

Denmark

News from FTI Consulting's European affiliate network

May 2019: Geelmuyden Kiese (GK) is part of FTI Consulting's affiliate network and is Scandinavia's largest communications agency. GK helps its customers manage change, communicate business plans, digital marketing, design, advertising, public affairs and public relations - telling their clients stories efficiently, both internally and externally. Below the team provides an update ahead of the forthcoming national parliamentary elections scheduled for 5th June.

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Danish general election 2019 – briefing note

Executive summary

- The sitting right-wing minority government will - according to the polls - lose power in the upcoming general parliamentary election that will take place on **Wednesday 5 June 2019**.
- The new government will – most likely – be a Social Democratic minority one-party government. The new PM is likely to be Mette Frederiksen, chairman of the Social Democratic Party.
- A new Social Democratic government will pursue policies that, on most issues, are very similar to the present government. The new government is expected to continue the Danish tradition of broad majorities behind all major political deals and reforms.
- In the business area, a new Social Democratic government will – according to high-ranking internal sources in the party – especially pursue the following issues:
 - Earlier retirement for the most run-down people in the workforce
 - Tighter control of the financial area - tighter control of the banking sector and PE-funds
 - Initiatives against "greed" in business - limits on salaries and bonuses for CEO's
 - Initiatives against pay-day loans - longer period for reflection, limits to APR
 - Initiatives against gambling/betting - limits on advertising, bonuses
 - More focus on investment in selected "winning" industries within climate technology
- Many of the Social Democratic proposals are at present only loosely outlined. It will therefore be possible to influence the exact design and implementation of these proposals.

The polls point to a new government

Prime Minister Lars Løkke Rasmussen today announced on 7th May that the next general election for the Danish parliament will take place on Wednesday 5 June 2019. This means a relatively long election campaign compared to the most recent Danish election campaigns.

The present polls strongly point towards a change of power after the election. The current Liberal-Conservative minority coalition government consisting of The Liberal Party, The Liberal Alliance Party and The Conservative People's Party will – most likely – be replaced by a Social Democratic one-party minority government under the leadership of the chairman of The Social Democratic Party, Mette Frederiksen. The opposition leads by 3-5 pct. in the weighted opinion polls and has done so for the best part of a year. It is, when looking at the Danish electoral history, unlikely that the government will be able to close the gap during the campaign.

Issues in the election campaign

It is expected that the following four political issues will be the most pertinent in the campaign:

- **Retirement age and when and whether to lower it:** This is The Social Democratic Party's primary campaign issue. In the spring, the party presented a proposal for a lower retirement age for the most rundown people in the workforce. The proposal cemented the opposition's lead in the polls.
- **Healthcare reform:** The government and The Danish People's Party recently agreed on a major reform of the healthcare service. A key element in the reform is the decommissioning of the current regional healthcare structure. The Social Democratic Party is opposed to this part of the reform. The reform is a key campaign issue for the government.
- **Immigration:** Since 2001, The Liberal Party have – with success – campaigned on tough immigration laws. This position has won elections for the party earlier, and the party is expected to do all they can to get the issue into this campaign. In addition, both The Danish People's Party and two of the new small right-wing parties running for parliament have immigration as their key issue.
- **Climate:** All the polls points towards climate being a highly prioritized issue with the voters. Therefore, the issue is expected to play a central role in the campaign. The discussion will not be whether to do something on the climate issue but how much.

It is expected that secondary issues such as limits on CEO-salaries, money laundering in the major banks and standards in day-care institutions – at varying levels – also will be central issues in the election campaign.

What can we expect from a Social Democratic government?

It is our assessment that a Social Democratic one-party government will pursue policies that, on most issues, are very similar to the present government. They will be fiscal responsible and relatively pro-business. They will also continue the Danish parliamentary tradition of broad majorities behind all the major political deals and reforms. Around 90 pct. of all legislation in the Danish parliament is adopted with a broad majority including the major parties from both political sides.

If we look in more detail at the business area, it is our assessment, after speaking in depth with high-ranking Social Democratic sources, that a new Social Democratic minority government will focus especially on the following issues:

- **A pension reform** that will allow specific groups to retire earlier. Will be developed in dialogue with the major business organisations and the labour unions.
- **Tighter control of financial services** - tighter control of the banks and PE-funds etc. by the Financial Supervisory Authority and the IRS
- **Initiatives against "greed" in business** - limits on salaries and bonuses to CEO's
- **Initiatives against pay-day loans** - longer period for reflection, limits for APR
- **Initiatives against gambling/betting** - limits on advertising, bonuses
- **Less focus on improving the general working conditions for businesses (deregulation, lower taxes etc.)** - more focus on investment in selected "winning" industries like climate technology and modern urban living

Many of the Social Democrats' proposals in the business area are at present only loosely outlined. It will therefore be possible to influence the exact design and implementation of these proposals.

The parties that are running

There are 13 parties standing in this parliamentary election which is substantially more than usual. In order to be elected for parliament a party has to receive at least 2 percent of the total number of votes. The seats in parliament are divided between the parties proportionally.

There are 179 seats in the Danish parliament. 175 are elected in Denmark. Two are elected in Greenland and two are elected in the Faroe Islands. A government can only be appointed when at least 90 MP's are not opposed to the formation of the government (so-called negative parliamentarism).

Below is a short description of the standing parties and the issues they are campaigning on. The expected number of seats listed below are from the weighted polls from March.

