

Public support for the Danish welfare state

interests and values, institutions and performance

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Crisis, Miracles, and Beyond

Negotiated Adaptation of
the Danish Welfare State

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2 PUBLIC SUPPORT FOR THE DANISH WELFARE STATE

Interests and Values, Institutions and Performance

Jørgen Goul Andersen

Introduction

This chapter presents an overview of popular support for the welfare state in Denmark, discussing the bases of welfare state legitimacy in terms of the interplay between interests, values, institutions and their performance. Whereas legitimacy problems were a main concern of studies of welfare state attitudes in the 1980s and early 1990s, the literature on welfare state retrenchment tended to regard the people's support for the welfare state as unconditional. This chapter builds on a notion of conditional support: In line with the welfare regime literature, we assume that attitudes are regime-dependent as the institutional configuration of the welfare state will tend to structure behavior, interests, as well as normative conceptions of welfare. Next, we suggest that support for the welfare state depends on what may be broadly labeled performance of the welfare state: (perceived) justice of distribution of taxes and benefits, efficiency, and sustainability. As several of these variables are not experienced directly by the individual, this leaves considerable room for political discourse.

While this macro level model cannot be tested systematically here, we shall test some of its implications and use it as a frame of reference for structuring our variables and interpreting our results; when operating in an analytical universe of individual level data, one may easily lose sight of macro level factors. However, we are also concerned with individual level variations. At this point, many propositions in the literature build on the premise that people act on the basis of self-interest; we balance this premise against cognitive, value-based and other normative interpretations. A particular area of interest here is the association between attitudes and people's position vis-à-vis the public sector; as more than one half of the Danish population receive their main source of income from the public sector, this association is anything but trivial.

In the next section, we briefly discuss theories of support for the welfare state and present a frame of reference for the discussion. This is followed by an overview of welfare state attitudes in Denmark and their change over time. The two following sections analyze the social variations in attitudes, in par-

ticular the division between privately employed, public employees and state dependents. Finally, we present some indicators of the sensitivity of welfare state support to the performance of the welfare state.

Conditional support for the welfare state

Throughout the 1970s and 1980s, innumerable studies prophesied a declining legitimacy of the welfare state. This is hardly surprising. One might indeed expect the legitimacy of the welfare state to be fragile in societies that compel their citizens to hand over half or more of their income in direct and indirect taxes. In Denmark, taxes are not only high; they are also extremely visible: Payroll taxes or social security contributions are almost absent and replaced by ordinary income tax.¹ In fact, Denmark *did* experience a tax revolt in 1973 when the anti-tax 'Progress Party' entered the Danish parliament with 15.9 pct. of the votes; since then, however, taxes have not been very a salient issue, and the Progress Party as well as its successor, the Danish People's Party, had to find another agenda issue (immigration) to survive the 1980s (Bjørklund & Goul Andersen, 2002).

Three classic types of legitimacy problems have repeatedly surfaced in discussions of the welfare state. They may take on new shapes from time to time, but the basic arguments – and counterarguments – are essentially the same. First, theories about modernization often claim that solidarity will decline as a consequence of increasing wealth, the decline of the working class, the development of a broad 'middle mass' (Wilensky, 1976), or the appearance of new, knowledge-based classes with individualist aspirations. However, such theories fail to acknowledge that in European welfare systems the middle class is about as much a part of the welfare state as the lower classes.

A second classic group of arguments encompasses various theories of 'colonization' or 'clientilization' of the welfare state (Habermas, 1981; Wolfe, 1989; Giddens, 1998). However, the claim that institutionalized solidarity in the welfare state will erode solidarity in civil society builds on a zero-sum assumption that is neither logically nor empirically well grounded (Rothstein, 2001; Juul, 2002). By the same token, the tendency to see users and clients as passive subjects is contradicted by the high levels of formal and informal user participation in the public sector (Goul Andersen & Hoff, 2001: Ch. 8).

1 This does not mean that taxes on labor are excessively high; if we add social contributions or employers' fees, which can be considered invisible income taxes, Denmark is close to the European average in its relative reliance on taxes on labor and considerably lower than countries like Germany or Belgium (OECD, 2004). It is high indirect taxes that distinguish Denmark. However, along with Sweden, Denmark has the most progressive income tax system.

A third cluster of theories concern demand overload or tax protest rooted in voters' 'fiscal illusions' – the belief that they can have it all for next to nothing (Citrin, 1979).² However, tax protest has become a rare phenomenon, and comprehensive empirical studies (e.g. Confalonieri & Newton, 1995) have consistently falsified theories of declining welfare state legitimacy. The evidence is so strong that Pierson's (1994, 1998) studies of welfare retrenchment simply took voter resistance for granted. However, like the fiscal illusion argument this position fails to acknowledge that learning processes and the mobilization of crisis awareness can sometimes make even retrenchment fairly acceptable (Petersen et al., 1987).

But legitimacy problems could also be rooted in changing social structures in other ways. In Denmark, about 30 per cent of the labor force are public employees. Unemployment, disability and early retirement have placed a growing proportion of the working age population outside the labor market, relying on social transfers for their income. Adding old age pensioners to this, we face a large majority of the adult population who receives its main income from the public sector. At this point, two potential conflict lines are imaginable. Either between the privately employed and those who receive their income from the public sector, or between the gainfully employed and those marginalized or excluded from the labor market. When unemployment is high, those who enjoy a safe labor market position are usually regarded as privileged. From a narrow perspective of self-interest, however, they could also come to see themselves as the 'victims' of an overtaxing, overly generous welfare state. Such a polarization would not necessarily lead to low aggregate support for the welfare state, but insufficient support among those who finance these programmes would certainly constitute a serious legitimacy problem. This question is examined below on the basis of data from the period when mass unemployment peaked in Denmark.

A common premise for most of the arguments above is that people, in their attitudes and overt behavior regarding the welfare state, act on the basis of self-interest, often narrowly conceived and short-sighted. Three criticisms may be leveled against this assumption. First, we might object on classical sociological grounds that behavior is determined more by norms or values, both generally shared norms of solidarity and norms or values associated with social class, sector, generation or gender. A second line of criticism would not attack the assumption of interest-motivated behavior as such, but rather its narrowness.

2 A classic shared by scholars to the left and to the right was 'demand overload' theories claiming that the welfare state's inability to satisfy rising expectations under conditions of limited economic growth would leave the government in a state of economic and moral bankruptcy (Habermas, 1975; Rose & Peters, 1978).

People learn through collective political mobilization, or through education, to act in more reflexive ways, for instance to be aware of collective interests.

The third line of criticism is institutional. Even if we assume that people act out of self-interest, it is difficult to specify what would constitute self-interest in an encompassing Scandinavian welfare state. In the first place, interest categories are blurred by the fact that most people have a family. This is particularly important in societies dominated by the dual breadwinner family pattern. For instance, 'unemployment homogamy' (Halvorsen, 1999) where both spouses are unemployed is rare. Further, interest categories are blurred by the redistribution over the life course. This means that interests should be defined by one's entire life trajectory rather than one's present position. In an institutional welfare state where the state provides a safety net for a very broad range of social risks, and where most of the 'risk pooling' of the welfare state includes the entire population, there are very few welfare areas where an individual can be entirely disinterested.³ Even if people acted out of pure self-interest, they would find it difficult to calculate their exact self-interest except in rather extreme cases.⁴

Such 'extreme cases' do not include the majority of the low-income group, which is comprised of pensioners and young people, and neither group can be assumed to act very much in accordance with current self-interests. Apart from a small group of very marginalized people, the only group with unambiguous interests is a rather small group of individuals and families with the very highest incomes. For the majority among the middle classes, interests are blurred. Herein lies the paradox of the universal welfare states: They are by far the most redistributive states and therefore less beneficial to the upper middle classes than any other type of welfare state (Rothstein, 1998; Nolan et al., 2000). And yet, apart from those with the highest incomes, the upper middle classes can be expected to be quite happy about their situation.⁵

3 As pointed out by Esping-Andersen (1990) and others, only the most residual welfare states draw a clear dividing line between those who have a (potential) interest in expanding the welfare state and those who have an interest in keeping expenditure at a minimum.

4 Besides, the well-known phenomenon of risk aversion would make people care even less about costs and benefits, as long as they are adequately protected.

5 In Danish public debates, the middle classes' access to benefits from the welfare state has sometimes been referred to as a 'bribe' to ensure support. Needless to say, such thinking only makes sense within the mental confines of a residual welfare state. European welfare states – continental European as well as Scandinavian – are characterized by extensive public risk management, which normally includes the entire population (with varying degrees of solidaristic risk pooling between high risk groups and low risk groups). However, a truly residual welfare state which is not oriented towards risk management but only towards protecting the poor (leaving the middle classes to private insurance companies or private service providers) produces very visible divisions, and (to put it in rational terms) the information costs to calculate one's self-interest are considerably lower.

Except for the richest, the information costs required for people to calculate their self-interest are so high that even self-interested people are not induced to take a stand on welfare issues on the basis of narrow self-interest. Instead, they must be assumed to take a stand on the basis of their everyday experience with the operations of the welfare state, and (in particular) on the basis of their experience of the welfare state as defined in public debates.

This leads to an institutional theory about the legitimacy of the welfare state. Support for the welfare state can be assumed to depend less on personal interests than on one's experience (personal or learned from the media and public debates) that it is *just* (just distribution of benefits and taxes, low levels of fraud and abuse), that it is *efficient*, and that it is *sustainable*. This argument rests on attributes of the entire welfare system rather than on variations among individuals, and its propositions are difficult to test on cross-sectional individual level data from one country, but at least we are able to provide some plausible evidence. Along with this argument, which is addressed below, we briefly discuss other macro level approaches that emphasize institutional factors and the importance of political discourse.

