Denmark is preparing for the snap elections to be held on 15 September 2011. Since 2001, the country has been governed by a centre-right government, which has now defeated the Social Democrat-led opposition in three successive general elections, the other two being in 2005 and 2007. However, polls have consistently put the centre-left ahead throughout 2011. The Social Democrats look poised to take power, leading by 2–4 per cent in the polls.

In 2001, the centre-right forged what proved to be a strong political platform, which combined a tough stance on immigration policy with a less hostile view of the welfare state than it had traditionally held. But this «winning formula» no longer looks as likely to obtain victory as it did throughout the previous decade. Instead, the economic slump following the financial crisis has become the overriding issue on the political agenda.

The 2011 election will mark an important turning point in Danish politics, irrespective of whether the Social Democrats win – as seems likely – or the centre-right manages to stage a come-back and remains in power.
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The Prime Minister calls a snap election

On 26 August the Prime Minister finally called the long-anticipated snap election due to be held on 15 September, ushering in three weeks of intense campaigning.

The 2011 election is dominated by the economic situation. One study found that economic policy in general is by far the most important issue to the electorate, followed by employment policy. Together these two issues emphasise the need to both consolidate public finances and increase economic growth and hence employment.

Most important political issues to the electorate, 2011

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic policy</td>
<td>73%</td>
</tr>
<tr>
<td>Employment policy</td>
<td>62%</td>
</tr>
<tr>
<td>Education policy</td>
<td>38%</td>
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<tr>
<td>Healthcare</td>
<td>38%</td>
</tr>
<tr>
<td>Social policy</td>
<td>24%</td>
</tr>
<tr>
<td>Immigration policy</td>
<td>24%</td>
</tr>
<tr>
<td>Tax policy</td>
<td>22%</td>
</tr>
<tr>
<td>Environment policy</td>
<td>21%</td>
</tr>
<tr>
<td>Law and order</td>
<td>19%</td>
</tr>
<tr>
<td>Family policy</td>
<td>9%</td>
</tr>
</tbody>
</table>


Health care and education policy are also relatively important issues to the voters, but nowhere near as important as economic issues. For the first time in a decade immigration policy is not a dominant issue in Danish politics.

In an attempt to gain further impetus in economic policymaking and address criticism that the proposed revenue-generating elements in their economic plans were uncertain – for example, would it be possible to expand working hours by one hour, would it be possible to make young people complete their education faster, as the plan called for? – the Social Democrats and Socialist People's Party announced that they would follow a »precautionary principle« in economic policymaking. Except for the proposed »kickstart« of the Danish economy by means of more public investment, they would not increase spending before revenue had been generated in order to ensure a balanced budget. Since their economic plans called for a variety of investments once funding had been secured, this meant, on the one hand, that some of the initiatives put forward might not be possible if the proposed sources of revenue proved to be insufficient or difficult to implement, while on the other hand it acted as a guarantee against runaway expenses.

On 30 August, the official agency Statistics Denmark published new figures that showed 1 per cent growth in the second quarter of 2011. Public consumption and unemployment continued to increase marginally, but Denmark was no longer in a recession. While this somewhat blunted the criticism levelled at the centre-right government for its weak handling of the economy, both sides agreed that further economic stimulus initiatives were necessary to tackle the economic crisis. Also, growth was still disappointing and the international economic situation looked increasingly grim as Germany and Sweden, Denmark’s most important trade partners, expect their economic growth rates to decline.

One of the centre-left’s proposals was to introduce congestion charges in Copenhagen. This would entail paying a fee to enter the centre of the city in a private vehicle. In return, the Social Democrats and Socialist People’s Party vowed to invest massively in public transport and reduce ticket prices for commuters. Nevertheless, the scheme could be costly for commuting families that do not live within easy reach of major public transport links into Copenhagen proper, and has generated much opposition in the traditional Social Democratic strongholds in suburban Copenhagen. This could weaken the centre-left at the polls and perhaps even has the potential to be a »game changer« that could enable the incumbent government to catch up in the polls.