The Social Democratic Party

Currently has 47 seats – is expected to secure approx. 50 seats – Leader of the opposition

Denmark's largest party. Led by chairman, Mette Frederiksen, who was a minister in the previous Social Democratic-led government and who will be the next PM if they win the election. The party is a classic Scandinavian social democratic party with the welfare state in focus. Are expected to campaign on lower retirement age and further investment in public welfare.

The Danish People's Party

Currently has 37 seats – is expected to secure approx. 26 seats – Supports the present right-wing government

A right-wing populist party that has tough immigration policies as its primary issue. Led by chairman Kristian Thulesen Dahl. On business and economic issues, the party is close to The Social Democratic Party. At the previous election in 2015, the party had a historically good election. Since then, the party has lost approx. 33 pct. of the votes. Are expected to campaign on immigration and healthcare.

The Liberal Party

Currently has 34 seats – is expected to secure approx. 31 seats – In government

A classic moderate right-wing/liberal party. Chaired by the current Prime Minister, Lars Løkke Rasmussen, who has been prime minister since 2015 and who was also prime minister from 2009 to 2011. The party, which has been in government in 14 of the 18 years since 2001, is currently tormented by internal power struggles and discussions about the political line. Are expected to campaign on immigration, healthcare and climate.

The Red/Green Alliance

Currently has 14 seats – is expected to secure approx. 16 seats - Opposition

An extreme left-wing party founded by a number of small communist and socialist movements. Headed by the chairperson, Pernille Skipper. The party has made a number of strong political demands in relation to a future Social Democratic government's economic policy. However, no one expects the party to overthrow a Social Democratic government if a conflict should arise. Are expected to campaign on more funds to welfare and climate.

The Liberal Alliance Party

Currently has 13 seats – is expected to secure approx. 8 seats – In government

A libertarian party founded in 2007 as a protest to the moderate policies of the liberal-led government at the time. The party was included into the present government in 2016 to eliminate the possibility of a new election due to a series of threats from the party to the liberal one-party government of the time. The party is led by the current Minister of Foreign Affairs, Anders Samuelsen. Are expected to campaign on tax relief.

The Alternative Party

Currently has 9 seats – is expected to secure approx. 7 seats – Opposition

The party was founded in 2013 by the present chairman, Uffe Elbæk, who came from The Social Liberal Party. Elbæk was Minister of Culture from 2011 to 2012 in the then Social Democrat-led government, but he had to step back because of a scandal. The party has announced that they will nominate their Uffe Elbæk for Prime Minister. This will not happen, and the party is expected to support Mette Frederiksen if the choice comes down to her or the current PM. Are expected to campaign massively on climate issues.

The Social Liberal Party

Currently has 8 seats – is expected to secure approx. 11 seats - Opposition

A classic social liberal centre-party that has traditionally been the power centre of Danish politics. Led by chairman Morten Østergaard, who was minister in the Social Democratic-led government from 2011 to 2015. The party's main campaign issue is an easing of the present immigration policy. The party has made a number of "ultimate" demands for a possible Social Democratic-led government. Are expected to campaign on relief of the toughest immigration laws.

The Socialist People's Party

Currently has 7 seats – is expected to secure approx. 11 seats - Opposition

A traditional socialist party that ideologically lies between The Red/Green Alliance and The Social Democratic Party. Led by chairman, Pia Olsen Dyhr. The Socialist People's Party was a member of the then Social Democratic-led government from 2011 but dropped out in 2014 due to internal problems over the sale of shares in the state-owned energy company DONG (now Ørsted). The party would like to join a Social Democratic-led government once again, but the expectation is that the Social Democrats will not let them in. Are expected to campaign on climate issues and more funds for welfare.

The Conservative People's Party

Currently has 6 seats – is expected to secure approx. 9 seats – In government

A classic conservative party led by the current Minister of Justice, Søren Pape Poulsen. Their support has been declining for the past 10-years but they are expected to gain a few seats in this election. Are expected to campaign on being tough on crime, healthcare and tax relief.

The Christian Party

Has 0 seats (not in parliament) – is expected to secure 0 or 4 seats - Will support a right-wing government

A classic moderate right-wing christian party as seen in southern Europe. The party has been represented in parliament frequently since its establishment in 1970 but have not won seats since 2005. The party's chairman is Stig Grenov but is being fronted during the campaign by the charismatic vice chairman Isabella Arendt. The party's primary campaign issue is to strengthen the family.

The New Right

Has 0 seats (not in parliament) - is expected to secure approx. 6 seats - Will probably support a right-wing government

The party was established in the fall of 2015 by primarily former members of The Conservative People's Party. The party is chaired by the founder, Pernille Vermund. The party campaigns on being tougher on immigration than The Danish People's Party and to have a more liberal economic policy than The Liberal Alliance Party. Have made a number of so-called "ultimate demands" to a new right-wing government but are not expected to pull its support if the demands are not met. The party is expected to achieve election.

The Party Klaus Riskær Pedersen

Has 0 mandates (not in parliament) – is expected to secure 0 seats - Will support a right-wing government

The party was founded in the beginning of 2019 by the controversial businessman, Klaus Riskær Pedersen. The party bears his name but has nominated candidates all over the country. The party is particularly focused on a reform of the tax system. The party is not expected to achieve election.

Stram Kurs

Has 0 mandates (not in parliament) – is expected to secure 0 or 4 seats - Will probably support a right-wing government

The party is an extreme anti-immigration party led by the provocateur, Ramus Palludan, who has gained significant media attention by burning Korans during demonstrations in residential areas with many immigrants. The party is not expected to achieve election but it is possible.

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