Unless otherwise indicated, the analyses presented below are based on data from Danish election surveys from 1969 to 2001,⁶ and from 'Welfare Survey 2000'. All of these surveys were conducted using personal interviews with representative samples of the Danish population, typically some 2000 respondents in the election surveys, and 1235 respondents in the 'Welfare Value Survey'.⁷ A few time series are updated by a mid-term survey conducted in 2003 and by a pre-election survey conducted during the 2005 election campaign. Both are telephone surveys with some 560 respondents.⁸

Basic support for the welfare state: an overview

Fundamentally broad support for the welfare state persists among the Danes. Different indicators cover various periods, but they reveal roughly parallel

6 For information about the Danish Election Project, see <http://www.valg.aau.dk>.

7 Fieldwork for the Welfare Value Survey was done by ACNielsen AIM, which also did the fieldwork in 1987/88 and 1998. For the other election studies, except from 1971 to 1973, fieldwork was conducted by the Danish Gallup Institute. The election surveys have all been financed by the Danish Social Science Research Council; the Welfare Value Survey was financed by *Ugebrevet Mandag Morgen* and the '2000 Foundation'.

8 The welfare survey and the 2003 and 2005 surveys were conducted by the author in cooperation with *Ugebrevet Mandag Morgen*.

trends. The best single indicator covering the entire period from 1969 to 2005⁹ is a forced choice item in which the respondent is asked to choose between the statements: 'Social reforms have gone too far. More so than now, people should manage without social security and contributions from society', and, 'The social reforms that have been carried out in this country should be maintained at least at the present level'. In 2000, 69 pct. of the adult population answered that the reforms should be maintained at least at the present level, while only 25 pct. believed that reforms had gone too far (Table 1). In general, there is little support for welfare retrenchment.

TABLE 1.

Basic Welfare State Attitudes, 1994-2005. Percentages and PDIs (percentage difference indexes) in favor of the welfare state.

		Agree mostly with A	Agree mostly with B	Indifferent/Don't know	Total	PDI (in favor of welfare state)
A: Social reforms have gone too far	1994	28	63	9	100	35
	1998	30	63	7	100	33
	2000	25	69	6	100	44
B: Social reforms maintained	2001	34	58	8	100	24
	2005	20	74	7	100	54
A: Prefer tax relief	1994	47	44	9	100	-3
B: Prefer improved welfare services	1998	41	54	5	100	13
	2000	40	55	5	100	15
	2001	45	51	4	100	6
	2003	34	61	5	100	27
	2005	35	61	4	100	26

*] Wordings:

1. 'First a question about government spending on social programmes.

A says: 'Social reforms have gone too far. More than now, people should manage without social security and contributions from society'

B says: 'The social reforms that have been carried through in this country should be maintained at least at the present level'. - Do you agree mostly with A or with B?'

2. 'If it becomes possible in the long run to lower taxation, what would you prefer: ...

A: Tax relief or B: Improved public services?'

Source: 1994, 1998, 2001: Election surveys (N=2000); 2000: Welfare survey (N=1235); 2003: Mid-term survey; 2005: Pre-election survey (N=560).

9 In an analysis conducted in cooperation with 'Huset Mandag Morgen' in 2000 (Mandag Morgen, 2000), we had the opportunity to test this item against various composite indexes. Although the indexes revealed a slightly higher explained variance due to the reduction of 'noise', the single item here fared surprisingly well (Goul Andersen, 2000). Therefore we can with confidence use this single indicator as our main measure of general welfare state support in the following, for the sake of simplicity.

This is also confirmed by another item that asks about *preferences* with respect to the trade-off between welfare and taxes. Even leaving out the possibility of retrenchment and asking about whether they would prefer tax relief or improved welfare services in the future, a small majority of the respondents in 2000 preferred improved welfare services. After the adoption of a tax relief in 2003, the majority for more welfare increased immediately to nearly two thirds. The demand for lower taxes among Danish voters is obviously not very strong.

TABLE 2.

Political agenda among Danish voters, 1971-2005. Percentages of answers given

	1971	1973	1975	1981	1987	1990	1994	1998	2000	2001	2005
1. Unemployment	3	1	40	44	16	29	24	7	3	3	16
2. Bal. of payment	5	3	2	8	21	8	3	1	1	.	.
3. Economics, else	19	14	30	20	10	11	12	6	3	4	3
4. Taxes	12	24	6	6	2	9	2	5	6	4	5
1-4. Total econ.	39	42	78	78	49	57	41	19	13	9	24
5. Environment	8	4	1	2	15	10	8	9	8	3	4
6. Welfare	26	14	4	8	15	20	38	47	47	55	53
7. Immigration	-	-	-	-	4	4	8	14	22	23	13
8. EU, foreign pol.1)	17	3	1	2	3	3	3	5	5	6	3
9. Else	10	37	16	10	14	6	2	62)	52)	4	3
Total	100	100	100	100	100	100	100	100	100	100	100

Wording: 'Now, I would like to ask which problems you consider the most important today, which politicians should handle?'

The table shows the distribution of all answers. On average, respondents gave 2.4 responses in 1998, slightly less than two answers in the 1970s.

1) Including defense.

2) Of which: Law and order 3 pct. in 1998 and 2001, 2 pct. in 2000.

Source: 1971-1990, 1998, 2001: Election surveys. 1994: calculated from Thomsen (1995). 2005 pre-election survey.

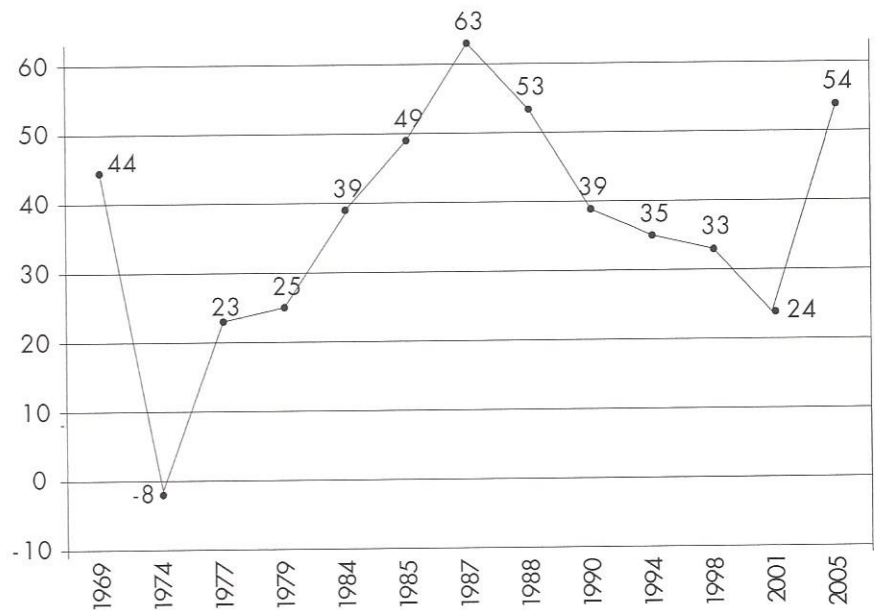
The response pattern revealed when voters are asked about what issues are most salient to them confirms the lack of interest in taxes (Table 2). Tax relief has been among the core issues in party competition, including several election campaigns, but it has not really been on the voters' agenda since 1973. In 1990, the bourgeois government called for an election on the issue of (largely unfunded) tax relief. Not surprisingly, in the 1990 election survey, 54 pct. answered that taxation was the most important issue in the *electoral campaign in the media*. However, only a small minority among the voters regarded taxes as the most important problem, and the Social Democrats won by a landslide (Bille et al.,

1992: 89).¹⁰ Also since 2000, the tax issue has repeatedly been on the media's agenda, and in the election campaigns it has played a significant role (van der Brugge & Voss, 2003). But it has attracted little interest among voters.

The questions about saliency also reveal that voters are not narrowly concerned with self-interest. If they were, they would mainly be concerned with welfare and taxes throughout the period as these are the issues that most directly affect themselves. However, voters' political priorities have fluctuated considerably. Since the end of the 1990s, welfare problems alongside immigration have been at the top of the agenda and economic problems at the bottom. But during the long economic crisis from the mid-1970s to the mid-1990s, unemployment and occasionally even the balance of payment deficit were the most important problems cited by Danish voters.

FIGURE 1.

Long term trend in support for the welfare state. PDI's in favour of welfare.



Wordings: see table 1

The long-term trend in support for the welfare state is presented in Figure 1. The figure confirms that there was a great backlash in 1973. It was short-lived, but some welfare skepticism remained throughout the 1970s. Considering the

¹⁰ Voters were very aware of their personal advantages (Goul Andersen, 1994: 85), but during the election campaign, the proportion regarding taxes as important dropped from some 20 pct. to 9 pct., and in the election survey immediately after the election, the proportion had declined further to only 6 pct.

continued growth in public expenditures from about 50 pct. of GFI in 1972 to about 70 pct. in 1981 (see Goul Andersen & Christiansen, 1991), this is perhaps not so surprising. As a Conservative coalition government took office in 1982 with an (intended) zero-growth policy, sentiments began to change, however. When the prime minister announced in the mid-1980s that the economy had fared 'incredibly well', little support remained for welfare retrenchment. Ironically, the figures around 2005 are higher than in 1969 during the heyday of the welfare state. However, the welfare state that voters want to preserve today is considerably larger than the one voters supported in 1969.

Voter support for specific welfare programs is presented in Table 3, which describes spending attitudes during the period 1979 to 2005.

TABLE 3.