The nationalist Danish People's Party (DPP) – which is supporting the centre-right minority government – owed its influence throughout the 2000s to the importance of immigration policy, and could be expected to attempt to revive the issue. Also, while immigration policies might no longer compel many voters to vote for the centre-right rather than centre-left, as was previously the case, it was still an important topic for the DPP’s voter base. As such, it was no surprise that the party launched a number of proposals with regard to immigration policy, such as putting asylum centres in the regions that create refugees instead of in Denmark and making the requisite test for obtaining citizenship more difficult. Paradoxically,
however, it was the Socialist People’s Party, rather than
the DPP, that first successfully brought up immigration
in the campaign. The Socialists had at one point been
close to 20 per cent support in the polls, but had sub-
sequently fallen below the 13 per cent they obtained at
the 2007 general election. This prompted party leader
Mr Søvndal to emphasise how his party differed from his
Social Democratic ally. In so doing he mentioned that he
would rather see a certain piece of immigration legisla-
tion (»24-års reglen«) abolished. He later stressed that
he had accepted the retention of the rule at least for
the four-year period following the general election since
he could not get support to abolish it. Even so, he had
again illustrated that the centre-left was divided over im-
migration policy and revived fears that they would relax
immigration policy.

As the election campaign progressed, polls continued to
predict a change of government, although the size of
the Social Democrats’ lead continued to vary between 2
and 4 per cent. Time has been working to the advantage
of the centre-left as the election draws nearer, as they
are set to win in the absence of any major new develop-
ments. The incumbent government, conversely, has to be
on the offensive and find a way to close the lead. It can
look back on ten years of centre-right dominance.

The first surprising move in the campaign was a joint dec-
laration by the leader of the Conservative People’s Party,
Mr Barfoed, and the Radikale Venstre leader Ms Marianne
Vestager that they would cooperate closely in the future.
While remaining committed to backing the centre-left
and the centre-right candidates, respectively, as Prime
Ministers, they agreed to work for more consensual poli-
cies with broader support from the political centre. The
Conservative People’s Party has long been wary of how
the DPP has held sway over the centre-right government,
and the Radikale Venstre had found its economic policies
often resonated more with the centre-right parties than
the Social Democratic – Socialist People’s Party coalition
that it was supporting. The agreement had the potential
to align the parties closer to one another and hence both
counter the influence of the DPP on Danish politics and
enable economic reforms. The government and the DPP
had previously constituted a solid bloc and cooperated
closely, but now the unity of the political right was put
in doubt. This was generally seen by political analysts as
a weakening of the incumbent government, although it
also illustrated that it would be a daunting challenge for
the centre-left to build lasting support for its economic
policies. It remained to be seen, however, if this informal
agreement would have any substantial repercussions on
Danish politics, or the split between the centre-right and
centre-left blocs would remain the sole major political
divide.

Context and background:
A decade of centre-right dominance

In 2001, the long-reigning Social Democratic govern-
ment was defeated in the general election by a centre-
right coalition consisting of the liberal party Venstre and
the Conservative People’s Party. The electoral victory of
the right-of-centre parties was based primarily on the
fact that they had managed to adopt a new policy stance
on the two issues that proved most important to the
Danish electorate: immigration policy and welfare policy.

