poverty line, about 42,000 persons were living in poverty in 2010 (of which about a quarter were below the age of 18), which is almost a quadrupling since 1999. Since then, there has been a slight improvement, among others due to the abolition of special schemes offering lower social assistance to immigrants.

Various statistics, however, suggest that inequality is increasing. Denmark used to have the highest Gini coefficient score (least inequality) among OECD countries. By 2011, however, Denmark had fallen to 14th place, pulling up to 13th place in the most recent data. Denmark also used to have the highest score on life satisfaction. In 2012, Denmark came in 5th place. In respect to gender equality, Denmark used to be among the top five. In 2012, Denmark had moved all the way down to 22nd place. In addition, the poverty gap has increased.

A reform of the rules for social assistance (kontanthjælp) was adopted in spring 2013. The new rules will reduce the amount of aid available for recipients under 30 years of age. The aid will be reduced to the level of study support (SU). It will thus no longer be financially advantageous not to be in education. In 2012, 12% of Denmark's youth were neither employed nor attending university, putting Denmark in 12th place among OECD countries. The new reform also affects non-married couples living together. They will be considered married, which will reduce the support they can get. The savings will be used to increase the support for the weakest recipients, including creation of jobs and study opportunities. Some money will also be earmarked for a future competitiveness package.

Citation:

John Campbell, "Note to Denmark: Don't Change a Thing," <http://www.dartmouth.edu/~vox/0506/0417/denmark.html> (accessed 19 April 2013).

"Det betyder kontanthjælpsreformen," <http://www.stakato.dk/det-betyder-kontanthjælpsreformen/> (accessed 19 April 2013).

Torben K. Andersen, "Kontanthjælpsreformen giver mere til de udsatte," <https://www.mm.dk/kontanthj%C3%A6lpsreform-giver-mere-til-de-udsatte> (accessed 19 April 2013).

Ekspertudvalg om fattigdom, 2013, En dansk fattigdomsgrænse - analyser og forslag til opgørelsesmetoder, København.

Health

Health Policy
Score: 8

The main principles of health care in Denmark are as follows: universal health care for all citizens, regardless of economic circumstances; services are offered "free of charge"; and elected regional councils govern the sector. Because

financing through taxes depends on the state budget, regional authorities depend on annual budget negotiations with the Ministry of Finance.

Although Denmark spends a lot on health care, the OECD considers its performance to be “sub-par.”

While for a number of years health expenditures did not grow more than GDP, there was an upward trend during the period between 2000 and 2007, but health spending fell between 2008 and 2010. Since 2010 health spending has increased again. In 2012, health spending in Denmark was 11% of GDP, well above the OECD average of 9.3%. That puts Denmark in 7th place among OECD countries when it comes to spending. 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 previous liberal-conservative government took steps to bring more private providers into the sector. This is also reflected in the tax deductibility of employer-provided, private health insurance (abolished by the new government as of 2012).

The 2007 structural reform 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. In the OECD Economic Survey in 2012, it was pointed out that there is “a lack of consistency in assignment of responsibilities across levels of governments, which generates waste through duplication, weak control over spending and lack of incentives to provide cost-effective services.”

Basic principles underlying the health care sector have thus changed in recent years. The changes reflect 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 for health care.

Life expectancy in Denmark in 2014 is 80.1 years, close to the OECD average of 80.2 years, but on a clear upward trend. There has been a marked decline in smoking in Denmark in recent years, but obesity rates have increased. The social gradient in health remains strong.

Citation:

OECD, “OECD Health Data 2012: How Does Denmark Compare,” (accessed 19 April 2013).

OECD, “OECD Health Statistics 2014: How does Denmark compare?” <http://www.oecd.org/els/health-systems/Briefing-Note-DENMARK-2014.pdf> (accessed 17 October 2014).

OECD Economic Surveys - Denmark, Overview, January 2012. <http://www.oecd.org/eco/49447668.pdf> (accessed 19 April 2013)

Families

Family Policy
Score: 9

Denmark scores well on family policy in international comparisons. The country's system of day care centers, preschools 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 do more household work than men in many other countries. The system of parental leave, in connection with childbirth, is relatively generous and men also have parental leave rights.

Municipalities are in charge of day care facilities which may be either public institutions or private. These facilities contribute to better family policy. Social parties and business play a role too.

The great majority of children attend day care facilities in Denmark. In 2010, 78% of 0-2 year old children were in day care, putting Denmark on a clear first place among OECD countries, well ahead of Sweden with 51%. Ninety percent of children aged 3-5 attended some kind of preschool institution, which put Denmark in 11th place among OECD countries in this category. There is a user payment (means tested) for day care, but it does not cover the full cost, and the system is thus tax subsidized. Danes regard day care and preschool facilities as an indispensable public service. There has been a large increase in the number of preschools in recent years.

In 2012 spending on social benefits for children and families in Denmark was 4.2% of GDP, more than in any other EU member state.

Discussions about Danish family policy do take place. The aim of Denmark's policy is obviously to allow women to work. For many women, returning to work is a financial necessity, and many women want to have a career. Others would rather take care of their small children for years, which might actually not be bad for the children, but few actually do so. Recently, concerns have been raised on the quality and flexibility of day care due to strained finances in the municipalities.

Citation:

"Vi må have en ny familierpolitik," <http://politiken.dk/debat/debatindlaeg/ECE1835524/vi-maa-have-en-ny-familierpolitik/> (accessed 19 April 2013)

"Denmark: Combining work and family successfully," http://europa.eu/epic/countries/denmark/index_en.htm (accessed 17 October 2014).

Pensions

Pension Policy
Score: 9

The pension policy in Denmark is well-diversified in accordance with the World Bank's three-pillar conceptual framework. Concerning the first pillar, Denmark has public pensions in the form of a universal base pension with a means tested supplement. For the second pillar, labor market pensions are negotiated in the labor market but mandatory for the individual. With these pensions, the contribution is split between employers (2/3) and employees (1/3). Moreover, the contribution rate has been increased over the years and is now 12% or more for most employees. As for the third pillar, it is comprised of both tax-subsidized pension arrangements (tied until retirement) offered by insurance companies, pension funds and banks as well as other forms of savings (for most households in the form of housing wealth).

In Denmark, pension savings are tax subsidized. The return is taxed at 15.3%, which is below the normal capital income tax rate (33%). Moreover, contributions are deductible in taxable income, while pensions are taxable income. For some high income groups this adds an additional subsidy since deductions on contributions are higher than on the outpayment due to progressive elements in taxation. The tax principle causes problems in relation to portability when, for example, Danish pensioners decide to move to another country. This principle was changed for so-called capital pensions (a payment released as a lump sum) starting in 2013, motivated by the implied forward shifting of tax revenue contributing toward meeting budget targets.

The combination of the different pillars of the pension scheme creates a pension scheme that both protects against low income for the elderly (distributional objective) and ensures that most have a pension, which is reasonable in relation to the income earned when the pensioner was active in the labor market (consumption smoothing). The Danish pension scheme ranks first in the Melbourne Mercer Global Pension Index. The division of work between the public and private pensions systems, however, has its problems. The means testing of public pension supplements has the effect that the net gain from additional pension savings or later retirements can be rather low for a broad segment of income earners. Moreover, the system is very complicated. The system is still maturing since contribution rates to the labor market pensions have been raised since the late 1980s. This implies a substantial lag before workers can retire with a pension based on current contribution rates. It has also been debated whether the high level of forced pension savings contributes to high debt levels and thus accounts for the fact that Danish households have very high debt levels, although they have positive net-wealth.

Due to the different exposure and liquidity of assets and debt this may constitute a systemic risk factor. As the system matures some of the abovementioned problems may be more important. A Pension Commission was appointed in 2014 to overhaul the pension system.

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 become an integral part of the welfare package. The scheme has been much debated since its introduction and reformed a number of times. Among others, incentives have been introduced to delay retirement until age 62. The most recent reform will result in an increase in the earliest retirement age (and eventually tie it to life-expectancy) and a reduction in the early retirement period from five to three years.

While labor force participation is generally high in Denmark, even for citizens aged 50 to 55, it is low for those aged 60 to 65, which in part can be explained by the early-retirement scheme. 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 from 2019 to 2023, and the statutory pension age by two years over the period from 2024 to 2027. After these transitions periods, the statutory ages are linked to longevity via an indexation mechanism targeting an average retirement period of 14.5 years plus a possible three years on early retirement. This reform is a significant response to the challenge of Denmark's aging population, and in combination with other recent reforms, will ensure the sustainability of its public finances.

Citation:

Basispensioner, rapport udgivet af udvalg nedsat af Penge- og Pensionsudvalget, København 2012.