Attitudes towards welfare spending, 1979-2005. Percentages and balance of opinion (percentage points)

	2000: The state should spend ...				Balance of opinion: Spend more minus spend less									
	more	as now	less	Dk	79	85	90	94	98	00	01	03	05	
Health care	77	21	2	0	28	61	61	73	77	75	67	49	55	
Home help	73	23	3	1	.	.	.	73	69	70	69	61	70	
Rest homes	75	23	1	1	.	.	.	.	.	74	.	.	.
Old age pension	60	37	2	1	56	64	57	51	42	58	46	38	41	
Education	53	43	3	1	22	44	45	42	39	50	46	46	65	
Kindergartens	49	42	7	2	20	24	29	32	36	42	33	.	.	
Child allowances	16	62	20	2	.	.	.	0	0	-4	.	.	.	
Leave programmes ¹⁾	30	49	18	3	.	.	.	-20	-7	12	.	.	.	
Activation of unemployed ²⁾	28	47	23	2	.	.	.	1	1	5	.	.	.	
Unemployment benefits (level)	17	69	12	2	-42	17	2	0	-7	5	-1	.	.	
Social assistance (level)	14	61	22	3	.	30	-11	-11	-19	-8	-13	.	.	
Cultural purposes	12	40	46	2	-30	-12	-19	-34	-39	-34	-32	.	.	
Aid to developing countries	12	42	44	2	.	.	-26	-35	-40	-32	-32	-12	5	
Integration of immigrants	22	34	41	3	.	.	.	.	.	-19	.	.	.
Support for refugees/ immigrants					.	.	-30	-35	-41	.	-33	-13	-1	

Wording 2000: 'Now, I'll ask about your view on public expenditures for various purposes. I should like to know whether you think government should spend: 1) much more, 2) a little more, 3) the same, 4) a little less, or 5) much less money on these tasks.'

1979-1998: '... I should like to ask whether you think, government spends: 1) too much, 2) appropriate, or 3) too little money on these tasks.'

Notes

1) 2000: Parental leave; 1994-1998: leave arrangements.

2) 1994-1998: Support to bring unemployed into employment.

Table 4 tabulates responses to a battery of questions on government responsibilities (*from the ISSP 1996 survey, replicated in the 1994 election survey and the 2000 Welfare Survey*), largely indicating a similar prioritization of tasks with a few remarkable exceptions.

TABLE 4.

Attitudes towards the scope of government, 1994 and 2000.
Percentages and average index values on a scale 1-4

To what extent should it be the government's responsibility to ...	Definitely should be	Probably should be	Probably should not be	Definitely should not be	Don't know	Index 2000 (1-4)	Index 1994 (1-4)
Provide health care for the sick	83	14	2	1	0	1.19	1.06
Provide a decent standard of living for the old	71	26	3	0	0	1.33	1.09
Provide child care for everybody who needs it	53	35	8	4	0	1.62	.
Provide a decent standard of living for the unemployed	33	48	16	2	1	1.88	1.53
Provide decent housing for those who can't afford it	39	45	12	3	1	1.78	1.63
Integrate immigrants	38	40	13	7	2	1.90	.
Provide good leisure facilities for children and young people	32	46	18	3	1	1.93	.
Provide leave arrangements for families with small children	30	46	15	8	1	2.00	.
Provide leisure facilities for pensioners	28	46	19	6	1	2.03	.
Provide a job for everyone who wants one	19	44	25	10	2	2.26	2.00
Reduce income differences between the rich and the poor	19	27	27	25	2	2.60	2.26

Unlike the 1994 survey and the ISSP, the 2000 questionnaire included the phrase 'to what extent' it should be the government's responsibility to take care of various tasks. This may have induced respondents to graduate their answers a little more, even though the response categories are identical. This assumption is confirmed by comparison with the 1994 Danish election survey.

Table 5 presents equivalent figures for other countries. The findings can be summarized as follows:

TABLE 5.

Attitudes towards the scope of government, and 'non-financial work commitment.' Denmark 2000 and ISSP survey 1996. Proportions answering 'definitely' or 'probably should be'. Percentages

To what extent should it be the government's responsibility to ...	Denmark	Sweden	Norway	W. Germany	France	UK	USA
Provide health care for the sick	97	96	99	97	89	98	85
Provide a decent standard of living for the old	97	98	99	86	92	98	87
Provide a decent standard of living for the unemployed	81	90	93	80	81	79	48
Provide decent housing for those who can't afford it	86	82	74	78	87	89	67
Provide a job for everyone who wants one	64	65	81	75	69	69	39
Reduce income differences between the rich and the poor	47	71	73	63	74	68	48
Non-financial work commitment: Average on scale 1-5 (ISSP 1997). ¹⁾	2.00	2.26	2.30	2.48	2.76	2.72	2.61
Agree/agree strongly (pct.)	78	61	61	70	53	47	50

1) Wording: I would enjoy having a paid job even if I did not need the money (strongly agree=1; strongly disagree=5).

Source: ISSP 1996, 1997, and Welfare Value Survey.

TOP PRIORITIES: HEALTH CARE, PENSIONS AND CARE FOR THE ELDERLY

With respect to these policy areas, public responsibility is absolute – as is the case in most other European countries (see also Taylor-Gooby, 1995, 1998) and public opinion supports this arrangement. Danes are clearly inclined to spend more money in these areas with the partial exception of old age pensions.¹¹ Again, this is not significantly different from attitudes in most other countries (Goul Andersen et al., 1999).

11 Attitudes towards pension spending are interesting because the introduction of labor market pensions may eventually 'crowd out' the universal, flat-rate pension system. However, it may be too early to read the data as an adaptation to such institutional change; improved pensions in 1988 and concern for the 'pension bomb' in the mid-1990s could be an alternative explanation. Data from 2000 based on a slightly different wording seems to indicate a new break – this time upwards.

From an interest perspective, this is sometimes explained by the fact that these welfare provisions are accessible to everyone. However, as argued above, universal access directly or indirectly pertains to most welfare provisions. It is also a well-known fact that young persons are not very much aware of the risk of becoming disabled and even less of the risk of growing old (i.e., they will tend to forget insurance and fail to make pension savings in time – these are classical arguments for public intervention). Note also that spending attitudes are not constant. In 1979, only a minority wanted to spend more on health care. The change that followed may be seen as a rational response to retrenchment in the 1980s,¹² and it also appears that after significant budget improvements around 2000-2003, the pressure for further increases again became more moderate – for a while, at least.

EDUCATION AND CHILD CARE

The questionnaire did not contain a question about public responsibility for education, but we can safely assume that this is also considered to be a fundamental task of government. Not surprisingly, this is also one of the areas where most people are inclined to invest more money. More surprisingly, provision of public child care is also considered a basic responsibility of the welfare state. We don't have any comparative data on this issue, but the omission of this item from the standard ISSP questionnaire may perhaps by itself be seen as an indicator that this is a Scandinavian characteristic.

HOUSING, UNEMPLOYMENT BENEFITS, AND INTEGRATION OF IMMIGRANTS

When it comes to decent housing, decent unemployment benefits, and integration of immigrants, we notice a marked difference between the questions about public responsibility and public spending. With respect to unemployment benefits, a huge majority wants to maintain the status quo in size of benefits (in contrast to 1979 when unemployment benefits were considered too generous), and until 2001, a very large minority wants to save on the costs associated with refugees and immigrants. However, these tasks, including integration of immigrants, range next to the 'most basic' tasks of government

12 Relatively speaking at least, retrenchment was quite harsh. Total public expenditure as pct. of Gross Factor Income (GFI) was nearly constant from 1981 to 1992 – 71.3 and 70.1 pct. respectively. But expenditure for health care declined from 7.0 pct. to 6.2 pct., and elderly care declined from 3.5 to 3.2 pct. (by 1987 – later statistics not comparable). Old age pensions declined from 6.0 pct. to 5.2 pct. (however, nearly one half of this decline is due to a formal change in accounting) (see Goul Andersen & Christiansen, 1991; Goul Andersen, 1998, 2001; see also Pallesen & Dahl in this volume).

referred to above. A plausible interpretation is that these tasks are essential for securing full citizenship for all inhabitants of the country, even though they are not placed as high in the spending hierarchy. It also shows that one should be careful not to extrapolate too far from the questions on expenditure.

It is also noteworthy that under the Liberal-Conservative government after the 2001 election, it only took moderate cutbacks in spending for immigrants and foreign aid to change the distribution of preferences considerably. By 2005, most voters were satisfied with the current level of spending, and only a small minority wanted further budget cuts in these fields. Again, we are reminded that people react to policies and not only automatically favor areas that serve their own interests.

OTHER WELFARE AREAS

Outside the 'basic' areas referred to above, the demand for public involvement is less strong, and especially in the field of culture, quite a large proportion of respondents want to cut public spending. Needless to say, people also want to save on public administration. It is remarkable also that leave arrangements (parental, educational and sabbatical leaves), which were introduced in the early 1990s, were not too popular – they probably enjoyed broad acceptance, at least in the beginning, but there has never been a broad popular demand to increase spending in such areas further.¹³

PROVISION OF JOBS AND REDISTRIBUTION OF INCOME

Finally, it is remarkable that the provision of jobs and redistribution of income are not listed among the fundamental tasks of government among Danish voters. This departs from the general Scandinavian pattern in which pursuing a policy of full employment is considered an important task for government; in Norway and Sweden, it is also among the most highly prioritized spending areas (Goul Andersen et al., 1999).

The findings here are in line with other surveys indicating a long-term decline in support for equality – or, more precisely, for *more* equality (see also Table 7 below). Apparently the 'passion for equality' (Graubard, 1986) is not so unambiguous in the Nordic countries; at least this does not seem to be the case in Denmark. It must be acknowledged that the responses probably also reflect the fact that unlike most other countries, Denmark was able to maintain or even improve equality during the 1980s and 1990s (Förster, 2000); one cannot infer from these findings that great inequality would be acceptable to the

13 The sabbatical leave was stopped already in the mid-1990s, and educational leave was terminated in 2000; in 2002, the parental leave programme was replaced by a prolonged maternity/paternity leave (52 weeks to be divided between both parents).

Danes. To take an example, there has so far been nearly unanimous opposition to lowering the minimum wage,¹⁴ and comparing perceptions of proper income differentials, Danes resemble other Scandinavians in their preference for small differentials (Albrekt Larsen, 2006). Still, there does seem to be a long-term trend in attitudes revealing increasing acceptance of *some* inequality, perhaps a change towards an ideology of equality of opportunity rather than equality in results. Commenting on similar findings in Norway, Martinussen (1988) has described this mix of attitudes as 'solidaristic individualism'. Regardless of the exact interpretation of such findings, it would at least seem that equality may be a premise, but probably not the driving force behind the demand for welfare state expansion in recent decades.