These factors that had ensured the centre-right victory
in the 2001 election continued to underpin centre-right
dominance throughout the 2000s. It was therefore no
surprise that the 2005 and 2007 general elections were
largely reprises of the 2001 election. Without a cred-
ible stance on immigration policy that could attract
the voters that had been lost to the centre-right, and
no indication that the centre-right government was los-
ing its clout in terms of welfare and economic policy, a
government change seemed unlikely. In 2004, amidst ris-
ing unemployment, the Social Democrats had for a brief
period managed to muster a majority in the polls before
the economy came around. This showed that the Social
Democrats remained strong on the issue of unemploy-
ment, but lagged behind the centre-right on the issue
of economics more generally (Goul Andersen et al. 2007).
By implication, economic worries could benefit either
side depending on how the issue was perceived by the
electorate. But by 2005, attention had shifted from un-
employment per se to how Denmark should tackle glo-
balisation. Moreover, the Social Democrats would have to
rely on the support of the centrist party Radikale Venstre,
which increasingly pursued an independent course and
vehemently criticised the centre-right government’s im-
migration policy. The centre-left parties only managed to
make minor electoral gains in the 2005 and 2007 elec-
tions, and were some 4 per cent behind after the most
recent general election.
By the end of 2007, therefore, the Venstre–Conservative–DPP constellation still looked strong. Despite some criticism from right-of-centre pundits that the pace of economic reforms to trim the Social Democratic welfare state was disappointing and that the government had itself become social democratic, a range of policy initiatives in almost all areas of society had been or were being carried out.

The table summarises the results of the past four general elections in Denmark. It is also indicated whether the party supports a centre-left or a centre-right government. Parties whose allegiance has swayed during the period in question are labelled centrist.

### New alignments in the political landscape

During the 2000s, the centre-left was divided by the issue of immigration, while the centre-right was largely able to find common ground on most important political issues. As the 2011 election drew nearer, the situation began to reverse.

In 2007, politicians from the Radikale Venstre and Conservative People’s Party had formed a new party, the New Alliance, in an attempt to counter the influence of the DPP in Danish politics and render Danish politics more centrist. The objective had been to bring about a situation in which the incumbent government would be able to amass a majority in parliament with the support of the New Alliance and without the DPP. After a wave of initially enthusiastic support for the party the attempt failed utterly, and the New Alliance subsequently fragmented completely. One of its founders, Mr Samuelsen, then revamped the party completely into the Liberal Alliance and pursued an economically liberal political agenda. At first there was little confidence that this new incarnation of the party could recover from its close to zero per cent approval rating in the polls. However, its political platform proved to resonate strongly with Venstre and Conservative voters who were disillusioned by what they saw as a failure of the government to use its majority to press for economic reforms. The popular support for the Liberal Alliance began to rise substantially in the polls in 2010 and 2011, and pressure was piling up on the centre-right government to press harder for economic reforms in order to prevent the loss of discontented voters. Economic reforms could easily alienate the DPP, however, as DPP voters are generally supportive of the Danish welfare state.

In parallel with these developments, the opposition found more common ground. The Radikale Venstre had pursued an independent political course in the 2005 elections, with vehement criticism of the government’s immigration policy. This resulted in a strong showing in the 2005 election, in which the party won 9.2 per cent of the votes. However, the strategy backfired when its leader insisted that she was the party’s candidate as Prime Minister, and announced that it could cooperate with either side willing to accede to its »irrevocable demands«, most notably a relaxation of immigration policy, which neither side had any interest in conceding. However, since most of its voters are strongly against the centre-right government, its reluctance to pledge its support for a centre-left government and ruling out entirely that it might support a centre-right government, caused its voter base to

### General elections 1998–2007

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<td>6.4</td>
<td>6.0</td>
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<td>25.5</td>
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<td>Centre-right</td>
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<td>9.0</td>
<td>10.3</td>
<td>10.4</td>
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<tr>
<td>Danish People’s Party</td>
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<td>12.0</td>
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<td>13.9</td>
</tr>
<tr>
<td>Fremskridtspartiet</td>
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<td>Centre-right</td>
<td>2.4</td>
<td>0.6</td>
<td>–</td>
<td>–</td>
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<tr>
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<td>In 2007: centre-right</td>
<td>0.4</td>
<td>0.0</td>
<td>0.3</td>
<td>2.8</td>
</tr>
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</table>
collapse. The party subsequently changed its leader and strategy, and its political differences with the other opposition parties became less pronounced.

Moreover, the Socialist People’s Party had gradually adopted a more centrist position, which accommodated the Social Democrats in many respects. Most importantly, they had conceded that the Social Democrats would not support any relaxation of immigration legislation and decided to accept the status quo. By 2011, the insistence of the Social Democrats that they would maintain the current immigration regime was therefore starting to look more credible.