Integration

Integration Policy
Score: 7

On 1 January 2014 there were about 626,000 immigrants and descendants of immigrants living in Denmark, or 11.1% of the population, of which the 8.5% are immigrants (58% of this group are from non-western countries). After the tightening of immigration policies introduced by the liberal-conservative

government in 2002, immigration from non-Western countries fell, but net immigration from Western countries rose. More recently there have been increases from both groups.

The employment rate of immigrants and their descendants (ages 16 to 64) is low, though it had been increasing from the mid-1980s until the onset of the financial crises. There is a substantial employment gap, taking into account the age distribution, immigrants from non-western countries have an employment rate which is 38% lower than that of ethnic Danes (for descendants the gap is 18%). The gap is particularly higher for women (43%) than for men (33%). For immigrants from western countries the gap is about 20% (for descendants about 11%). The gaps in employment rates should also be seen in light of the fact that employment rates in Denmark are high for both men and women, and there are high qualification requirements to find a job and high minimum wages.

Concerning educational achievements, immigrants and their descendants – especially girls – are making progress. In 2013, for the age group 30 to 39 about 47% of men and 64% of women had completed a labor market qualifying education. The corresponding numbers for ethnic Danes are 72% and 80%. For those 22 years old 49% of male and 61% of female non-western descendants are in education, which is only two and three percentage points below the corresponding rates for ethnic Danes.

The 24-year-old rule for family reunification introduced in 2004 has allowed fewer immigrants and their descendants to bring spouses to Denmark from abroad. 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, in cooperation with municipalities, has therefore introduced a number of policies and measures designed to further the integration of immigrants. These instruments, apart from language courses at all levels, include financial incentives to municipalities, businesses, NGOs and so on that assist with the integration of immigrants.

Since these reforms have gone into effect there have been improvements. Indeed, an increasing number of immigrants say they feel more integrated and have more Danish friends, and fewer say they experience discrimination. In addition, many more immigrants speak Danish than ever before. The political rhetoric has also changed somewhat after the Social Democratic-led

government came to power in October 2011. The so-called start-aid offering lower social assistance to individuals who had not lived in Denmark in 7 out of the last 8 years was abolished in 2012.

Currently (2014) Denmark is receiving many asylum seekers from Syria and Iraq, which is again affecting the political debate about immigrants and asylum seekers.

Citation:

Social- og integrationsministeriet, Fakta om integration. Status og udvikling. November 2011. http://www.sm.dk/data/Lists/Publikationer/Attachments/532/Tal_og_fakta_web.pdf (accessed 19 April 2013).

Ministry of Children, Gender Equality, Integration and Social Affairs, "Fact Sheet: Immigrants and Descendants," <http://sm.dk/publikationer/fact-sheet-immigrants-and-descendants> (Accessed 17 October 2014).

Danmarks Statistik, Indvandrere i Danmark 2014, København.

Safe Living

Safe Living
Conditions
Score: 8

The security forces and police are responsible for internal security (falling under the Ministry of Justice). Cooperation between the police and defense intelligence services was increased after 9/11. International cooperation has also increased among Western allies.

Denmark is not a violent society. The homicide rate is low and Danes normally trust the police. However, burglaries are not uncommon and crimes related to drug use do occur.

The European Union is also trying to improve all aspects of Justice and Home Affairs (JHA) cooperation. Here, too, there is a problem with regard to Denmark's cooperation that is rooted in its opt-outs dating back to 1993. Despite holding an opt-out with regard to the EU's JHA, Denmark participated in JHA cooperation so long as this was subject to intergovernmental cooperation (the third pillar of the EU's legal framework). However, since 2009, when the Treaty of Lisbon came into force, all JHA actions have become subject to supranational principles, which means that Denmark no longer takes part in JHA activity. This could, however, change should Denmark decide to opt-in.

In recent years, a majority of Danes have been favoring participation in JHA, but the chance Denmark will opt-in has decreased since 2009. The current government, though it favors abolishing the Danish opt-out, has postponed holding a referendum. In her opening speech to the Danish parliament at the

beginning of October 2014 the Prime Minister Helle Thorning-Schmidt said that the government is in favor of a referendum about the Danish opt-out from JHA. The Liberal Party supports this. The vote on an opt-in solution will only take place after the next election (which must take place by September 2015, at the latest). A central issue is continued participation in Europol.

Because of the Muhammad cartoon controversy in 2005, it is reasonable to expect that there are both foreign and domestic threats against Denmark. 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. The Danish engagement in Afghanistan, Iraq and now against ISIS may also increase these risks. So far the Danish police have successfully dealt with the threat.

In the June 2011 Eurobarometer, 56% of Danes said terrorism was the most important challenge to the security of Danish citizens at the moment (the EU average was 25%). Thirty percent of Danes said the biggest challenge was the financial crisis (the EU average was 33%). Recent opinion polls suggest that there is a majority in favor of abolishing the JHA opt-out. There is also a majority in favor of joining the EU defense policy, but a majority against joining the euro. A referendum on all of Denmark's opt-outs at one time would probably be lost.

Citation:

Murder plot against Danish cartoonist, http://jyllands-posten.dk/uknews/EC_E3923645/murder-plot-against-danish-cartoonist/ (accessed 18 April 2013)

DIIS, "Opinion Polls," <http://www.diis.dk/graphics/Publications/Books2012/YB2012/040.Chapter%204%20opinion%20polls.pdf> (accessed 18 April 2013).

DIIS, "Opinion Polls," http://en.diis.dk/files/publications/Books2014/DIIS2014_yearbook_forweb.pdf (accessed 18 October 2014).

Statsminister Helle Thorning-Schmidts tale ved Folketingets åbning den 7. oktober 2014, http://www.statsministeriet.dk/_p_14086.html (accessed 18 October 2014).

"Klart flertal for at afskaffe retsforbeholdet," <http://www.altinget.dk/artikel/klart-flertal-for-at-afskaffe-retsforbeholdet> (accessed 3 November 2014).

Global Inequalities

Global Social
Policy
Score: 9

Assisting developing countries has broad support in Denmark. Indeed, according to the Center for Global Development's Commitment to Development index, Denmark is ranked first in respect to overall commitment to development, first in respect to fostering institutions and third when it comes to reducing the burden of poverty. When it comes to efficiency, Denmark sits

in the middle among OECD countries. Nearly all political parties support Denmark's development efforts and want the country to remain highly ranked in comparison with other countries.

Denmark is one of only five countries in the world to contribute more than the U.N. target of 0.7% of Gross National Income (GNI) to development assistance and it has done so since 1978. In 2011, Denmark contributed 0.85% of GNI to development aid. However, proposals to reduce aid are being discussed.

The priority areas of Denmark's development strategy are human rights and democracy, green growth, social progress, stability and protection. About 30% of Danish aid is provided through multilateral channels.

The OECD's Development Assistance Committee (DAC) regularly assesses Denmark's development policy. The latest DAC peer review of 2011 confirmed the high quality of Denmark's development cooperation.

Citation:

DANIDA, Activities, <http://um.dk/en/danida-en/activities/> (accessed 27 April 2013).

OECD, Development Assistance Committee (DAC), Peer Review Denmark 2011. http://www.keepeek.com/Digital-Asset-Management/oecd/development/oecd-development-assistance-peer-reviews-denmark-2011_9789264117082-en#page1 (Accessed 18 October 2014).

III. Environmental Policies

Environment

Environmental
Policy
Score: 9

Denmark is considered a front-runner in environmental policies and is pressing for high environmental standards within the European Union. Much of Denmark's current policy is based on EU directives. Taking EU policy as standard – and it can of course be discussed whether EU standards are good enough – the data available on implementation suggest that Denmark is doing reasonably well. In 2013, there were 353 infringement cases in the European Union, eight involving Denmark. But there were no Article 260 court cases (failure to comply with an ECJ judgement) against Denmark.

The latest OECD Environmental Performance Review for Denmark was published back in 2008. It was somewhat mixed. On the one hand, it stated that “the well-balanced environmental policies of Denmark have led to significant environmental progress.” However, at the same time it 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.

The perception in Denmark is that the country is doing reasonably well. Asked whether they were satisfied or dissatisfied with efforts to preserve the environment, 70% of Danes answered that they were satisfied, putting Denmark in fourth place among OECD countries. Denmark is doing relatively well when it comes to renewable energy, as 23.40% of energy consumption is renewable, which puts Denmark in eighth place among OECD countries. Water usage is relatively low in Denmark compared to other OECD countries.

While CO₂ emissions measured on the basis of Danish production have been reduced by about 20% since the mid-1990s, the reduction is only about 5% when measured in terms of consumption. Hence, while Danish production has become more CO₂ friendly this is largely mitigated by imports from countries where production is less CO₂ friendly. Measured in terms of production Denmark has emissions per capita that rank it 8th highest in the OECD and measured in terms of consumption 7th highest.

The government has set rather ambitious goals including that Danish energy production should be fossil free by 2050. Several sub-targets have been set to reach this goal.