UNUSUALLY HIGH WORK COMMITMENT?

To safeguard against erroneous interpretations, and to highlight the paradox, we note that attitudes towards government responsibility for employment do not reflect less emphasis on the importance of work. On the contrary, Danes have the strongest 'non-financial employment commitment', not only among the Nordic countries (Svallfors et al., 2001), but among all countries in the world where it has been measured. In effect, it is perfectly logical that a strong work ethic underpins the broad acceptance of generous social security; otherwise, suspicions of abuse would probably erode support for welfare arrangements that in some instances give small incentives to work.

A NOTE ON FISCAL ILLUSIONS, DEMAND OVERLOAD AND CRISIS AWARENESS

As indicated, these results add some important qualifications to the idea of fiscal illusions, i.e., the assumption that voters want lower taxes while simultaneously demanding more services from government. In the first place, the premise that most people want lower taxes is wrong. In the 1990s, Danish voters were concerned about welfare *and* government debt. In 1994, 67 pct. agreed that 'In the present economic situation, we cannot afford to lower taxes'.¹⁵ Furthermore, one should not assume people indiscriminately want more from government.

14 There is no minimum wage law in Denmark, but collective agreements in the labor market set an equally efficient *de facto* minimum wage, which is rather high in comparison with most countries. In the Welfare Values Survey 2000, 69 pct. disagreed with the statement that 'minimum wages should be lowered in order to improve employment opportunities for people without qualifications'. Even though the question explicitly referred to employment, only 17 pct. agreed.

15 The figures reflect a strong persuasion effect, but on an equivalent item concerning wage increases, there have been large fluctuations, including a majority expressing disagreement (Goul Andersen, 1994).

While this may hold true for interest associations, it is not true for ordinary Danes. In the question batteries about public spending referred to above, we actually find only a few areas where an absolute majority wants to spend more. Third, even if it is true that aggregating the spending preferences above would probably reveal a demand for spending that exceeds the willingness to pay taxes, we should not ignore that even within popular fields such as health care, there may be support for cost cutting measures or user charges within particular programmes (plastic surgery or refertilization are classical examples). Further, even if voters want 'more for less', this may also be an expression of a belief that productivity gains are possible and should be pursued. In the market, consumers are frequently able to get 'more for less', and it would be equally wrongheaded to assume that this is *not* possible in the public sector. As in the household, people may be surprised when they aggregate the economic consequences of their preferences. But one is equally struck by the 'realism' of Danish spending preferences. Given the unusually good shape of the Danish economy around 2000, demands actually appear quite modest.

Perhaps these modest demands reflect the lingering consequences of the mobilization of crisis awareness among Danes over the last two decades of the 20th century, especially in the early 1980s and around 1990 (Petersen, 1996). In 1979, the Social Democratic Minister of Finance had described Danish economy as 'balancing on the edge of the abyss' – which was no exaggeration. Throughout the 1980s the media focused on economic problems, heightening public awareness of the situation (Goul Andersen, 1994). Otherwise unpopular reforms such as cuts in public spending and abolition of the automatic indexation of wages became possible without much public outcry. Throughout the 1980s and 1990s, voters did not flock to parties advocating lower taxes. The assumption of 'demand overload' theories that people act mechanically, are unreceptive to political appeals about economic problems and unable to adjust their expectations simply does not hold up in the Danish case.

CONCLUSIONS

We have not tested every assertion about the legitimacy problems of the Danish welfare state, but already from the short overview above we can draw some general conclusions.

Basic welfare consensus persists. Changes in class structure and increasing individualism have not reduced support for the welfare state, nor have visible tendencies towards demand overload materialized among Danish voters. Most voters want to maintain public welfare at least at the present level and largely agree about the basic responsibilities of government, which also include provisions for immigrants, in spite of the dissatisfaction that prevailed with the level of expenditure on and other aspects of refugee and immigration policy in the 1990s.

People react to policy change. Time series data on health care and unemployment benefits, as well as on support for refugees and immigrants or for foreign aid clearly indicate that people adjust their demands to changing provisions.

Governability. The data lends no support to any idea that the welfare state has become ungovernable. In times of economic hardship, Danish voters can be persuaded to accept retrenchment – but not necessarily retrenchment of any kind.

This also indicates that people do not act mechanically on the basis of self-interest. This assumption is further explored in the following analysis of social variations in attitudes towards the welfare state.

Social variations

This section provides a brief overview of variations in general attitudes towards the welfare state across social categories. For the sake of simplicity, the overview is mainly based on responses to a single question (the forced choice question on social reforms having gone too far vs. should be maintained at present levels, as presented in the previous section). However, wherever necessary, we also report a few significant results from a full-scale analysis in 2000 of the subdimensions and overall composite indices.¹⁶ We focus in particular on the debate about self-interest as a determining factor in welfare attitudes because so much of the research and analyses (both scholarly and popular) in the field is implicitly based on this assumption.

An overview of variations across social groups is presented in Table 6. Entries are percentage point difference between the proportion answering that ‘social reforms should be maintained’ and the proportion responding that ‘social reforms have gone too far’. Beginning with *gender*, we find that women are slightly more positive. Even though the gender difference has increased somewhat since 2000 (Andersen & Goul Andersen, 2003), especially among the young, the gender gap on this general item is somewhat smaller than on concrete expenditure questions.¹⁷ Still, the main gender difference is not in attitudes but saliency. When asked in 2001 about the most important problems, 61 pct. of the surveyed women pointed to a welfare issue; among men, the corresponding figure was only 39 pct. Conversely, only 7 pct. of the women surveyed indicated that taxes were the most important issue, while this issue was highly salient to 15

16 As compared to the analysis here, the full scale analysis largely reveals parallel trends on different subdimensions and more reliable findings on composite indices, resulting in a higher explained variance. However, the single question used here captures the main tendency and even competes well in terms of ‘noise reduction’/explained variance.

17 Overall, men tend to be slightly less willing to spend more money *at all*. This corresponds with a similar gender difference in relation to taxes.

pct. of the men surveyed. Even larger differences are found on questions about overall economic strategies (e.g., to combat unemployment), where respondents were asked to choose between an 'export strategy' and a 'welfare strategy'; here gender differences tended to be even larger than differences across supporters of various political parties (Andersen & Goul Andersen, 2003).

TABLE 6.

Welfare attitudes, by social background factors and party choice. Balance of opinion in favour of the welfare state ('maintain social reforms' minus 'social reforms have gone too far'), percentage points. 2000

	Maintain social reforms (2000)	(N)
Men	40	622
Women	48	613
18-29 years	36	295
30-39 years	46	276
40-49 years	49	253
50-59 years	54	233
60 + years	38	179
basic education 7-9 years	54	401
basic education 10 years	45	471
High school exam	33	362
Unskilled worker	60	170
Skilled worker	55	160
Lower white collar	46	223
Higher white collar	41	235
Self-employed, Farmer	22	70
Private employees	42	446
Public employees	56	348
Left wing parties	76	111
Social Democrats	73	361
Center parties	40	108
Liberals, Conservatives	9	328
Danish People's Party/Progress Party	26	99

Source: 2000: Welfare value survey; 2001: see notes to Table 2.

Educational and class differences are also small,¹⁸ except between the self-employed and wage earners; typically, if the group of 'higher' white collar workers is delineated more narrowly, they also reveal more welfare skepticism, especially the privately employed. But otherwise, differences are small, reflecting a broad welfare consensus. While it is reasonable to speak of a consensus across *social* groups, strong *political* divisions in attitudes remain. Among Social Democrats and left wing voters, support for the welfare state is nearly unanimous, and there is also overwhelming support among the adherents of the centrist parties. But among Liberal and Conservative voters in 2001, nearly one half of those who took a stand believed that welfare had gone too far. At this point, saliency largely corresponds with attitudes; among Social Democratic and left wing voters, only 6 and 3 pct. (respectively) mentioned taxation as an important issue in 2001 (Goul Andersen, 2001). Among voters supporting Denmark's 1973 tax revolt party and its successor, the Danish People's Party, taxation is no longer a salient issue. Only 6 pct. mentioned taxes as important, compared to 22 pct. among Conservative and Liberal voters, and 15 pct. among the centre parties' voters.

The three factors that relate most clearly to interests are age, employment sector, and income. According to an interpretation in terms of self-interests, the relationship between education, class and welfare attitudes would be mediated mainly by income and/or by actual or potential use of welfare programmes. As far as the employment sector is concerned, we should expect public employees to be 'budget maximizers', i.e. to be particularly keen about securing more resources for the public sector, or at least for the sector where they are themselves employed. However, data does not correspond very well with such expectations.

Beginning with age, an interest perspective would predict that the young and the elderly were most positively inclined towards the welfare state, i.e., we should find a 'U'-shaped relationship. However, we find exactly the opposite in the Danish case: the middle-aged are the most positive and the younger and the older age groups the most negative. This is a stable finding in all surveys around 2000, and a similar relationship is found on nearly all indicators. This is not difficult to explain: Voters aged 40 to 49 years in 2000 were socialized in the 1970s, a period marked by the political mobilization of new left values (Svensson & Togeby, 1986). This has had a generational effect on nearly all attitudes, as can be seen from Table 7. By 1979, the 18 to 29 year-olds were

18 The educational difference in Table 5 actually happens to be statistically significant. This is unusual, and we found no significant effects on the composite measures in the Welfare Values Survey; rather, the effects of the other background variables raise the value just above the significance level.

very positively inclined towards the welfare state, economic equality and state regulation of business. In 1998, the same cohorts had largely maintained these attitudes, while new cohorts hold more liberalist views. These findings do not exclude the possibility that, other things being equal, there might be a small life cycle effect in the predicted direction. But the point is exactly that other things are not equal, i.e. that interest effects are so small that they are completely overshadowed by value effects.