Although the Radikale Venstre had been the coalition partner of the Social Democrats throughout the 1990s, their policies had increasingly diverged after their defeat in 2001. Even though its strategy of going it alone had failed, the Radikale Venstre still did not look like an ideal coalition partner for the Social Democrats. Many political disagreements with the Social Democrats persisted, including with regard to taxation, immigration and economic policy. In essence, the Radikale Venstre was more reformist with regard to economic policy and was more pro-multiculturalism and pro-immigration.

Instead, the Social Democrats began to cooperate increasingly closely with the Socialist People’s Party. The Socialists have never been in power, and have reoriented themselves towards the political centre on many issues which makes possible what seems to be smooth cooperation between the two parties. When the financial crisis struck Denmark in 2008, the two parties decided to launch a common economic plan. This completed the transition whereby the Social Democratic–Radikale Venstre alliance was replaced by a tightly knit Social Democratic–Socialist People’s Party coalition.

This strategy can be successful only if the Radikale Venstre could be counted on to support a centre-left rather than a centre-right government. Historically, the party has played the role of the kingmaker by strategically shifting its allegiances to either side. However, after its failure to »go it alone«, and as a result of its strong antipathy towards the government’s immigration policy and the DPP, as well as the fact that the majority of its voter base preferred a Social Democrat as Prime Minister, it looked unlikely that it would seek closer cooperation with the centre-right parties. It remains unclear what role the Radikale Venstre would assume if the centre-left wins the upcoming election, but it increasingly looks likely that it will participate in a three-party coalition government.

Economic policymaking comes to the top of the political agenda

In 2009, the centre-right coalition was further weakened when the Prime Minister Fogh Rasmussen stepped down in order to take up the position of NATO General-Secretary. During his eight-year period in office he had shown stern authority with the press and among political associates. His exit inevitably weakened the centre-right coalition, both externally and internally. He was followed by Løkke Rasmussen, who had a background as mayor and Minister of the Interior and Health and more recently Minister of Finance. He was generally known as an upbeat and skilled politician. However, he could hardly command the same respect as his predecessor, who had been in power for years and epitomised the centre-right’s rise to power. Moreover, not long after he took office the economic situation changed from bad to worse as the financial crisis manifested itself in a full-blown economic crisis.

As a result of the crisis, economic policymaking came to the forefront. Unemployment rose, growth collapsed and the long-run sustainability of public finances became strained. By 2010, unemployment was at 8 per cent, up from 3 per cent before the crisis, and growth was lagging at a forecast 1.7 per cent. Youth unemployment relative to total unemployment was higher in Denmark than in many other EU countries, generating fears of long-lasting adverse consequences if a generation failed to establish itself on the labour market.

For a decade the centre-right parties had constituted a stable and strong political alliance despite some tensions between the Conservatives and the DPP. It had been able to mitigate fears that it would dismantle the Danish welfare state because it could afford both tax cuts and welfare spending, and it had ensured a stable parliamentary majority because funds were available to offer concessions to the DPP in return for its support. In response to the crisis the government decided to press for economic reforms, which upset this balance and rekindled fears that the centre-right would bring about a weakening of the welfare state. Furthermore, immigration policy
lost much of its relevance as it was superseded by economic concerns. Thus, the two elements that had ensured the ascendancy of the centre-right throughout the 2000s were swept away by the economic crisis. It was clear that the 2011 election would be solely determined by which side the population deemed most capable of dealing with the economic situation and bringing the economy around.

The incumbent government coalition as well as the Social Democrats–Socialist People’s Party coalitions put forward economic plans as their overall economic responses to the crisis. Political debate soon became subsumed by the confrontation between these two overall economic plans that were pitted against each other in public debates.