According to the 2013 Climate Change Performance Index of the Climate Action Network Europe, Denmark is the most climate-friendly country in the world. It is the current government’s aim that Denmark should be coal-free by 2030, but recently the Minister of the Environment has suggested moving the date forward to 2025.

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.

EU, Statistics on environmental infringements, 2013, <http://ec.europa.eu/environment/legal/law/statistics.htm> (accessed 19 October 2014).

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.

Regeringens energi- og klimapolitiske mål, 2013,

<http://www.kemin.dk/Documents/Presse/2012/Energiaftale/Faktaark%2020energi%20og%20klimapolitiske%20mal.pdf>

Climate Action Network Europe, “The Climate Change Performance Index. Results 2013,” <http://germanwatch.org/en/download/7158.pdf> (Accessed 19 October 2014).

“Denmark wants to be coal-free by 2015,” <http://www.euractiv.com/sections/energy/denmark-wants-be-coal-free-2025-309593> (accessed 3 November 2014).

Rockwool Fondensforskningsenhed, 2014, Measuring Denmark’s CO2 emissions. Copenhagen.

Global Environmental Protection

Global
Environmental
Policy
Score: 9

When it comes to international efforts, Denmark is actively promoting environmental protection through the European Union, relevant UN bodies and global conferences, including in particular the Conference of the Parties (COP) under the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC). The European Union has become an important international actor in this area. After focusing on air pollution, sewage, waste, nature conservation and threats to human health, the focus has shifted to global warming, including the reduction of CO2 emissions and achievement of a higher energy efficiency. The EU commissioner for climate action (2009 – 2014) was a Dane, who had previously been minister for climate and energy in Denmark. Her appointment as commissioner could be seen as a recognition of Denmark’s efforts in that area. The current government keeps working for an ambitious climate strategy within the EU.

Recently the Danish government has also been actively involved in international negotiations on biodiversity.

There is broad understanding in Denmark of global environment protection as an international issue and it is an area where civil society is very actively putting pressure on politicians.

Citation:

Danish Presidency of the Council of the European Union 2012, EU Environmental Policy, [http://eu2012.dk/en/EU-and-the-Presidency/About-EU/Politikomraader/ENV I/Miljoepolitik](http://eu2012.dk/en/EU-and-the-Presidency/About-EU/Politikomraader/ENV%20I/Miljoepolitik) (accessed 27 April 2013).

“Klimainsatsen i Danmark,” <http://www.kebmin.dk/klima-energi-bygningsspolitik/dansk-klima-energi-bygningsspolitik/klimaidsatsen-danmark> (accessed 19 October 2014).

Web site of Ministry of the Environment: <http://mim.dk/> (Accessed 19 October 2014).

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 10

The basic rule for candidacy procedures is laid out in section 30 of the Danish constitution: “Any person who is entitled to vote at Folketinget (parliamentary) elections shall be eligible for membership of the Folketinget, unless he has been convicted of an act which in the eyes of the public makes him unworthy to be a member of the Folketinget.” It is the unicameral parliament (Folketinget) 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,

<http://www.eu-oplysningen.dk/upload/application/pdf/0172b719/Constitution%20of%20Denmark.pdf>
(accessed 15 April 2013).

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

Media Access
Score: 9

Denmark is a liberal democracy. According to section 77 of the constitution, 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 2014 by Reporters without Borders, Denmark ranked seventh in the world in press freedom, after Finland, the Netherlands, Norway, Luxembourg, Andorra and Lichtenstein. The penal code sets three limits to freedom of speech: libel, blasphemy and racism. The independent courts interpret the limits of these exceptions.

The public media (Denmark’s Radio and TV2) have to fulfill programming 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. The trend decline in newspapers has implied a concentration of media attention on a few national newspapers, which has reduced media pluralism. However, all newspapers are, for instance, open to accepting and publishing letters to the editor. Likewise, 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],

http://www.themis.dk/synopsis/docs/Lovsamling/Straffeloven_indholdsfortegnelse.html (accessed 15 April 2013).

Reporters without Borders, "Press Freedom Index 2014," <http://rsf.org/index2014/en-index2014.php> (Accessed 20 October 2014).

Zahle Henrik, 2001, Dansk Forfatningsret 1.

Voting and
Registrations
Rights
Score: 9

According to section 31 of the Danish constitution, "The members of the Folketinget 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 Folketinget 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 ambiguity in the election act is related to the question of what it means to be "permanently resident in the realm." The interpretation was previously rather narrow but has been expanded over time. The basic principle is that Danes who move abroad permanently (official change of address) will not be able to vote. However, there are a number of important exceptions, including "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 persons who have taken up temporary residence in foreign countries (e.g., due to work for a public agency or for education) the right to vote. In its granting of temporary residency, Denmark remains more restrictive than many other OECD countries.

Citation:

Folketinget, Parliamentary Election Act of Denmark,

http://www.ft.dk/~media/Pdf_materiale/Pdf_publicationer/English/valgloven_eng_web_samlet%20pdf.ashx (accessed 16 April 2013).

Zahle, Dansk forfatningsret 1.

Party Financing
Score: 9

Members of political parties 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 and public support. Traditionally, the Social Democratic Party has received support from the labor movement, specifically 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 parliament (Folketinget) receive financial support for their legislative work, including staff. Further, the parties receive electoral support. Parties that participate in parliamentary elections and received at least 1,000 votes in the most recent election have a right to financial support. In 2014, this support was DKK 30.00 per year, per vote received in the last election. It will increase to DKK 30.50 in 2015. In 2013, a total of DKK 104.5 million were disbursed to Danish political parties. The biggest recipients were the Liberal Party receiving nearly DKK 28 million, followed by the Social Democratic party with nearly DKK 26 million.

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 confidential. Smaller amounts are allowed to remain anonymous. It is possible to circumvent publicity by donating below the limit to local branches of political parties and there are also examples of other indirect ways of supporting parties. The Danish branch of Transparency International has criticized these rules as insufficiently transparent. There is an ongoing discussion on the need for members of parliament to make all their economic interests public.

Citation:

Partistøtte på grundlag af deltagelse i seneste folketingsvalg,

<http://valg.oim.dk/valg/partistoette/folketingsvalg.aspx> (accessed 20 October 2014).

Oversigt over partistøtte for 2013 på grundlag af deltagelse i folketings-valget den 15. september 2011, <http://valg.oim.dk/media/592728/Oversigt-over-udbetaling-af-partistoette-2013.pdf> (accessed 20 October 2014).

Partistøtte [Party support], <https://www.borger.dk/Sider/Partistoette.aspx> (accessed 16 April 2013).

Transparency International Danmark, "Privat Partistøtte,"

http://transparency.dk/wp-content/uploads/2012/12/Policy-Paper_Privat-partist%C3%B8tte_elektronisk-

ersion.pdf (accessed 20 October 2014).

Zahle, Dansk forfatningsret 1, pp. 159-160.

Popular Decision-
Making
Score: 4

Section 42 of the Danish Constitutional Act deals with the use of referenda. It foresees the possibility of one-third of the members of the Folketing requesting that an adopted bill be sent to a referendum. A majority of those voting, representing not less than 30% of the electorate, can reject the bill. There are some bills that are exempt from referenda, including finance bills, appropriation bills, civil servants bills, salaries and pensions, naturalization, expropriation and taxation bills.

Section 20 of the constitution allows for the delegation of powers to international authorities. Such transfer can be based on a bill adopted by the parliament if there is a five-sixth majority in the Parliament. If there is an ordinary majority in the Parliament, but less than five-sixth, the bill has to be submitted to the electorate. For rejection there must then be a majority of those voting, representing at least 30% of the electorate, that is, the section 42 rule.

According to section 29 of the constitution, the change of the age qualification for suffrage also requires a referendum based on the section 42 rule. There have been five referenda about the voting age since the current constitution was adopted in 1953, the latest in 1978, when the current voting age of 18 was adopted.

Finally, according to section 88 of the constitution, a change in the constitution itself requires confirmation by a referendum. First, such an amendment must be passed by two parliaments with an election in between. Then it must be confirmed by a majority of the voters representing at least 40% of the electorate. This very stringent procedure makes it difficult to change the constitution.

The use of referenda in Denmark is mostly for EU-related decisions. Referenda were used for membership in the European Communities in 1972, and subsequently for many treaty reforms: the Single European Act, the Maastricht Treaty (which required two referenda to be adopted) and the Amsterdam Treaty. There was also a referendum in 2000 about Denmark joining the euro, but it did not get approval from voters. In the cases of the Treaty of Nice and the Lisbon Treaty, it was determined that there was no transfer of sovereignty, so those two treaties were ratified by a parliamentary vote only. There is an ongoing debate on the Danish EU-exemptions and whether they should be put to a referendum in the near future. A referendum on Justice and Home Affairs (JHA) cooperation has been announced to take place after the next parliamentary elections (which will take place no later than September 2015). The use of EU treaty referenda is controversial. Many ask if the voters really know what they vote for, or if it

becomes a vote for or against the government or the current state of the national economy.