TABLE 7.

Attitudes towards the welfare state, economic equality and state control with business, by age. 1979, 1994 and 1998. PDI

Age	Maintain social reforms			More income equality			State control of business		
	1979	1994	1998	1979	1994	1998	1979	1994	1998
18-29	44	38	26	42	4	-14	19	-14	-20
30-39	30	52	35	23	13	6	-6	-7	-14
40-49	16	35	49	11	10	23	-29	-20	-11
50 +	19	25	27	12	8	4	-24	-42	-37

TABLE 8.

Political agenda, by age. Proportion of voters mentioning the issue as important. 2001 (1998). Percentages

	Tax 1998	Tax 2001	Welfare total 2001 ¹⁾	of which:			(N)
				Health care	Old age issues	Children and young	
Total	11	11	50	22	27	12	972
18-29 years	14	18	45	19	15	17	195
30-39 years	10	13	54	24	21	16	190
40-49 years	12	13	45	22	21	10	172
50-59 years	11	9	50	22	31	9	163
60-69 years	9	6	54	20	43	10	130
70 + years	5	2	55	27	40	8	121

1) As people may mention more than one welfare issue, totals are less than the sum of the following figures.

Source: Election survey and 2001 survey (see Table 2), see Goul Andersen (2001).

As far as saliency is concerned, the evidence is mixed (Table 8). In 2001, after an intense media campaign, the saliency of taxes simply followed age: the younger, the more concerned about taxes. This is difficult to explain from an interest perspective, but easy to explain as issue mobilization: Young people are more receptive to new ideas and new issues. The aggregate figures for saliency of welfare are unrelated to age, but when we turn to the specific welfare issues, we find a pattern that corresponds to what one should expect from an

interest perspective. Especially the saliency of old age issues (care, pensions, etc.) is strongly related to age.

This is hardly surprising; more surprisingly, we do not find similar variations in attitudes when we look at particular spending areas (Table 9). Thus, we find almost no significant age differences in attitudes towards expenditure for the elderly (pensions, care and health care). As far as expenditure for the young is concerned (education, child care, child allowances and parental leave), figures generally do come out as predicted. But as to education, the association is weak, and some of the other associations may reflect generational experiences and expectations; a couple of decades ago, even the middle aged were reluctant to consider child care a task for the public sector (Goul Andersen, 1993), and we still encounter a marked decline of support among the elderly. Explaining attitudes about unemployment benefits and social assistance does not flow easily from an interest perspective; why are the young the most negative and the 40 to 49 year-olds the most supportive? Again, issue mobilization offers a more plausible explanation. Economic experts have advocated reducing these benefits – and tightening qualifications for benefits, too (Goul Andersen, 2002). Finally, we find persistent age effects on attitudes towards spending on immigrant integration; but this is part of a larger syndrome, which is outside the scope of this chapter. Overall, however, even those age differences that do conform to an interest interpretation are rather small.

TABLE 9.

Age and attitudes towards welfare expenditures, 2000.
Balances of opinion in favor of increased spending

	Age					eta	beta
	18-29	30-39	40-49	50-59	60+		
Health care	72	78	77	74	72	.05	.06
Home help	67	67	75	73	75	.07	.06
Rest homes	67	70	75	83	81	.13**	.10*
Old age pension	54	55	66	61	59	.09	.08
Education	49	49	55	56	40	.09*	.09*
Child care	53	56	39	26	22	.22**	.24**
Child allowances	9	-1	-8	-12	-15	.14**	.16**
Parental leave	14	33	12	0	-12	.21**	.22**
Unemployment benefits (level)	-7	4	15	12	4	.20**	.20**
Social assistance (level)	-23	-16	6	4	-4	.20**	.20**
Integration of immigrants	-8	-24	-16	-20	-39	.13**	.08*

Wordings: See Table 3. Beta coefficients refer to analyses of variance (controlled for education).

If self-interest explained the pattern of attitudes among Danish voters, then we would expect a strong negative association between income and welfare state support because the Danish welfare state is among the most redistributive in the world. Furthermore, as the highest marginal tax rate of some 62 to 63 pct. starts at a moderate income level (roughly equivalent to that of an average production worker), we should expect a sharp decline in welfare support around that level. However, our data do not confirm these predictions. As we can see in Table 10, there is no association between income and support for the welfare state for 85 pct. of the population. It is only when we come to the upper 15 pct. that an effect becomes visible, and it is only among the upper 1 to 2 pct. of respondents with household incomes above 1 million DKK that we observe a majority with negative sentiments.¹⁹

TABLE 10.

Family income and welfare attitudes. Balance of opinion. Percentage points

Household income (married/cohabiting only)	Maintain social reforms		Tax salient 1998	(N) 2000	(N) 1998
	2000	1998			
under 200,000	62	34	9	51	112
200-299,999	55	43	12	88	127
300-349,999	56	36	10	65	127
350-399,999	71	44	9	79	132
400-449,999	48	42	12	83	143
450-499,999	57	47	10	93	108
500-549,999	51	33}	12}	95	124}
550-599,999	56			79	
600-699,999	27	10	13	54	65
700-999,999	12	-6}	27}	60	66}
1,000,000 or more	-53			15	

The same basic pattern is found in the 1998 election survey data where the income variable is a little less detailed; we are not able to single out the very highest incomes, but again, variation is only found among the upper 10 pct. The 1998 survey also allows us to test the association between income and saliency. As far as the saliency of welfare issues is concerned, there is no association at all (data not presented). With respect to the saliency of taxes as a political issue, we find an association just above the significance level. Even here, there is no association with income until we reach the 700,000 DKK level.

19 The few other data sets with highly graduated income scales reveal a similar pattern with highly deviant attitudes among the upper 2 or 3 pct. (Goul Andersen, 1993).

Once again, it is only a small group (5 pct.) of high income earners that deviate from the rest of the population. To put it bluntly, *we do not find an association with income; we find a division between the social elite and everyone else*. Finally, there is the division between private and public employees. Not surprisingly, public employees are slightly more positively inclined towards the welfare state than privately employed, but the difference is small (Table 6). Turning to saliency (data not presented), we find no difference in the saliency of welfare issues. However, there is a significant difference in the saliency of taxation as 18 pct. of the privately employed consider taxes important, compared to only 7 pct. among public employees.

However, the latter finding is not so straightforwardly interpretable from an interest point of view. As taxpayers, private and public employees have the same immediate interests (and sector differences in income are not that big); it is only their producer interests that differ. Therefore there is some point in claiming that from an interest perspective, we should mainly look at job-generating public expenditures.

At any rate, since 1971 when there was virtually no sector difference in voting patterns, a marked political division has developed between the public and the private sector in Denmark. For instance, during the 1990s, the proportion of socialist voters among white collar workers in the public sector was twice that of private sector white collar workers (Goul Andersen, 1999). To some extent, this is a uniquely Danish phenomenon. The difference is visible, but much smaller, in the other Nordic countries (Holmberg, 2000; Aardal, 1999). The question is whether this is an expression of self-interest. As an alternative interpretation, Knutsen (1990) has proposed that it is post-materialist values in the non-market sector that distinguish public and private employees.

For the rank and file among public employees, self-interest may be operationalized as 'budget maximizing' behavior. Further, it may be argued that from an interest perspective, public employees in the health sector have little reason to support those in the education sector, so we have further disaggregated public employees into three sectors: health care and social institutions, education and culture (including child care), and all others. We also distinguish between services and transfers. In the field of transfers, we should not expect sectoral differences in attitudes towards the size of budgets; in the first place, few people are employed in paying out the transfers, and second, their working conditions probably do not depend on the size of the transfers to their clients. Finally, we have included a few expenditure items that do not affect the interests of public employees at all, but that are strongly related to values. From an interest perspective, we should not expect to find any sectoral differences here.

TABLE 11.

Attitudes towards public expenditures, among private and public employees.
Balance of opinion (spend more minus spend less). 2000. Percentage points

	Private employees (N=446)	Public employees (N=348)	Public employees in the sector	Difference public/private
Health care	77	76	79	-1
Education	50	56	60	6
Child care	45	46	49	1
Home help	70	71	74	1
Rest homes	74	75	79	1
Culture	-46	-21	-10	25
Child allowances	-1	-4		-3
Old age pension	61	58		-3
Parental leave	17	22		5
Unemployment benefits	3	12	Public employees, education/ culture:	9
Social assistance	-15	1		16
Aid to developing countries	-41	-24	-6	17
Integration of immigrants	-28	-9	13	19

Surprisingly, our data in Table 11 does not confirm that public employees act in a self-interested way.²⁰ The public/private divide in Danish politics appears to be more a matter of values. First, we generally do not find large differences in attitudes between public and private employees. Next, even if we compare the attitudes of private employees with those of people employed in the relevant public sector, we find only negligible differences – with culture as an exception. Third, we do not find that the public/private divide is larger in the field of services than in the field of transfers. Fourth, within the field of transfers, we find the most significant differences are in attitudes towards unemployment benefits and social assistance, which (if anything) may affect the interests of private employees more, due to reduced job security. And fifth, the biggest differences are found on issues of foreign aid and integration of immigrants where we should expect no differences from an interest perspective, but large differences from a value perspective. Some of the sectoral differences that were not expected from an interest perspective may be partly explained by differences in educational composition. But education is exactly the kind of ‘value factor’

20 We are speaking here of public employees as voters. Obviously, interest associations and institutional interest groups should be analyzed from an interest perspective.

we mean in this context. And education only explains part of the difference. Thus, as far as public expenditures are concerned, we may conclude that the interest effects are close to zero, and that nearly all the sector differences can be explained by differences in values.

However, there are other areas where we do find significant sectoral differences that can be explained in terms of interests: attitudes to privatization – from contracting out and outsourcing to full privatization – are very different between the two sectors, and similar differences are encountered in attitudes towards new, more performance-related wage systems, etc. In short, resistance among public employees to market mechanisms of various sorts in the public sector is widespread. Although this is not exclusively a matter of interests, interests undoubtedly constitute a very important component. But the broader and more mechanical interpretation of public/private sector differences is not valid.