Both sides decided to take it as their central goal to balance public budgets by 2020. The centre-left parties proposed to carry out more public investment projects in order to kick-start the economy. They also unveiled plans to boost education spending and to increase the normal working week by one hour to expand the labour supply and to raise certain taxes, including a new »millionaire tax« on high earners and on banks. The incumbent government put forward a policy package that focused on slashing expenditure, instead. A zero growth policy was introduced in the public sector in order to freeze total expenditure, and automatic adjustments of social transfers to follow price and wage movements were suspended. Also, entitlement to unemployment benefit (»dagpenge«) was reduced from four to two years, and the implementation of a tax reform that would lower income taxes was postponed.

By undertaking decisive measures to slash spending, the incumbent government hoped to turn the political tide as polls continued to predict a Social Democratic electoral victory. Much hope was also invested on convincing the population that the centre-left economic plan was flawed. This optimism was reinforced by the fact that some economists had voiced concerns that the centre-left economic plan might be overly optimistic, and that the revenue-generating measures it relied on were less concrete than the government’s initiatives. Additionally, it was not certain that it would be possible to convince employees, labour unions and employers’ organisations to increase weekly working hours, which the centre-left economic plan called for. The centre-left, on the other hand, criticised the incumbent government for being too passive by not passing policies to stimulate growth and underestimating the severity of the situation. It also accused the government’s reforms of being overly brutal and harmful to ordinary Danes.

Throughout 2011, everybody expected the Prime Minister to be ready to call the election as soon as polls suggested he would stand a reasonable chance of winning (snap elections are allowed and common in Denmark). But polls continued to put the centre-left a little too far ahead.

During the summer of 2011 it became increasingly clear that the Danish economy was not recuperating as fast as many analysts had expected. The first two quarters of 2011 saw Denmark plunge back into recession, and private consumption and employment also declined, as shown in the figure.

Recent development of key national account figures (%)

<table>
<thead>
<tr>
<th></th>
<th>2010Q3</th>
<th>2010Q4</th>
<th>2011Q1</th>
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<tbody>
<tr>
<td>Real GDP</td>
<td>1.1</td>
<td>–0.2</td>
<td>–0.5</td>
</tr>
<tr>
<td>Private consumption</td>
<td>0.3</td>
<td>0.8</td>
<td>–0.8</td>
</tr>
<tr>
<td>Employment</td>
<td>–4</td>
<td>–0.3</td>
<td>–0.1</td>
</tr>
</tbody>
</table>

Source: Danish Bureau of Statistics.

In August, the government therefore proposed a »growth package« which included public investment to boost the economy, albeit with smaller scope than what the centre-left was proposing. Another important element in the package was a suspension of some minor housing taxes to revive the moribund housing market. In a surprise move, the opposition presented its own housing policy package which was almost identical to the government’s a few days before the official launch of the latter’s policy package. This was widely seen as a strategic move to disrupt the presentation of the government’s »growth package« and ensure that middle-class homeowners were not dissuaded from voting for the centre-left by the promise of reduced taxation on housing. By late August public debate was again rife with speculation that a snap election was very close, especially since the housing market had practically frozen as would-be buyers awaited the implementation of either side’s housing policy package.
In his 2010/2011 New Years Eve speech the Prime Minister announced ambitious plans to reform the »efterløn« pension scheme. This scheme allows people who have contributed to the scheme for 30 years to retire early at the age of 60. Despite this personal contribution the state pays the majority of the costs, and as such the scheme makes people retire early at the expense of other taxpayers. It was designed to make room in the labour market for the younger generation to counter youth unemployment during the period of mass unemployment in the 1980s. Many have argued that a scheme which subsidises early retirement of able labour is wrongheaded and costly, but others, including the opposition and the labour unions, insist that manual workers who become physically worn down by their work need a scheme that allows them to retire early. It appeared that the Prime Minister was hoping to swing the tide in his favour by demonstrating the political will to make tough policy choices. He argued that the reforms were painful but necessary, and would ensure balance in Danish public finances.