There are no provisions in the Danish constitution for popular initiatives; Denmark is first a representative democracy. Neither are there are provisions in the constitution for regional or communal referenda. Such votes can only be consultative.

Greenland used a consultative referendum to achieve a “home rule” agreement (Hjemmestyre) in 1979, which implied the establishment of a parliament (Inatsisartut) and a clear division of policy areas for self-determination and common areas for Denmark to lead. Greenland obtained a “block grant” from Denmark as well as indirect subsidies via activities that are still the responsibility of Denmark. In a referendum Greenland decided to leave the European Communities in 1982. Following a referendum on the question on 25 November 2008, Greenland obtained independence in the form of so-called self-government (Selvstyre). Self-government was established on 21 June 2009, 30 years after the introduction of home rule. Greenland remains part of the Danish Kingdom (defense, foreign policy, monetary policy, etc. are common policy areas) but has sovereignty on domestic issues including rights over its natural resources.

Citation:

The Danish Constitutional Act of June 5, 1953,

<http://www.eu-oplysningen.dk/upload/application/pdf/0172b719/Constitution%20of%20Denmark.pdf> (accessed 26 April 2013).

Peter Germer, Statsforfatningsret. 5. udgave. Copenhagen: Jurist- og Økonomforbundets Forlag, 2012.

Palle Svensson, “Denmark: the Referendum as Minority Protection,”

<http://www.folkestyre.dk/english/White%20Papers/SVENSSON1.htm> (accessed 26 April 2013).

Finn Laursen, “Denmark and the Ratification of the Lisbon Treaty: How a Referendum was Avoided,” in Finn Laursen, ed., The Making of the Lisbon Treaty: The Role of Member States. Brussels: P.I.E. Peter Lang, 2012, pp. 237-258.

Access to Information

Media Freedom
Score: 9

Press freedom is protected by section 77 of the Danish constitution, with certain restrictions concerning libel, blasphemy and racism, as mentioned elsewhere. Denmark’s radio and privately run TV2 are governed by independent boards appointed by the minister of culture, the parliament (Folketinget) and employees. No MPs are allowed to be board members and legislation endeavors to assure that programs are impartial and diverse. There have been a few incidents in which board members have tried to influence specific programs or decisions taken by the management board of Denmark’s Radio. State-run media

are financed by an annual license fee, but the private TV3 uses commercials.

Private media, especially newspapers, used to have party affiliations, but such affiliations have lessened in recent years. The print media is VAT exempt and gets other forms of government support. Freedom House describes private media in Denmark as “vibrant.” In their Freedom of the Press 2014, Denmark was on 9th place, behind other Nordic countries. The report mentioned a couple of events that may have pulled Denmark’s score down. First, the court cases against the international satellite television station Roj TV (because of its connection with the Kurdistan Workers’ Party (PKK), regarded as a terrorist organization by the EU) and a new access to information act adopted by the parliament in June 2013 which prevents access to communications between ministers and their advisers.

Denmark previously 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 from the publication of the cartoon of Muhammad in a Danish newspaper, but Denmark’s position since improved to 6th place in 2013 and 7th place in 2014 (being overtaken by Lichtenstein), but ahead of both Iceland and Sweden.

Citation:

Reporters without Borders, “Press Freedom Index 2013,” <http://en.rsf.org/press-freedom-index-2013,1054.html> (accessed 16 April 2013).

Reporters without Borders, “Press Freedom Index 2014,” <http://rsf.org/index2014/en-index2014.php> (Accessed 19 October 2014).

Freedom House, “Freedom of the Press 2012 - Denmark,” <http://www.freedomhouse.org/report/freedom-press/2012/denmark> (accessed 16 April 2013).

Freedom House, Freedom of the Press 2014 - Denmark.” <http://freedomhouse.org/report/freedom-press/2014/denmark#.VEP9KuSEi70> (accessed 19 October 2014).

Zahle, Dansk forfatningsret 3: Menneskerettigheder. Copenhagen: Christian Ejlers’ Forlag, 2007.

Media Pluralism
Score: 9

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 be 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. Today Jyllands-Posten (right-wing liberal) and Politiken (social

democratic/liberal) are run by the same publisher. Only one local paper, Skive Folkeblad, is owned by a party, the Social Liberal Party.

The public media (mostly radio and TV) are independent and have editorial freedom. Satellite and cable TV are increasingly creating more competition for public media. In addition a number of local oriented radio channels exist. Internet access is widespread and not restricted. Denmark ranks among the top five countries in the world in respect to households having internet access.

All newspapers are active on the internet. Much of this information is freely available but access to archives must often be paid for.

Citation:

“Media Landscape - Denmark,” http://www.ejc.net/media_landscape/article/denmark/ (accessed 16 April 2013).

“The media landscape in Denmark,” <http://www.eurotopics.net/en/home/medienlandschaft/dkmdlschaft/> (accessed 20 October 2014).

“Denmark Newspapers,” <http://www.allnewsmedia.com/Europe/Denmark/newspapers.htm> (accessed 16 April 2013).

Access to
Government
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 the following: 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. The ombudsman cannot change decisions, but can make recommendations, which 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.

In 2012, amendments to the Danish Access to Public Administration Act were negotiated among the political parties. In February 2013, the government proposed further changes that were criticized for reducing access to documents prepared by government officials in the process of preparing new government policy. The justice minister, Morten Bødskov, a Social Democrat, defended the proposals by saying that ministers should be free to consider new ideas without being targeted in the media while they develop their ideas. The new act was approved in parliament on 4 May 2013 by a majority consisting of the government coalition parties as well as the Liberal and the Conservative Party, while the act met opposition from both the left and right (the Danish People's Party, Liberal Alliance and Unity List).

Act No. 572, 19 December 1985, The Danish Access to Public Administration Files Act, <http://www.unece.org/fileadmin/DAM/env/pp/compliance/C2008-28/response/DKAccessToPublicAdministrationFilesAct.pdf> (accessed 16 April 2013).

"Danish Government Seeks to protect decision documents," <http://www.freedominfo.org/2013/02/danish-government-seeks-to-protect-decision-documents/> (Accessed 16 April 2013).

"Danish Parliament Adopts Controversial FOI Changes," <http://www.freedominfo.org/2013/06/danish-parliament-adopts-controversial-foi-changes/> (accessed 20 October 2014).

"12 European Countries Sign First International Convention on Access to Official Documents, 19 June 2009," <http://www.freedominfo.org/2009/06/12-european-countries-sign-first-international-convention-on-access-to-official-documents/> (accessed 16 April 2013).

Civil Rights and Political Liberties

Civil Rights
Score: 9

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).

The authorities and courts normally protect these freedoms.

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), including the 2009 Christensen v. Denmark Judgment. These cases indicate Denmark could do better when it comes to protection of civil rights.

The Danish Institute of Human Rights issues an annual report with detailed accounts of the human rights situation in Denmark and recommendations for the government. Some recommendations concern the rights of immigrants and asylum seekers.

Citation:

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

Institut for menneskerettigheder, "Danske sager,"

<http://menneskeret.dk/menneskerettigheder/europa,+oplysning+og+rettigheder/euopar%C3%A5det/den+europ%C3%A6iske+menneskerettighedsdomstol/danske+sager> (accessed 15 April 2013).

European Court of Human Rights, "Case of Christensen v. Denmark," <http://menneskeret.dk/files/DoekerPDF/Case%20of%20Christensen%20v.%20Denmark.pdf> (accessed 15 April 2013).

Web site of Danish Institute of Human Rights: <http://humanrights.dk/> (accessed 19 October 2014).

Political Liberties
Score: 9

The Danish constitution protects the 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.

In 2014, Freedom House gave Denmark top scores for civil liberties and political rights. Problems in Denmark mostly concern ethnic tensions, especially involving the country's Muslim population, and alleged abuse by the police.

The latest human rights reports from Amnesty International have critical remarks concerning the treatment of refugees and asylum-seekers. Some

asylum-seekers in Denmark were returned to their home countries, contrary to the recommendations of the United Nations High Commissioner for Refugees (UNHCR). This practice stopped after a decision against Denmark by the European Court of Human Rights in 2011, and the current left-of-center government has had a more liberal immigration policy since October 2011. The latest report from 2013 criticizes some individual cases of denied asylum.

Citation:

Freedom House, "Freedom in the World 2014 - Denmark," <http://www.freedomhouse.org/report/freedom-world/2014/denmark-0#.VEaMPeSEi70> (accessed 21 October 2014).

Amnesty International, "The state of the world's human rights - Denmark,"

<http://www.amnesty.org/en/region/denmark/report-2012> (accessed 14 April 2013).

