

## An equal-for-all welfare state

*The Danish welfare state is built on exhortations from the country's great hymn-writer, priest and politician, N.F.S. Grundtvig (1783-1872). He formulated the model in the following way: "In terms of riches we shall have come a long way when few people have too much and even fewer have too little". This exact principle is the basis for the Danish model of tax legislation and social policy that has won worldwide recognition.*

The ideology behind the Danish Model is that everybody should have equal opportunities regardless of their background. Therefore, Danes are automatically covered in areas such as education, healthcare, unemployment benefits, domestic help for the aged and sick etc. Furthermore there are considerable contributions from the government regarding day-care costs, medical costs and public transport. The public sector accounts for approximately 50 % of the GDP in Denmark and employs around 35% of the workforce

The strong social security is financed through a progressive tax system. The income tax rate is around 50% on average. The more you earn, the more you pay. If you are in the top end of the earning spectrum, you might pay as much as 63%, and are you in the low end you might only pay 40%.

An example of the benefits in Denmark is that tuition at all levels is free, whether it is primary school, high school, university, vocational training or supplementary training. It is financed by 8% of the country's GDP equivalent to 14% of Denmark's public expenditures. Furthermore, the students get subsidised by the government and get a monthly allowance to cover food, books, living expenditures etc.

Denmark spends 8.6 % of its GDP on healthcare, and 7% of the workforce is employed here. A challenge for Denmark is the number of life-style related diseases facing most of the Western World. Life expectancy for newborn girls is 79 years and 74 for boys, and the government is continually working to improve this. In recent years there has been an increased focus on the quality of the hospitals and their waiting lists. This has been an essential issue in the recent national elections.

Most of the public expenditures, 43%, are spent on "social security and welfare", such as unemployment benefits, pensions, cash benefits and other transfer incomes. The fundament for this social security is the idea that everybody should have the same opportunities for success in their life regardless of their background and current challenges in life.

### **Future challenges**

A principle for the Danish Model is that the public sector shall deliver just as good a service as the private sector, potentially even better. Throughout the past ten years, there has been an ongoing debate on whether the balance between the tax pressure and the quality of the public services is optimal.

A tendency is, that new private insurances have found their stand, from pensions to medical insurances. Today, about 15 % of the Danes have a private insurance in case of sickness.

The biggest problem facing Denmark's welfare state is the growing number of people retiring. At present there are four people of working age for everyone needing support, in ten years of time there will only be three. Some believe that the traditionally stable growth in industrial production will solve the problem, while others are pessimistic.

The government is working on solutions to ensure the continuation of the welfare state. Several reforms target the challenges of recruitment of personal in the public sector, hospital waiting lists and the overall quality of the public services. Most Danes, including politicians, want to preserve and improve the welfare state.