In May 2011 the government presented the reform of efterløn. The reform had been negotiated and obtained the support of the Radikale Venstre and the DDP. But backing the reform was difficult for the DPP, which has a large blue-collar voter base that is generally supportive of welfare-state arrangements and is more prone to use the »efterløn« scheme to retire early. The DPP would therefore need a concession of high symbolic value in return for supporting the reform. One of its much-vaunted goals was the reintroduction of border controls that had been abolished with the Schengen agreement. This would, it argued, stem the tide in his favour by demonstrating the political will to make tough policy choices. He argued that the reforms were painful but necessary, and would ensure balance in Danish public finances.

The deal to reform the »efterløn« scheme

The decisive theme of the 2011 election is how to ensure short-run growth and long-run sustainable public finances. Both political blocs have proposed a series of initiatives to steer the Danish economy out of the current malaise. The government has long chided the centre-left for lacking the funding for its plans and warned that the centre-left's policies could bring about a sovereign debt crisis, while the centre-left has criticised the government for being too passive in response to the economic downturn. The deciding question thus looks to be which side the electorate will trust to lead Denmark out of its current economic predicament.

While the labour unions have strongly supported the Social Democrats in the run-up to the 2011 election, ensuring sustainable public finances in the long run might eventually require reforms that may not be popular with the unions. While most unions had backed the Social Democratic–Socialist People’s Party plans to raise average work hours, they also insisted that they would not »pay the bill twice for the financial crisis«.

A Social Democratic government would by all accounts incorporate the Socialist People’s Party and possibly the Radikale Venstre. A centre-left electoral victory will therefore give the Socialists their first experience of being in government. Under its leader Mr Søvndal it has embraced a more centrist political position which would allow it to become a potential member of a Social Democratic government. There has been some dissatisfaction in the party that it has gone too far in a centrist direction. It remains to be seen how the party can cope with these challenges if it is incorporated in a centre-left government.

If the Social Democrats manage to seize power, their primary challenge will be to bring the Danish economy out of its current slump. It has put forward a growth-enhancing policy package and chastised the government for failing to revive the economy. It has also unveiled ambitious plans to invest in green technology and increase spending on education in an attempt to increase long-term competitiveness. These initiatives will require funding, and hence be much easier to carry through in a context of higher economic growth. Accordingly, the success of a Socialist Democratic government will to a very large degree hinge on its ability to increase employment.

Election outlook

Danish politics was stable and entrenched after the 2001 election because the centre-right government could pass any legislation that it could get the DPP to support. This trend looks unlikely to continue. As such, the political agenda and the possible political constellations are looking much more open-ended and unpredictable than throughout the past decade.
Denmark at a glance

The Danish economy was hit by the economic crisis in 2008 and entered a recession. The economy shrank by 1.1 per cent in 2008 and 5.2 per cent in 2009. While the immediate effects of the crisis were less severe than some other countries experienced, growth has remained sluggish in the following years. In 2010, the Danish economy grew only 1.7 per cent, and this is forecast to fall back further in the coming year.

Annual Real GDP growth (%)

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<td>0.4</td>
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<td>3.4</td>
<td>1.6</td>
<td>−1.1</td>
<td>−5.2</td>
<td>1.7</td>
<td>1.7 f</td>
<td>1.5 f</td>
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Source: Eurostat, f: forecast.

Unemployment soared in the wake of the crisis, from 3.1 per cent in the second quarter of 2008 to 6.0 per cent in the second quarter of 2009. Unemployment has continued to climb steadily and reached 8.3 per cent in the first quarter of 2011.

Unemployment rate (%)

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<td>7.3</td>
<td>7.4</td>
<td>8.3</td>
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Denmark has an unparalleled degree of economic equality, with a Gini coefficient of 0.23.

GINI coefficient in selected OECD countries, mid-2000s

Bibliography


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- experiences from welfare state and social reform, especially with regard to equal opportunities, participatory democracy and public sector performance;
- experiences in the fields of foreign and security policy, European integration and Baltic Sea cooperation;
- experiences in the areas of integration and migration policy.

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