Amnesty International Annual Report: Denmark 2013, <http://www.amnestyusa.org/research/reports/annual-report-denmark-2013?page=2> (accessed 21 October 2014).

Non-
discrimination
Score: 8

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. Childcare 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. Since 2006, all employers have been required to contribute to a paternity fund which finances paternity leave, which prevents such costs disproportionately falling on employers with a high number of female employees. A commission (Lønkommissionen) was appointed in 2008 to analyze, among other things, the issue of gender-based wage discrimination in the labor market. The commission report released in 2010 concluded that about two-thirds of the observed average gender wage difference could be explained by individual differences and sectoral employment, but the analysis did not conclude there was "equal wage for equal work".

Frequently cases of discrimination in the labor market are reported in the press, with examples of persons having difficulties in finding a job due to ethnic identifiers, such as the person's name. Different treatments and options in the labor market can have several causes, and 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, effectively target particular groups. One example is the requirement (introduced 2007, and abolished 2012) that for couples to qualify for social assistance they had to have worked at least 450 hours over the year (originally the law stipulated 300 hours). Otherwise the state assumed that one member of the couple wasn't actively interested in work and the right to social assistance was lost for that person. While a universal law, the incidence of couples where both adults claim social assistance is highest among immigrants with a background from low-income countries, and hence this rule de facto targeted this group. The same can be said about the "start-aid" (roughly half of ordinary social assistance) offered to immigrants which have been residing in the country 7 out of the latest 8 years. While formally treating all immigrants equally (as required by EU regulations) the scheme targeted in particular immigrants from low-income countries with a low employment rate. The scheme was abolished in 2012, but the opposition has announced a re-introduction of a modified version of the scheme.

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 reunification. 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 reunification 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. 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 subsequently put pressure on the Danish legislation.

The current Social Democratic-led government has lessened the strict anti-immigration policy. Immigration laws concerning family reunification and permanent residency were made less restrictive in May and June 2012. Human rights groups welcomed the changes, but some critics had hoped for more far-

reaching change. At the moment asylum policy is under pressure due to a large influx of asylum seekers from the Middle East.

Citation:

Freedom House, Freedom in the World 2014 - Denmark, <http://www.freedomhouse.org/report/freedom-world/2014/denmark-0#.VEa2JOSEi70> (accessed 21 October 2014).

United States Department of State, Country Reports on Human Rights Practices for 2013 - Denmark, <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/#wrapper> (accessed 21 October 2014).

Rule of Law

Legal Certainty
Score: 9

Denmark has a long tradition of a rule of law. 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. Acts passed by the People's Assembly (Folketinget), as well as administrative regulations based on these acts, are all made public. They are now widely available on the internet. Openness and access to information, and various forms of appeal options, contribute to strengthening legal certainty in administration.

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 though the government appoints judges, as explained in detail below. 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 to the Supreme Court.

Recently, some discussion has arisen on whether politicians should comment on court decisions while there are still appeal options. The concern being that politicians may indirectly influence the independence of the courts.

Citation:

Henrik Zahle, *Dansk forfatningsret 2: Regering, forvaltning og dom*. Copenhagen: Christian Ejlertsen's 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.

The monarch appoints judges following a recommendation from the minister of justice 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 had experience working in the Ministry of Justice before becoming judges, and some moved from lower courts to higher courts. In recent years there has been an effort also to recruit distinguished lawyers from outside the ministry.

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 Ejlertsen's Forlag, 2004, p. 88.

"Dommerudnævnelsesrådet,"

<http://www.domstol.dk/om/organisation/Pages/Dommerudn%C3%A6vnelses%C3%A5det.aspx> (accessed 17 April 2013).

Corruption
Prevention
Score: 10

In Transparency International's Corruption Perception Index 2014, Denmark was ranked first together with New Zealand, followed by Finland, Sweden, Norway 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 strong against corruption, and the risk of exposure by an active press is high. In the past, there was 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.

Citation:

Transparency International, Corruption Perceptions Index 2014, <http://www.transparency.org/cpi2014/results> (accessed 14 December 2014).

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 9

The amount of strategic thinking in Danish government administration varies across different ministries. It also depends on the decision-making 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. In recent years, there have been a number of major commissions appointed, including Strukturkommissionen, Velfærdskommissionen, Arbejdsmarkedskommissionen, and Skattekommissionen, and currently a pension commission and a commission on unemployment insurance. In addition, it is quite common to appoint expert groups to prepare inputs for important policy discussions and reforms. The members can be experts, representatives of organizations or civil servants. Moreover, professionalism in ministries has increased.

More overarching strategic policy plans or documents with a strong focus on economic policy in recent years have been the government's 2010 plan, 2015 plan and now 2020 plan. The latter is linked with the EU's Europe 2020 strategy. It sets national targets for employment, R&D, climate and energy, education, and social inclusion. It also identifies challenges in areas of growth, demography, productivity, competition, education, reduced use of fossil fuels and household debt.

An important part of the government's National Reform Program for 2014 is modernization of the public sector, including digitization by 2020. Every company received a digital mailbox in November 2013. In November 2014, every citizen will get a digital mailbox.

It should be noted that government policies traditionally have been consensus-driven. This applies both to 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.

Citation:

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

The Danish Government, *Denmark's National Reform Programme*. May 2011.

http://ec.europa.eu/europe2020/pdf/nrp/nrp_denmark_en.pdf (accessed 20 April 2013).

The National Reform Programme Denmark 2014.

http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_denmark_en.pdf

Scholarly Advice
Score: 8

The political administration has a certain amount of in-house expertise. For most policy areas, however, policymakers rely on advising councils or committees that include experts. For example, when policymakers are formulating health policies, they need to consult with medical experts outside of the government. In addition, the Danish Economic Council plays an important role as an independent institution, and politicians listen to its members' advice. In 2007, the government also established an Environmental Economic Council. The same four economics professors, known as the "wise men," chair the two councils. The chairmen prepares reports that are then discussed by the members representing unions, employers, the central bank and the government. The reports typically garner media attention. Unlike the American system, where a university professor can spend a few years in government administration and then return to academia, Danish academics tend to remain in academia.

Citation:

Jørgen Grønnegård Christensen, Peter Munck Christiansen og Marius Ibsen, *Politik og forvaltning*. 3. udgave. Copenhagen: Hans Reitzels Forlag, 2011.

Website of the Danish Economic Councils: www.dors.dk/ (accessed 20 April 2013).

Det Økonomiske Råd 1962-2012 - Et jubilæumsskrift, De Økonomiske Råd, København.

Interministerial Coordination

GO Expertise
Score: 7

The Danish Prime Minister's Office (PMO) is relatively small. It has a total of around 80 employees, spread between three groups (i.e. academics, technical and administrative staff), the academic group being the largest. The figure is closer to 100 if staff working for the High Commissioner for the Faroe Islands and the High Commissioner for Greenland are included.

The office 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 High Commissioner for the Faroe Islands and the High Commissioner for Greenland also fall under the PMO. The prime

minister has the following portfolio tasks: the North Atlantic area (e.g., Greenland and the Faroe Islands), the press, constitutional law and relations with the Royal Family.

Given its small size, the PMO does not have the 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, but the cabinet is a collective unit and is supposed to have only one policy focus, for which the prime minister has the overall responsibility. Coordination takes place through special committees. Most important is the coordination committee which meets weekly (currently six ministers and the prime minister). Other committees are the committee on economic affairs, the security committee and the appointment committee. There is also a tradition of two-day government seminars once or twice per year where important government issues are discussed.

Citation:

Website of the Prime Minister's Office: http://www.stm.dk/_a_2747.html (Accessed 19 October 2014).

Jørgen Grønnegård Christensen et al., Politik og forvaltning, 2011.

GO Gatekeeping
Score: 9

The prime minister has the discretionary power to take the actions deemed necessary. The tradition of “minister rule” (ministerstyre) implies that this possibility is rarely exercised. Moreover, 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. Nonetheless, to achieve coherent government policy, interdepartmental coordination takes place. Since most governments are coalition governments this is particularly important. This is not a hierarchical coordination, but is rather based on negotiations. The prime minister has a special place given his/her constitutional prerogatives as the person who appoints and dismisses ministers. Major issues and strategic considerations are dealt with in the government coordination committee (regeringens koordineringsudvalg) involving the prime minister and other key ministers. The standing committees are also important coordination devices. In addition, there are ad hoc coordination meetings between the leaders of the parties constituting the governing coalition.

The Ministry of Finance also plays an important role whenever financial resources are involved. No minister can go to the finance committee of the parliament (Folketinget) without prior agreement from the Ministry of Finance. The position of the Ministry of Finance has been strengthened by the recently introduced “budget law.”

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. The number of such committees has varied over time. As of the end of this study’s review period, the following standing cabinet committees existed: the coordination committee (chaired by the prime minister), the economy committee (chaired by the finance minister), the security committee (chaired by the prime minister), and the appointments committee (chaired by the prime minister).