To conclude, in the Danish case, variations in attitudes towards the welfare state are difficult to explain in terms of narrow self-interest. Even public employees are not very different from private employees in their attitudes towards the welfare state – and to the extent that these two groups do differ, these differences must to a large extent be explained in terms of values rather than self-interest. This has implications for the question of conflict between those who receive their income from the public sector – the majority of the Danish population – and those who rely on the private sector for their livelihood.

State employment, state dependence and polarization

With the partial exception of public employment, the analysis above has followed a conventional perspective on social structure. However, it is sometimes argued that the divide between classes and income groups is less important than the impact of social structural changes related to the welfare state itself. The growing number of public employees and the growing number of people receiving their income as social transfers from the state are what make the difference. The political implications of this change have not been adequately studied to assess this hypothesis. From an interest perspective, if such a social structure is emerging, it would be cause for alarm. Together, public employees and the publicly supported constitute the majority of the adult population, and if they use their voting power to promote their own short-term interests, the economic sustainability and the political legitimacy of the welfare state may be in jeopardy. As we have seen, however, at the individual/voter level, public employee attitudes do not support the predictions of an interest-determined model. But is there a polarization between the employed and recipients of a transfer income from the state?

The idea of a 'new social conflict' (Dahrendorf, 1988) has resurfaced from time to time, both in the academic literature and in public debates. But the political implications of the growth in the number of people living on transfer incomes have not been examined in much detail (Goul Andersen, 1984; Bild & Hoff, 1988; Svensson & Togeby, 1991). In the 1970s, the focus was mainly on political distrust, protest or rebellion among those who were marginalized or excluded from the labor market. But, as it turned out, this group was 'politically harmless', so attention was directed more toward the willingness of the employed to pay for those supported by the state – a change in perspective that was also related to ideas about the welfare state inspired by neo-liberalism and rational choice theory.²¹ From an economic perspective, and to some extent from a rational choice perspective, such a conflict may seem inevitable. From a sociological point of view, this is by no means obvious. Many types of transfer income are part of the life cycle – maternity/paternity and parental leave, early retirement allowance, old age pensions, and to some extent even disability pensions, etc. There is no reason to believe that receiving transfer payments should change one's political identity – and there is no reason to believe that those employed should feel that 'we' are paying for 'those people' (to borrow a famous quote from former US President George Bush Sr.).

Second, most unemployed are only unemployed for a short time, and many employed have experienced unemployment at some point. Third, the idea of a new conflict ignores the fact that most people live in families. If people are unemployed, their spouse will typically be working, and if people are employed, they will often have a close family member who has recently experienced unemployment. This means that the dividing line is blurred, and along with factors impeding organization, it contributes to explaining why no common identity has formed among people outside the labor market. Lastly, but not least, a relatively generous benefit system with high minima and long duration provides people with the economic resources to remain 'part of society' without becoming 'second class citizens'. In Denmark, economic security is the most basic determinant of well-being among the unemployed (Goul Andersen, 2002), and social exclusion in the meaning of a cumulative deprivation and spatial segregation – which can lead to a sort of 'underclass culture' (Littlewood & Herkommer, 1999) – remains a relatively rare phenomenon.

The general expectation in a Scandinavian type welfare system would be that working age persons who receive social transfers may be a little more inclined to defend these arrangements and may prefer more benefits, but we

21 In a Danish context, the theory of a new conflict has mainly been part of the 'folklore' in public debates. For an example in the academic literature, see e.g. Christoffersen (1995).

should not expect any decline in solidarity among the 'insiders' as long as the 'outsiders' remain part of society. In short, being employed or receiving transfer payments is mainly a matter of economic categorization, not sociological affinity in the meaning of group and identity formation. But what do the empirical findings tell us? How much of a divide is there between the employed and those receiving social transfer income, between those who earn their living in the private sector and those who receive their income (wage or transfer) from the public sector? And do such differences lead to legitimacy problems for the welfare state?

We have studied these questions in more detail elsewhere on the basis of information from 1994 (Goul Andersen, 1999) and shall focus here on the main lines presented in that research and on updated information. On the basis of detailed information in the 1994 election survey, it was possible to compile a picture of the social structure at the time when unemployment peaked (Table 12). The result was quite impressive. If we count students as publicly supported (they receive universal, generous allowances, but usually have a part-time job as well), some 66 pct. of the adult population at that time received its main income from the state, only 34 pct. from the private sector (including 1 pct. housewives). 55 pct. were employed, while 45 pct. lived on transfer payments from the state.

None of these contrasts are politically relevant, however. On the general item applied here, we found no aggregate difference in welfare state attitudes between the employed and the publicly supported (see Table 13), or between those with incomes from the private and the public sector. Election surveys continue to show that there are no major political differences. These groups are simply formal economic categories without sociological or political relevance. If the proposition has a rational core, it must be reformulated in a sociologically relevant way. Thus, we must leave out students and people more than 60 years old. Table 13 shows how this affects the results.

Among the working age population under 60, and leaving out students, we do find an effect on our main indicator of attitudes towards the welfare state: The balance of opinion among the employed is +38 compared to +62 among those publicly supported in 1994, and +45 and +63, respectively, in 2000. Thus, there are differences in the extent of positive opinion, but the effect is small, and we may further note that there was very little change from 1994 to 2000, indicating that attitudes did not polarize during the 1990s. To make an even more demanding test, we can look at attitudes towards unemployment benefits and social assistance in 2000. Even here, however, the contrasts are small. We do find a somewhat stronger leaning towards improvements among those living on transfer incomes rather than income from work, but both among

employed and among transfer recipients around two-thirds simply want to maintain levels as they are.

TABLE 12.

The adult population, by source of income. 1994. Percentages

	Percentage of adults in survey ¹⁾
State non-dependents, total	34
Employees	26
Self-employed, assisting spouse	7
Housewives	1
Public employees, total	21
Publicly supported/welfare recipients, total	45
Students, pupils (largely supported by the state)	7
Unemployed (unemployment benefits or social assistance) ²⁾	8
Leave (maternity, parental, educational or sabbatical)	3
Disabled	5
Early retirement allowance or transitional allowance	4
Old-age pensioners, state pensioners	17
Others	1

1) The sample is not perfectly representative. Privately employed and disabled seem slightly under-represented.

2) Including unemployed on parental leave.

Source: Election Survey 1994. N=2021.

TABLE 13.

Social reforms gone too far/should be maintained, by employment status. Balance of opinion in favor of maintaining welfare

	Social reforms gone too far?			Unemployment benefits, 2000		Social assistance 2000	
	1994: whole popula- tion	1994: age 18-59	2000: age 18-59	Balance of opinion	Per cent maintain	Balance of opinion	Per cent maintain
Employed	+37	+38	+45	+5	71	-11	61
Transfer income	+32	+62	+63	+30	65	+19	63
(N)	1109	1086	826	826		826	
	912	279	126	126		126	

Even replacing the category of the 'employed' with the category of 'employed in the private sector' has little effect on the results. But we may get a measure of the sharpest possible contrast by also including information on unemploy-

ment experience in the respondent's close family. Thus, on the 1994 data, we have distinguished between four groups:

- persons employed in the private sector, with no unemployment experience in close family during the last two years, and with no use of parental, educational or sabbatical leave;
- persons employed in the private sector, with some unemployment experience in close family (respondent, spouse, children or parents),²² or with leave experience;
- public employees (regardless of unemployment record); and
- persons receiving public support.

TABLE 14.

Distribution of 18-59 year-olds (excluding students), according to labour market position, and welfare attitudes by labor market position. 1994

	Percentage of age group	Percentage of adult population	General welfare attitude ¹⁾	Unemploy- ment and social ass. ²⁾
Privately employed ³⁾ without un- employment or leave experience in family	30	20	+25	-15
Privately employed ³⁾ with some un- employment or leave experience	19	13	+37	-5
Public employees	31	21	+52	+2
Publicly supported	20	14	+62	+14
Total pct.	100	68		
(N)	1365	2021		

1) Entries are balance of opinion: Welfare should be maintained minus welfare gone too far.

2) Entries are averages of balance of opinion in relation to size of unemployment benefits and social assistance.

3) Including housewives.

Table 14 shows the population distribution and welfare attitudes among these groups (for details, see Goul Andersen, 1999). Note that we are now contrasting those receiving transfers with a small minority of the working population. However, even though we do find a *difference*, the data reveals no polarization. Positive welfare state attitudes prevail even in the minority of privately employed unaffected by unemployment, and no grouping has a majority sup-

22 Under-reporting of unemployment among other family members is possible. If this is the case, there may be some respondents in the 'unaffected' group who are indirectly affected. However, we might infer that they are not greatly affected if they have forgotten about the unemployment of other family members. Thus, it has no bearing on the analysis here.

porting reductions in unemployment benefits or social assistance. Neither polarization nor legitimacy problems exist here.²³

Institutions, performance and discourse

This analysis might seem to suggest that support for the welfare state rests on such solid support that a serious decline in welfare state support is highly unlikely. This conclusion would, however, be premature, perhaps even wrong. As with most studies based on individual level data, our analysis has been directed towards those problems that are somehow reflected in variation between individuals. Explanations in survey research can only account for variance among individuals. Lacking time series or comparative data, macro level factors are usually excluded from the analysis and perhaps even from the theories. We now turn to a macro level model, which we cannot test here. But we can illustrate how it might work, and we can discuss some possible sources of change.

The model is very simple (Figure 2). Inspired by Bo Rothstein's (1998) distinction between 'substantial' and 'procedural' justice, the model distinguishes between basic solidarity or support for welfare on the one hand, and trust in the practical operation of the system on the other. There is no question that basic solidarity is strong in Denmark. Here, it is difficult to think of any legitimacy problems. However, as will be described below, there may be some uncertainty about which principles of solidarity constitute the normative foundations of the welfare state. We return to this broader question below, but first we examine the main legitimacy problems on the implementation side of the welfare state.