This system was 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, 2011.

Oversigt over faste regeringsudvalg, http://www.stm.dk/_a_1848.html (accessed 21 October 2014).

Ministerial
Bureaucracy
Score: 9

Coordination through the cabinet is collegial, and officials largely carry out interdepartmental coordination through negotiations between their affected ministries, often via interdepartmental committees or working groups. There is a certain degree of congruence between such interdepartmental committees and cabinet committees, with different ministries leading on different issue areas. The PMO plays an important role, especially for issues that involve the Parliament. Other important ministries are the Finance Ministry, which prepares the annual budget, the Justice Ministry, which checks the legal aspects of all bills, and the Foreign Ministry, which gets involved in security, defense and development policies.

Citation:

Jørgen Grønnegård Christiansen, Peter Munk Christensen and Mariun Ibsen, Politik og forvaltning. 3. udgave. Copenhagen: Hans Reitzels Forlag, 2011.

Informal
Coordination
Score: 8

The Danish administrative system is a mix of formal rules and norms and more informal traditions. As a few examples, officials hold informal talks in the halls of government, over lunch and during travel to and from Brussels. The informal mechanisms can make formal meetings more efficient. Of course, important decisions must be confirmed in more formal settings. At the political level, informal mechanisms are probably more important than formal ones among officials. The fact that most governments have been coalition governments (and often minority governments) has increased the importance of information coordination mechanisms.

Evidence-based Instruments

RIA Application
Score: 8

An instruction (cirkulære) from the PMO in 1998 to all ministries and agencies established the requirement of evaluating the consequences of proposed legislation and administrative regulations. Subsequently, a number of ministries developed texts advising the civil servants on how to carry out such evaluations. In May 2005, a common guide was written with the Ministry of Finance as lead ministry. A new version is in preparation.

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) and continues while the content and degree of new measures are considered (scoping stage). A detailed RIA is then worked out during the final stage (assessment stage).

Hence, 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.

When new legislation is based on EU legislation the impact assessment will be included in the document (samlenotat) that goes to the European Affairs Committee in the Parliament. According to a rough estimate, about 40% of new Danish legislation is based on or related to EU regulations.

In recent years, more focus has been given to studying the effectiveness of changes in economic policy. In labor market policies some experimental setups have even been used (e.g., in relation to activation programs).

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,

<https://www.retsinformation.dk/Forms/R0900.aspx?s21=cirkul%C3%A6re+om+bem%C3%A6rkninger+til+lovforslag+og+andre+regeringsforslag+og+fremgangsm%C3%A5den&s19=159&s20=1998&s22=10&s113=0> (accessed 20 April 2013).

Ministry of Finance, Vejledning om konsekvensanalyser, Maj 2005, <http://www.lovprocesguide.dk/sw2104.asp> (accessed 20 April 2013).

Ministry of Finance, "Ny EU-regulerings økonomiske konsekvenser for den offentlige sektor," <http://www.fm.dk/publikationer/2004/budgetredegoerelse-2004/7-ny-eu-regulerings-oekonomiske-konsekvenser-for-den-offentlige-sektor/> (Accessed 2 May 2013).

Maibom, J., M. Svarer and M. Rosholm, 2014, Can active labour market policies combat youth unemployment, *Nordic Economic Policy Review*, 215-262.

Quality of RIA
Process
Score: 9

The ministry in charge of preparing a specific piece of legislation or regulation includes relevant stakeholders in the RIA process, such as affected ministries and interest organizations. If, for instance, a proposal is expected to involve costs for business, the Ministry of Business would be consulted. The ministry would also consult with business interests. The proposal to be submitted to the legislature would list all departments, agencies and organizations that had been consulted. The rules require the assessment to be in non-technical language so that it is accessible to the public. The corporatist aspect of preparing laws may have decreased in the last decade, but organizations are still very involved in administrative structures.

There is a strong tradition of publishing impact assessments as reports or special publications. In addition, parliamentary committees and members of parliament can request further information and documentation.

After new legislation enters into force, feedback from stakeholders, the broader public and media are taken seriously by members of parliament.

Citation:

Cirkulære om bemærkninger til lovforslag og andre regeringsforslag og om fremgangsmåden ved udarbejdelse af lovforslag, redegørelser, administrative forskrifter m.v.

<https://www.retsinformation.dk/Forms/R0710.aspx?id=20940> (accessed 3 May 2013).

Jørgen Grønnegård Christensen, Peter Mink Christiansen and Marius Ibsen, *Politik og forvaltning*. 3. edition. Copenhagen. Hans Reitzels Forlag, 2011.

Sustainability
Check
Score: 9

The RIAs have to cover all consequences, whether they be positive or negative, of an economic, administrative and environmental nature, affecting the state, municipalities, regions, business, citizens and relations to the European Union. This includes questions of sustainability. Sustainability is a central concern in

government policy and includes economic, fiscal as well as environmental sustainability.

Citation:

Cirkulære om bemærkninger til lovforslag og andre regeringsforslag og om fremgangsmåden ved udarbejdelse af lovforslag, redegørelser, administrative forskrifter m.v.

<https://www.retsinformation.dk/Forms/R0710.aspx?id=20940> (accessed 3 May 2013).

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, sometimes even in the implementation phase. Both formally and informally, there are valuable contacts between the government and main interest organizations (e.g., trade unions, employers, various business organizations and NGOs) as well as heads of major companies. This is also formalized in terms of the Economic Council, where the large organizations are represented. Interest organizations provide important information for politicians and civil servants. While corporatism has changed over the years, it still exists in Denmark. Involving societal actors is a way for the government to get information and create legitimacy for adopted policies.

Citation:

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

Jørgen Grønnegård Christensen et al., *Politik og forvaltning*, 3. udg., 2011.

Policy Communication

Coherent
Communication
Score: 8

It is important for a government to effectively communicate its policies to its citizens. In Denmark communication strategy and media attention have 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 be replaced.

However, the fact that Denmark usually has coalition governments can in some cases create problems in policy communication. This may arise both due to different viewpoints within the coalition and the need for the different

government parties to communicate their views and visions, especially as the next election approaches.

Citation:

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

Jørgen Grønnegård Christensen et al., Politik og forvaltning. 3. udg., 2011.

Implementation

Government
Efficiency
Score: 8

The current as well as former governments have been minority governments. They have therefore had to seek parliamentary support for their policies from other parties. The previous Liberal-Conservative government of Lars Løkke Rasmussen lost the elections in September 2011 to a coalition of the Social Democratic Party, the Social Liberal Party and the Socialist People's Party, the latter for the first time taking part in a government. The new government is headed by the first woman prime minister, Helle Thorning-Schmidt (Soc. Dem.).

The Socialist People's Party left the government in January 2014 due to internal disagreements, a feeling that the party had too little influence and dips in opinion polls. Thorning-Schmidt continued as Prime Minister for the reduced Social Democratic/Social Liberal government.

The new government has had to deal with the fallout from the economic crisis since it came to power in 2011 and its declining support since it was elected. It has launched several initiatives to cope with the crisis, most recently the so-called growth plan. The government has succeeded in getting a few important structural reforms through, one concerning study grants (SU) and another concerning welfare support (kontanthjælp). Vivid debate has ensued on whether the government has deviated from its election platform. A reform of the unemployment insurance scheme (shorter duration and more demanding eligibility conditions), which was launched by the previous government but took effect under the current government, has been very controversial. The fact that unemployment insurance has become less generous in a period with relatively high unemployment has been difficult for the government to defend and various temporary ad hoc solutions have been implemented. The question continues to be debated and the government has appointed a commission to look further into the unemployment insurance scheme. In particular, the shortened duration of unemployment benefits has been a focus. The government's plan to create room for welfare improvements via tripartite negotiations to increase working hours has failed and instead focus has shifted to improving efficiency in welfare service provision.

The Danish government administration is reasonably good at implementation. It is important to point out that local governments carry out a large part of implementation, as Denmark is a relatively decentralized state. Decentralized units provide much of the services of the welfare state and the intention is actually to allow some geographical variation. Even so, 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, however, tensions have developed between the municipalities and the government/political system. Specifically, tensions have resulted when policymakers at the national level have not accepted the choices made by local governments and thus attempted to control local actions via rules and regulations. The difficult financial situation in most municipalities and the need to coordinate local needs with national budget constraints have caused tension. In the past, the municipalities failed to keep expenditure growth below the level agreed to with the central government. As a consequence, a more tight system has been implemented and it includes possible financial sanctions in case municipalities exceed the agreed targets.

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 provision and municipalities merged into larger units (now a total of 98).

Citation:

Jørgen Grønnegård Christensen et al., Politik og forvaltning, 2011, 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 or she 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.

Carsten Henrichsen, Offentlig Forvaltning. 2. udgave. Copenhagen: Forlaget Thomson, 2006.