The first implementation problem is the question of *reciprocity* or *trust in the fairness of the system*. This includes at least three elements: (1) perceived fairness in the distribution of the tax burden, (2) transparency, i.e., a clear set of rules about who is entitled to get what, and that everyone is treated equally, and (3) a shared perception that fraud and abuse are rare. All of these refer to a classical prisoner's dilemma problem. Even the most solidaristic persons are only willing to cooperate and contribute when they are reasonably certain that everyone else will do the same. The second challenge to legitimacy is that of *performance*. Do welfare programmes fulfil their goals?

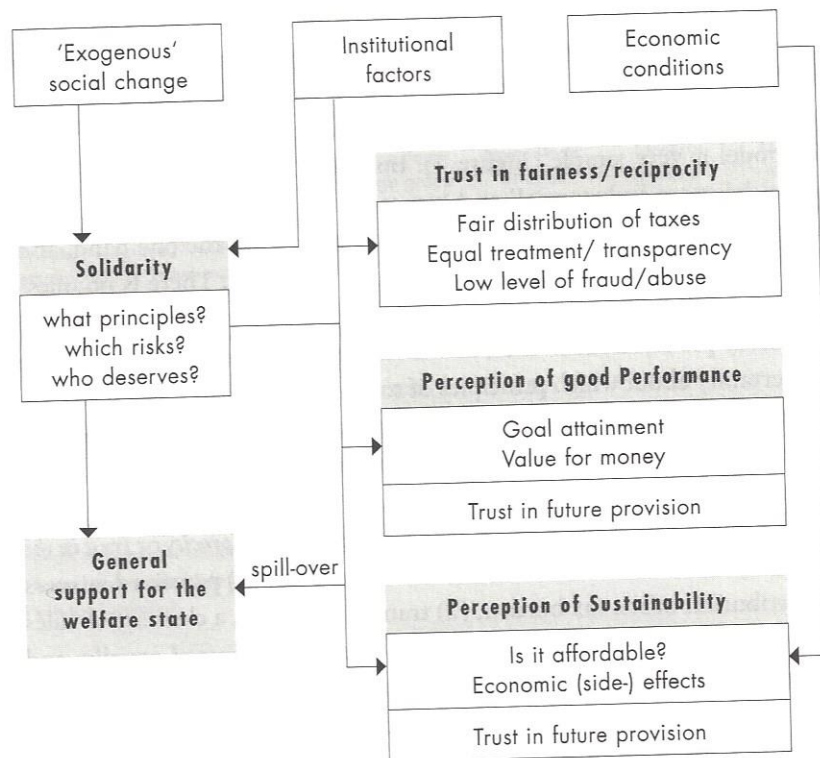
Do citizens feel that they get 'value for their money'? Even the most solidaristic person is unlikely in the long run to contribute willingly to a system

23 As mentioned below, there was a public debate in 1996 that focused on 'uncontrollable' transfers and it did temporarily affect the legitimacy of the welfare state. However, this concern was no different among the employed and transfer recipients. This is an example of a macro level effect that cannot be measured by a one shot cross-sectional analysis of individual level data.

that he or she considers inefficient. The third problem is one of *economic sustainability* or affordability. Even the most solidaristic person cannot in the long run support welfare programmes that he or she considers unsustainable. If, for instance, the pension system is described by experts and others as impossible to finance in a future context of an ageing population, people are likely to be affected.

FIGURE 2.

A Macro-Level Model of Support for the Welfare State



Support in principle
Few legitimacy problems
But uncertainty about principles

Implementation side of welfare policies:
Many potential legitimacy problems

These matters involve not only objective fact, but also, and more importantly, perceptions. Typically, such perceptions rest on information received from the media, or more precisely, from the actors who define these problems in the media. We may also simply speak of political discourse. The final element in the model is a feed-back effect: If people experience problems on the imple-

mentation side, this will, sooner or later, also have an impact on solidarity and general attitudes to the welfare state.

Political critics of the welfare state usually target implementation issues rather than the norm of solidarity *per se*. People are more receptive to such a message, especially about abuses (Svallfors, 1989, 1996). This model also provides some plausible explanations of earlier legitimacy problems. For example, the 1973 Glistrup-led tax rebellion was accompanied by the highest support ever measured for more progressive taxation (as measured by the item 'high incomes should be more fiercely taxed than today'). When politicians, in desperation over Glistrup's success in opinion polls, lamented the loss of solidarity, they misperceived the situation. The problem was not a loss of solidarity, but a loss of confidence in the tax/welfare system. When Glistrup revealed that he paid no taxes (and compared tax evaders with railway saboteurs during the German occupation because they undermined an immoral system), there was little legitimacy left for the tax system. The 1973 election survey also revealed the most widespread perception of social fraud ever measured. Public debate focused on arrogant behavior and laziness among public employees, and experts warned against continuing the rapid expansion of the public sector. In short, almost every conceivable dimension of welfare state implementation was criticized, undermining trust in the working of the welfare system.

This model also contributes to explaining why citizens in high tax universal welfare states are usually less worried about taxes than citizens in low tax residual systems. Apart from the fact that the latter will often need their post-tax money to buy those services and insurances which citizens in fully universal welfare states receive automatically, citizens in residual welfare states also have fewer reasons to trust the welfare state. The standard textbook arguments in favor of universalism, rather than residualism, flow from this same logic. Residualism allows discretion so that transparency is lost and it is difficult to see who gets what. Residual welfare states create stronger incentives for fraud and abuse. The interaction between taxes and means-tested social security can lead to perverse composite marginal taxes. And so on.

Turning to the efficiency dimension, when public attention is focused on inefficiency or problems of goal attainment, overall trust in the welfare state may be adversely affected, leading people to be more open to market alternatives. In Denmark, this occurred in the mid-1990s. Problems with home help for the elderly, criticism of basic education in public schools, long waiting lists for elective surgery, and declining quality of hospital care entered the public agenda at the same time. None of these problems were new, but they received little attention in the media until the mid-1990s. An overview of citizen evaluations from 1998 to 2001 is shown in Table 15.

TABLE 15.

Evaluations of the performance of the welfare state, 1998-2001. Percentage

		Very well	Quite well	Not so well	Badly	Don't know	Balance of opinion
Libraries	1988	56	34	2	1	7	+87
	2000	50	42	2	1	5	+89
	2001	47	28	2	1	21	+72
Childcare	1998	9	45	25	4	17	+25
	2000	10	56	22	3	9	+41
	2001	17	32	11	2	38	+36
Basic school	1998	6	42	38	6	8	+4
	2000	8	46	36	6	4	+12
	2001	14	36	17	5	28	+28
Hospitals	1998	8	26	45	19	2	-30
	2000	12	36	41	10	1	-3
	2001	24	35	21	9	11	+29
Home help	1998	4	16	44	26	10	-50
	2000	2	23	52	17	6	-44
	2001	9	20	19	12	40	-2
GP's	2000	23	57	16	3	1	+61
Tax administration	2000	13	60	16	6	5	+51
Social office	2000	7	46	20	5	22	+28
Employment office	2000	6	37	24	11	22	+8

Wording: Now, I should like to hear how well you think the public service is working in a number of fields.

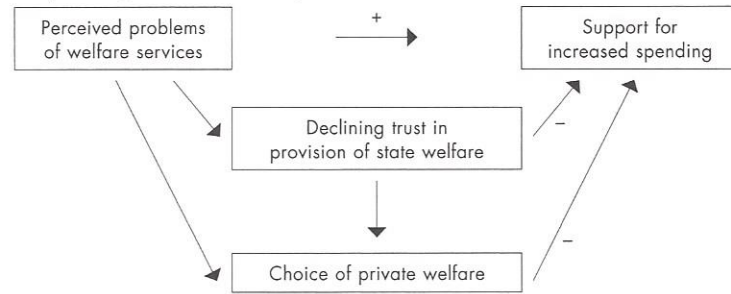
Sources: Election Survey 1998, Welfare Values Survey 2000, and Mandag Morgen/ACNielsen AIM June 2001, in cooperation with the author.

It turns out that assessments of core welfare services were very bad around 1998, but they generally improved by 2001, especially as far as the health sector is concerned. This corresponds to voters' changing political agenda: Health care was the most important welfare issue in 1998, but elderly care was the most important issue in 2001 (Goul Andersen, 2001).

The usual immediate reaction to such problems once they are widely recognized – be they real or created by the media – is a general willingness to spend more money. However, in the long run, this may contribute to declining trust. If perceived problems appear to persist, people may begin searching for alternative solutions. This is sketched in Figure 3.

FIGURE 3.

Relationship between perceived problems and support for increased spending: Positive and negative effects.



In Denmark, we have some information about such mechanisms. Thus the perception of problems within each area can be correlated to the willingness to pay. In 1998 and 2000, there was a positive association, but in most fields, especially health care and elderly care, this association weakened considerably from 1998 to 2000. Greater attention due to the elections might explain part of the change, but the findings lend considerable plausibility to the explanation offered above. In the long run, people may start looking for other solutions. Finally, we have also observed a dramatic increase in private health care insurance (Goul Andersen, 2000). This is undoubtedly the consequence of heated debates about the poor performance of the public health care system, especially long waiting lists. More importantly, though, this type of insurance was introduced by employers or in collective agreements; no significant increase in individual insurance has occurred. Our 2001 data also show that at least until now, it is not the mechanism sketched in Figure 3 that is working here; there is no correlation between perceptions of hospital performance and voters' attitudes towards private health care insurance.

Finally, we have some data concerning the issue of sustainability/affordability and its effects. A long-running debate about 'uncontrollable' and unbearable increases in social transfer incomes (echoing the debate about public expenditures in the 1980s and early 1990s) peaked in 1996.²⁴ This gave rise to

24 One may wonder about the timing. But controlling public consumption had been the main concern of the 1980s, while transfers received less attention. In particular, reforms of student allowances, leave programmes and child allowances led to a marked increase in transfers. In the 1990s, this nurtured an erroneous belief that, due to unemployment and ageing, transfers were 'uncontrollable' (Goul Andersen, 1997). At any rate, controlling income transfers became a mantra of Danish politics in the 1990s (with the predictable consequence that public consumption increased more than 20 pct. in real terms from 1992 to 2000).

a marked increase in the propensity to view current welfare programmes as unsustainable (see Table 16).