Monitoring
Ministries
Score: 8

For sensitive political issues, the prime minister has a strong incentive to monitor line ministries. Yet when it comes to less important issues or details, he or she has neither the time nor the means for close monitoring. The prime

Monitoring
Agencies,
Bureaucracies
Score: 8

minister's control is indirect. It is exercised through the members of the cabinet. Non-implementation will quickly become a political issue.

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

Task Funding
Score: 8

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.

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. There are annual negotiations with the municipalities and regions about the financial framework agreement. Since municipalities act independently – though coordinated via their organization (Kommunernes Landsforbund) – the financial decisions of the municipalities have not always added up to a sum consistent with the overall targets set by the Ministry of Finance. This implied for some years that expenditure growth exceeded targets. This has led to a new system – part of the Budget Law approved by Parliament in 2012 – which includes financial sanctions. The sanctions have both an individual and collective element. If the sum of expenditures exceed the agreed target, the “bloktilskud” is reduced by an equivalent amount. This reduction is levied 60% on the municipalities which exceeded expenditure targets and 40% on all municipalities (distributed according to population size). The new system has been very effective and municipalities have been well within targets in recent years. Since 2002, municipalities have been part of a so-called tax freeze implying that taxes (e.g., income and building sites) cannot increase. If one municipality increases some tax it should be matched by a decrease in another municipality.

Many municipalities currently find themselves in a very tight financial situation and have had to reconsider resource use on core activities like child- and old-age care and schooling.

Citation:

Jørgen Grønnegård Christiansen et al., Politik og forvaltning, 2011.

Torben M. Andersen, Hans Linderøth, Valdemar Smith and Niels Westergaard-Nielsen, The Danish Economy: An International Perspective. 3rd ed., Copenhagen: DJØF Publishing, 2010.

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.”

The constitution thus 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 Parliament 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, 2011.

Carsten Henriksen, Offentlig Forvaltning, 2006.

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 and tests and can require that performance indicators be published, such as hospital waiting lists, school performance results, and so on. Here, too, an active press plays 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, is also sometimes part of the strategy.

An example of the tension between central government concerns for welfare arrangements and local authorities' push for flexibility and freedom are proposals to introduce minimum standards for various public services, which intend to reduce variation across the municipalities.

Adaptability

Domestic
Adaptability
Score: 9

Being a small and open economy, Denmark has a long tradition of adaptation to international developments. The most intrusive form of international/supranational cooperation Denmark takes part in is with the European Union. Since joining 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 Parliament (Folketinget) 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

For a small country, Denmark has a strong role in the provision of the global public good. Climate change and development aid are high on the domestic agenda and the government tries to play an active international role in these areas. Denmark also has a long tradition of working to strengthen the United Nations, often cooperating with other Nordic countries to do so. This policy is relatively uncontroversial, unlike European integration.

As an EU member state, Denmark's possibilities increasingly depend on the EU. Since the EU in recent years has adopted a relatively "progressive" environmental policy and has tried to exercise international leadership, there is no conflict in this area. When it comes to development aid Denmark, is among the countries that contribute the highest percentage of GDP to development aid, higher than most EU members. However, the EU is the largest contributor to development in the world when EU and bilateral development aid are added together. Denmark is also a global actor in other economic areas, including trade. Danish politicians are proud of projecting Danish values internationally.

There is a long tradition for Nordic cooperation within various policy areas. The Nordic Council of Ministers is the official inter-governmental body for cooperation in the Nordic region. The council takes various initiatives on Nordic cooperation and there are regular council meetings where representatives of the Nordic governments meet to draft Nordic conventions, etc.

Citation:

Carsten Due-Nielsen and Nikolaj Petersen, eds., *Adaptation and Activism: The Foreign Policy of Denmark 1967-1993*. Copenhagen, DJØF Publishing, 1995.

Martin Marcussen, *Den danske model og globaliseringen*. Frederiksberg: Samfundslitteratur, 2010.

Nanna Hvidt and Hans Mouritzen (eds.) *Danish Foreign Policy Yearbook 2014*. Copenhagen: Danish Institute for International Studies, 2014.

Organizational Reform

Self-monitoring
Score: 8

There have been ongoing discussions on monitoring and management within the public sector. Given the size of the size of the sector, this is also a question with important economic implications which have become more visible in recent discussions and policy initiatives. The government's economic strategy relies on substantial improvements in productivity within the public sector. These must be made by 2020 to make room for standard improvements in other areas, particularly health.

The current public management and governance strategy includes contracts, result-oriented salaries, measurements, evaluations and efficiency reports.

The agency for modernization at the Ministry of Finance is responsible for innovation and efficiency in the public sector. Focus is on ensuring both efficiency and productivity within the public sector, broadly defined.

Citation:

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

Institutional
Reform
Score: 8

When the first government under Prime Minister Anders Fogh Rasmussen came to power in 2001, it abolished some ministries and merged others, and it carried out 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. Løkke Rasmussen 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. The "Denmark 2020" plan followed in February 2010. In this plan the government announced a number of very ambitious goals for 2020.

The goals were 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 the plan, but some major objectives including ensuring the financial viability of welfare arrangements (fiscal sustainability) have been reached.

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. The Lisbon Strategy, which by 2010 did not produce the desired results, has been renewed by Horizon 2020. It remains to be seen whether Horizon 2020 will achieve more.

The new Helle Thorning-Schmidt government inherited existing reform programs in 2011, but given the financial crisis, focus was largely turned toward the short-run. This included the possibility of pursuing an expansionary fiscal policy to counteract the drop in economic activity (phrased as a “kick-start” of the economy). While Denmark is among the countries that pursued the most expansionary fiscal policies in the wake of the financial crisis, the government’s freedom to act was somewhat curtailed by EU budget norms which could not be exceeded. In this period, new structural reforms – in addition to those implemented by the previous government – carried out important changes to study grants, social assistance and disability pensions. More recently, the government has turned its focus to the efficiency of welfare service provision, setting relatively ambitious targets. Structural reforms, productivity and digitalization are in the government’s focus. According to Eurostat, Denmark is one of the leading countries with respect to digitalization. In 2011, Denmark had the highest percentage of e-government among EU countries, ahead of Sweden and Finland. Also noteworthy, according to The World Bank, Denmark has one of the most efficient public administrations.

Citation:

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

The Danish Government, *Denmark’s National Reform Programme*, May 2011. http://ec.europa.eu/europe2020/pdf/nrp/nrp_denmark_en.pdf (accessed 27 April 2013).

Lene Dalsgaard and Henning Jørgensen, *Kvaliteten der blev væk: Kvalitetsreform og modernisering af den offentlige sektor*. Copenhagen: Frydenlund, 2010.

Carsten Greve and Niels Ejersbo, *Udviklingen i styringen af den offentlige sektor*. Baggrundspapir til Produktivitetskommissionen.

<http://produktivitetskommissionen.dk/media/142136/Baggrundsnotat%20af%20Greve%20og%20Ejersbo.pdf> (Accessed 22 October 2014).

eGovernment, <http://ec.europa.eu/digital-agenda/sites/digital-agenda/files/KKAH12001ENN-chap6-PDFWEB-6.pdf> (accessed 22 October 2014).

II. Executive Accountability

Citizens' Participatory Competence

Policy
Knowledge
Score: 8

Citizens get most of their information on government policy developments through television, radio and newspapers, which are, of course, 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 further be read in public libraries, of which there are many. Mail from the public will increasingly go to Digital Post mailboxes. These are now mandatory for businesses, and they are becoming mandatory for citizens. Already many public services require online applications using a so-called easy ID (NemID).

In addition to the formal access to information, there is the critical question whether the information available is in a form comprehensible by most citizens. In many policy areas the level of technicalities and complexities is rather high, which is a barrier for citizens to adequately assess government policymaking. This is partly solved via independent institutions like the Economic Council and the Panel on Money and Pensions which serve an agency role on the part of citizens in terms of assessing government policymaking.

Election campaigns serve the purpose of presenting and debating the policies of the government as well as the opposition. A very high turnout during national elections (the turnout for the 2011 election was 87.74%) suggests a high degree of interest and enough knowledge to consider voting important. In the EU context, Danes are considered among the most knowledgeable about EU issues (partly due to the use of referenda), but turnout at elections for the European Parliament are much lower than for national ones (turnout for EU elections in 2014 was 56.32%), presumably because the issues in the former are considered less important. The bread-and-butter questions of national Danish politics – jobs, health, education, pensions and so on – inspire citizens to seek information and take part in politics.

Citation:

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

"Voter turnout data for Denmark," <http://www.idea.int/vt/countryview.cfm?id=63> (accessed 22 October 2014).

"Denmark mandates digital postboxes," <http://www.itnews.com.au/News/365479,denmark-mandates-digital-postboxes.aspx> (accessed 22 October 2014).