TABLE 16.

Opinions on the sustainability of the welfare state, 1994-2000.¹⁾ Percentages

		Strongly agree	Agree	Neutral	Dis-agree	Strongly disagree	Disagree minus agree
Transfer incomes are becoming uncontrollable	1994	29	29	22	12	8	- 38
	1996	54	20	8	7	11	- 50
	1997	27	36	10	15	12	- 36
	1998	21	26	32	14	7	- 26
	2000	17	36	28	13	6	- 34
In the long run, we cannot afford to maintain the welfare state as we know it today	1994	21	29	14	20	16	- 14
	1996	41	18	7	11	23	- 25
	1997	28	28	5	18	21	- 17
	1998	12	22	21	26	19	+11
	2000	12	33	21	23	11	- 11

1) In the second part of the 1994 survey and in 1996-1997 the option 'neither agree nor disagree' was not included. This affects the proportion of 'neutral' answers. But a comparison between the two parts of the 1994 survey indicates that the balance of opinion is not affected at all, whereas the proportion of 'strongly agree' went up by 3 percentage points and the proportion of 'strongly disagree' increased by 5, respectively 3 percentage points. Both the 1996 and 1997 surveys applied telephone interviewing but this probably had no effect. At any rate, the data collection methods in 1996 and 1997 were identical.

At the same time, there was a temporary decline in general support for the welfare state in 1996. And the two phenomena indeed seem to be related: The causal link was confirmed by a highly increased correlation between belief in sustainability and overall support for the welfare state in 1996, as compared with earlier and later measurement (Goul Andersen, 1997).

It is important to note that this increasing concern for sustainability and declining general support for the welfare state were found equally across all social groups, including those living on transfer incomes of all sorts. This is the acid test of the self-interest hypothesis and the idea of polarization. When the burden of financing transfer payments becomes a contested political issue, we might expect political polarization between the marginalized and the integrated on the labor market. But the data clearly shows that all groups, including those living on transfers, react as *citizens* to alarming new information about uncontrolled costs. Instead of asking, 'what do "we" do with "those people",' Danish citizens instead debated how 'we' should solve 'our' social problems.

What, then, are the institutional preconditions for one type of reaction rather than the other? We turn to this question below. These findings also illustrate the limitations of drawing conclusions about legitimacy problems

from a single survey. Most macro level factors are not reflected in the data and are easily forgotten until we have time series or cross-national surveys.²⁵

To sum up, the legitimacy of the welfare state appears to depend primarily on macro level factors such as trust in fairness, performance and economic sustainability. To a considerable extent, this is a matter of political discourse: A problem is not a problem until somebody defines it as a problem. In the short run, there is no necessary connection between problems 'out there' and what comes to be defined discursively as a problem. In the long run, problems and political debates are probably related, but not necessarily in a direct or obvious way.

Problems of fairness, performance and economic sustainability, in turn, are related to institutions, i.e., how welfare programmes are structured. Universalism, for instance, is generally believed to generate greater confidence in the fairness of the system than residualism does; on the other hand, there may be a tradeoff between fairness and sustainability as universalism is clearly more expensive.²⁶ However, if fairness is sacrificed in order to ensure economic sustainability and lower taxes, we should expect declining rather than increasing willingness to pay taxes. Danes are willing to pay high taxes because they trust that the system is fair, performs, and is economically sustainable.

Another reason for the willingness to pay high taxes is that people are not induced to think in terms of self-interest. If they were, and if they were able to calculate their interests, the (upper) middle classes would probably display greater dissatisfaction. Residualism tends to reinforce rational, self-interested thinking, while universalism leads people to think in terms of a big, collective insurance scheme where it becomes less relevant to calculate personal risk. The question of the durability of the welfare state from a public opinion perspective, therefore, is how stable this way of thinking is and how basic welfare values and institutions interact. This brings us back to the right side of Figure 2 above. Solidarity is unquestionably high. But what are the principles of this solidarity? At this point, Danes appear surprisingly ambivalent – not between corporatism and universalism, but between residualism and universalism. Should social rights be accorded to all citizens, or should they be targeted

25 This is a classic example. Another example is the positive correlation between knowledge about the EU and sympathy for the EU. Of course we cannot infer from this that information campaigns are an adequate method to improve Danes' sympathy for the European Union. It may even be counterproductive.

26 It should be noted, though, that apart from possible distortions associated with high levels of taxation, universalism is a welfare model quite compatible with the market – probably more than other welfare regimes (residualism often produces perverse incentives, and corporatism produces insider/outsider divisions both in an economic and a sociological sense).

towards those in greatest need? In principle, a majority of Danes answer that social rights should be targeted towards those in need; in practice, the majority tends to support the structure of existing welfare programmes (the main exceptions are universal child allowances and free home care for the elderly).

However, institutions teach people to see the world in a particular way. There is no reason to believe that demands for institutional change should come from Danish citizens. The question is whether institutional change could take place for other reasons, and how voters would react. One possibility is a model of counter-reaction. Most proposals to alter the welfare state die before they ever reach the political agenda because voters resist. And if politicians were to succeed in adopting changes, sustained voter resistance would soon force them to modify or abolish the reform (like the freezing of unemployment benefits and social assistance 1982/83-1985/86), unless they manage to obfuscate the decision or introduce 'reform by stealth'. This is the standard model of 'voters as veto point' assumed in the retrenchment literature (Pierson, 1994).

The other possibility is that voters *learn* to interpret the world differently and see the reforms as part of the 'natural' order. These alternatives are equally logical and plausible, but they lead to very different outcomes. The once highly celebrated Danish 'old age pension', a political sacred cow, is now being crowded out by 'labor market pensions' and other occupational or private pensions. The policy response has been to broaden the incomes-tested part of the old age pension and to change the indexation scheme. Further change is likely. Public discourse about the old age pension is increasingly framed in the language of residualism. The first step is to remove all sorts of 'special arrangements' for pensioners that not so long ago were considered basic rights. This helps reduce the minimum efficient pension. The non-means tested part of the old age pension has already been repeatedly reduced and might even be phased out. Eventually the public pension may become insignificant – a basic support for the poor and a supplement for those with below average incomes. Whether the new pension mix (which actually solves the ageing problem) will be 'functionally equivalent' to its precursor remains to be seen. So far there are no indications of increasing inequality among pensioners (Ministry of Finance, 2000). But more regulation will probably be required to maintain current equality levels. And people learn to think about pension in a more privatized way. Could this spill over to other areas of welfare state activity? Until recently, it was completely unthinkable to break with universalism in health care. And any such move would undoubtedly face fierce resistance. But even though it is not likely, it is at least becoming conceivable that the gainfully employed could be insured by their employers, either as a simple fringe benefit or as a part of a collective agreement. Logics of new welfare mixes and compensation for the (perceived) inadequacy of public programmes are conceivable in

other policy fields as well. By and large, any dramatic development in such a direction is not very likely. But it is possible to imagine a situation where people find themselves largely outside the welfare system while still paying high taxes to pay for services and income transfers for 'those people' who are dependent on the welfare state. This situation – if it were to emerge – would certainly test the limits of social solidarity.

Conclusions

The speculations stop here. We do not seek to envisage an alternative future for the Danish welfare state, but rather to illustrate how the question of public support for the welfare state should be phrased in terms of interactions between institutional change and changing perceptions and behavior. As far as we can judge from our data, we should not look for dynamics of change in 'exogenous' change among citizens (such as changes in the social structure, changing values etc.), but rather in 'endogenous' factors related to the welfare state itself. These factors are by definition contextual and macro level; they enter survey analysis rather indirectly. But they appear to be more powerful explanations than those we can immediately detect at the level of individual voters/citizens.

As to the latter, we found strong evidence that thinking about the welfare state is to a surprisingly limited degree structured by self-interest. This invalidates many theories about the sources of legitimacy problems for the welfare state. The limited influence of self-interest in shaping Danish public opinion is explained in several ways. First, we suggested that many of the dimensions of a narrow economic self-interest perspective do not contribute to identity formation. Further, we found little or no interest effects in many instances where we might otherwise expect them to emerge. Our main explanation is institutional. In a comprehensive, universal welfare state, people are not induced to think in terms of costs and benefits, and even if they were, the information costs in calculating costs and benefits would inhibit them from doing so. Only among the very obvious big losers (far more than among the obvious winners, as this is often a transitional stage) in the public redistribution game should we expect to find any larger effects. This was confirmed, and so was our assumption that the public/private divide, as far as welfare expenditure is concerned, is mainly (though not exclusively) a matter of values.

For the reasons indicated above, we found no indication of polarization between those inside and those outside the labor market – and very little even between the 'core insiders' and the marginalized; there were differences, but no sign of low or declining willingness to pay for any of the groups outside the labor market. In short, the question is not whether there is support for

the welfare state and not even what changes among voters might alter the situation. The question is what institutional and policy changes might bring about a decline in support. Here we pointed to the implementation side of the welfare state – its institutional effects as well as performance – as possible sources of change, and we found some evidence to substantiate this hypothesis. The other potential source of change is the conjunction between ambivalent welfare values (in relation to the principles of social rights) and ‘exogenous’ institutional change. At this point, the argument is purely speculative, as we lack adequate data to test the hypothesis.

In spite of strong evidence for high and stable welfare state support in Denmark around 2000, our conclusion is *not* that support for the welfare state is unshakeable. It is hardly as strong a ‘veto point’ as sometimes described, and we should not generalise too far from current high levels of support. In particular, we should look for potential sources of change in the interplay between voters’ (somewhat ambivalent) values, institutions and policy performance, broadly conceived.

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