Legislative Actors' Resources

Parliamentary
Resources
Score: 8

Parliamentary committees have staff, as do political parties. The Parliament also has its own library, but not a research unit. The total parliamentary staff were 410 in 2012, which is not huge. More than a quarter of staff are secretaries, a little less than a quarter are academic staff, followed by security personnel and IT staff. In general, the MPs depend a lot on the government for information and expertise. To gather information they ask written and oral questions of ministers, and use hearings, independent sources, as well as contacts in interest organizations and think tanks. But there is no tradition in Denmark for major independent investigations initiated by the parliament. This can weaken its power in the political game vis-a-vis the government. Party discipline is also a strong factor in Danish politics, which can weaken individual members' possibilities.

Citation:

Anders Henriksen, "Folketinget er for svagt i forhold til regeringen," Politiken. 24 August 2010. <http://politiken.dk/debat/kroniken/article1042660.ece> (accessed 26 April 2013).

Folketinget, Beretning om Folketingsåret 2012-13.

http://www.ft.dk/Folketinget/~media/Pdf_materiale/Pdf_download/Aarsberetning/Aarsberetning_2012-13 (accessed 22 October 2014).

Folketinget, Personalepolitisk redegørelse 2011

http://www.ft.dk/Folketinget/~media/Pdf_materiale/Pdf_download_direkte/Personalepolitisk_redegoerelse/personalepolitisk_redegoerelse_2011.pdf.ashx (accessed 26 April 2013).

Obtaining
Documents
Score: 9

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

Citation:

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

Folketinget, Håndbog i Folketingsarbejdet. Oktober 2011

http://www.ft.dk/dokumenter/publikationer/folketinget/haandbog_i_folketingsarbejdet_2011.aspx (accessed 22 October 2014).

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.

Summoning
Experts
Score: 9

Citation:

Henrik Zahle, Dansk forfatningsret 1: Institutioner og Regulering, 2005.

Henrik Zahle, Dansk forfatningsret 2: Regering, forvaltning og dom, 2004.

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 normally 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. To learn more about the issues they legislate, MPs also go on study trips and take part in conferences.

Citation:

Folketinget, Håndbog i Folketingsarbejdet. Oktober 2011.

http://www.ft.dk/Dokumenter/Publikationer/Folketinget/~media/Pdf_materiale/Pdf_publicationer/Folketinget/H%C3%A5ndbog%20i%20folketingsarbejdet_web_7%20MB.pdf.ashx (accessed 24 April 2013).

Task Area
Congruence
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 Parliament (Folketinget). 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 have strong ties to the applicable minister.

A few committees do not 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 Parliament, between the European Affairs committee and the committees dealing with the substance of EU legislation (fagudvalg).

Citation:

Folketinget, Håndbog i Folketingsarbejdet. Oktober 2011.
http://www.ft.dk/dokumenter/publikationer/folketinget/haandbog_i_folketingsarbejdet_2011.aspx (Accessed 22 Oktober 2014).

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. The work is made public via various reports, some of which also attract quite a lot of media attention. Its work is highly respected and can lead to policy action. This was seen recently, for instance, with the report on the principles for the valuation of housing underlying the tax levied on housing values (ejendomsværdiskatten).

Citation:

Hentik Zahle, Dansk forfatningsret, 2.

Website of national audit office: <http://www.rigsrevisionen.dk/composite-6.htm> (accessed 24 April 2013).

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 had a staff of approximately 100 in 2014, can also begin investigations on its own initiative and visit institutions. In 2012, the office concluded 4,297 cases, substantially investigated 686 and rejected 3,611. The institution produces an annual report.

In a recent special report on IT solutions in the public sector the office found that there had been a number of cases where IT solutions had not measured up to requirements in administrative law.

Distinguished law professors have held the position of ombudsman. Criticisms from the ombudsman normally leads to a change in practice or policy. In short, the ombudsman's views have very high credibility and respect.

Citation:

Henrik Zahle, Dansk forfatningsret 2.

The Danish Parliamentary Ombudsman, Annual Report 2012.

<http://beretning2012.ombudsmanden.dk/english/ar2012/> (accessed 22 October 2014).

Web site of the Danish Parliamentary Ombudsman: <http://en.ombudsmanden.dk/> (accessed 22 October 2014).

"Public Sector IT Solutions. Administrative Law Requirements," http://en.ombudsmanden.dk/publikationer/public_sector_it_solutions_september_2014/ (accessed 22 October 2014).

Media

Media Reporting
Score: 8

As in other democracies, the media plays an important role in Denmark. Some have argued that the media constitutes a fourth power, next to the legislative, executive and judiciary powers in modern democracies; and that journalists play the role of citizen advocates vis-à-vis public authorities. The media partly have power, through editorial decisions, not to cover certain stories, yet obviously they 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. Weaker actors, such as immigrant representatives or ethnic minorities, get less coverage, although immigration stories have become important in recent years and now form part of daily news coverage.

Apart from daily news programs, some 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 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. Like elsewhere in the world, in Denmark the public and media outlets alike increasingly use the internet, with all major media having websites now.

Media access to internal government documents has been a sensitive issue in recent months because of changed legislation regarding the access to such documents (offentlighedsloven). The new law entered into force 1 January 2014. The two aspects of the new law most criticized were the possibility of the government denying access to internal documents exchanged between a minister and experts (Art. 24) and between a minister and a member of the parliament (art. 27). The law will be evaluated after its third year.

Citation:

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

“Fakta om ny offentlighedslov,” <http://www.politiko.dk/nyheder/fakta-om-ny-offentlighedslov> (accessed 23 October 2014).

“Ny offentlighedslov – ny praksis for journalister,” <http://www.aabenhedstinget.dk/ny-offentlighedslov-ny-praksis-for-journalister-2/> (accessed 23 October 2014).

Intra-party
Democracy
Score: 8

Parties and Interest Associations

Four of the political parties represented in the Danish parliament, the Liberal Party, the Social Democratic Party, the Social Liberal Party and the Conservative Party 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. This is reinforced by the fact that most governments are minority governments and the country's tradition of consensus driven policies. There is a strong tradition for "broad" compromises and agreements and, therefore, daily politics is less partisan than seen in some other countries.

Newer parties, including the third biggest party currently in the Parliament, the Danish People's Party, may be more tempted to propose popular, even populist, policies. However, parties that have the ambition to be included in a future government have to moderate their views. The Danish People's Party provided the necessary parliamentary support for initiatives taken by the previous liberal-conservative minority government and managed, in this way, to also promote some of their core issues (e.g., pensions). Similarly, the Socialist People's Party became part of the government for the first time in 2011, although it had to leave the government in January 2014 because of internal disagreements over the policies pursued by the government. In many ways the People's Socialist Party moved closer to the Social Democratic Party in recent years. In the process, however, it lost support to the Unity List on the left. The current government has been blamed for continuing the policies of the former liberal-conservative government. So "blue" policies instead of "red" policies have been the complaint from more socialist-oriented voters.

The interest in taking part in a coalition government forces parties to be sensitive to the opinions of the electorate, especially their active members. Therefore, the internal party structure has to be democratic. Parties have annual meetings where policies are determined and leaders elected. They are open to the press and covered widely. The ongoing economic crisis is a strong structural determinant of current government policies, irrespective of political colors.

Citation:

Who's who in the Danish Parliament and the government, March 22nd 2013. http://www.thedanishparliament.dk/Publications/~media/Pdf_materiale/Pdf_publicationer/English/Whos_who_in_the_folketing_220313.pdf.ashx (accessed 24 April 2013).

"Valgresultat valg 2011," <http://www.valg-2015.dk/valgresultat-valg-2011/> (accessed 23 October 2014).

Websites of the Danish political parties currently represented in the Parliament (Folketinget):

The Liberal Party: www.venstre.dk
 The Conservative Party: www.konservative.dk
 The Danish People's Party: www.danskfolkepart.dk
 The Social Democratic Party: www.socialdemokratiet.dk
 The Social Liberal Party: www.radikale.dk
 The Socialist People's Party: www.sf.dk
 The Unity List: www.enhedslisten.dk
 The Liberal Alliance: <http://liberalalliance.dk>

Association
 Competence
 (Business)
 Score: 9

Interest organizations play an important role in Danish politics. Policies proposed by the major interest organizations are of course important for the group they represent. They may not be quite as important, however, for society at large, or for the collective interest. That is why the government must aggregate the views of various interest organizations.

Given the corporatist tradition in Denmark, the major interest organizations are regularly involved in policymaking. 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 learned at some point that demanding very high raises in salaries will produce inflation and job losses and thus be counterproductive. They too have a tradition of being quite responsible and negotiating in good faith.

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 Prime Minister Anders Fogh Rasmussen's 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. The current cabinet of Helle Thorning-Schmidt also seems willing to challenge interest organizations, as evidenced by the lockout of teachers during the school labor conflict in the spring of 2013.

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

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

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