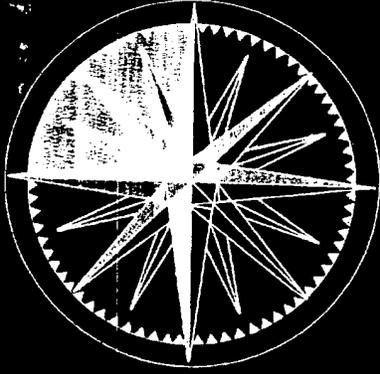


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SPECIAL REPORT

THE POLITICAL SITUATION IN DENMARK

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11 September 1964

THE POLITICAL SITUATION IN DENMARK

On 22 September nearly three million Danes are expected to go to the polls to elect a new Folketing, Denmark's unicameral legislature. This will be the first national election since November 1960. About 900 candidates from 11 political parties will compete for the 175 Folketing seats assigned to Denmark proper--4 more seats are reserved for Greenland and the Faroe Islands. Although domestic problems such as housing, taxation and pensions seem to be the major issues of the campaign, foreign policy matters, especially Denmark's NATO and defense policies and the question of possible EEC membership, have received some attention. The Social Democrats are favored to continue as Denmark's dominant political party.

Party Strengths and Positions

Seven of the 11 Danish parties now have seats in the Folketing because of the complicated system of proportional representation. The Social Democratic Party has 76 seats, twice that of its closest rival, the Moderate Liberal Party (38). The Social Democrats and the Radical Liberals (11 seats) form a minority coalition government. The Conservative Party has 32 seats and, with the Moderate Liberals, is usually thought of as the opposition. The Independents have 6 seats, the Communist-oriented Socialist People's Party has 11, the German Minority Party 1 seat, and the Faroe Islands and Greenland have 2 seats each.

Compromise has been a long and honored tradition in Danish politics, and often legislation is passed with broad support in the Folketing. In the case of a close vote, however, the government parties can usually rely on

enough support from Greenland and the Faroe Islands to guarantee a majority. In October 1963, by a majority of only one vote, the government defeated a no-confidence motion introduced by the opposition.

All major Danish political parties, except the Socialist People's Party, are "democratic" in their basic orientation. All generally agree that the government must redress, to some extent, economic inequalities within the society. The principal areas of disagreement between the parties concern the degree of government intervention in the economy and, to a smaller extent, certain aspects of foreign policy, especially defense.

With respect to the amount of government intervention in the economy, political preferences range from a policy of extensive nationalization to laissez faire. Extensive nationalization is favored by the Socialist

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People's Party and laissez faire by the Conservatives and Independents. Other parties espouse modifications of these extremes.

In foreign policy, the Folke-ting membership can be grouped loosely into three camps: the majority who support, or at least accept, Danish membership in NATO and firm alignment with the West; a small group--especially the Radical Liberal Party--who prefer Denmark's prewar policy of pacifism and neutralism; and a small but vocal minority, representing the Socialist People's Party, which consistently favors policies propounded by Moscow.

Foreign Policy

Foreign Minister Per Haekkerup, a Social Democrat, has said that the four pillars of Danish foreign policy are the UN, NATO, European integration and Nordic cooperation. All of the parties represented in the Folke-ting, except the Socialist People's Party, support Denmark's current defense and foreign policies, although with varying degrees of emphasis.

Danish membership in the European Economic Community is another area of disagreement; Moderate Liberal Party chairman Erik Eriksen has said that his party, which receives most of its support from the farmers, will not consider the country's economic problems solved until Denmark becomes a member of the EEC. He believes membership will permit Denmark to maintain high levels of production and employment. He has criticized the long-standing government position that Danish membership must be contingent on British membership and has urged that Denmark, without giving up its tie to the

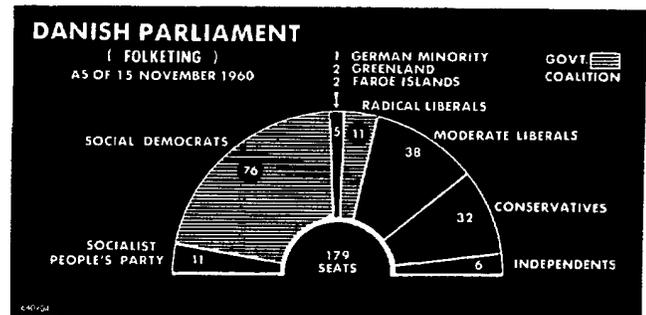
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European Free Trade Area, improve its position by establishing formal contact with EEC.

The view of the Social Democrats, supported by most of the other parties, is that the time is not yet opportune to discuss isolated Danish accession to the EEC. Prime Minister Krag has stated that the government favors a broad European solution to the market problem, with Denmark's two principal customers, the UK and West Germany, as well as the other Scandinavian countries as participants.

"New Look" in Foreign Affairs

The so-called "new look" --essentially greater vigor-- in the conduct of Denmark's foreign affairs does not involve any basic changes in foreign policy but is, instead, an effort to utilize Danish influence in the international scene and to pursue Danish interests more effectively. Foreign Minister Haekkerup, who is thought of as energetic and ambitious, yet idealistic, is primarily responsible for the stepped-up activity. He is highly regarded not only in his own Social Democratic Party but also in the opposition parties. This acceptance is extremely important in a political situation where the government coalition is at times reduced to a bare one-vote majority. Haekkerup has traveled extensively, especially in the last 18 months, has attended meetings of the major international organizations, and has generally made Denmark's views known by his frequent



speeches and writings. Prime Minister Krag has also been active in projecting this new image of Denmark on the international scene. His recent trips to Moscow and Washington and his adept handling of Khrushchev on the Soviet premier's June visit to Denmark have increased Krag's stature in international circles.

Much of Denmark's increased impact in foreign affairs in recent years has been in connection with UN activities. The concept of international cooperation through the UN is widely supported by the Danish people and all political parties. Specifically, the Danes contributed 1,000 men to the UN Force in Cyprus, and recently the Folketing passed legislation establishing a 1,000-man volunteer "peace force" which will be available to the UN for future operations.

Domestic Issues

The housing shortage seems to be the most hotly debated issue of the campaign. There is general agreement that the shortage is serious, but there is deep concern within the government about the inflationary pressures

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that would be generated by unrestricted building. The Social Democrats are committed to continuing their policy of gradually easing building restrictions, beginning with less expensive housing, while simultaneously maintaining rent controls for the foreseeable future.

The center parties of the opposition, the Conservatives and Moderate Liberals, are somewhat less fearful of inflationary pressures than the government. They want a more definite timetable for removing restrictions on all housing construction and a broad relaxation of rent controls. The parties of the extreme right and left virtually ignore the inflation danger and propose more drastic means to overcome the housing shortage.

The other important domestic issues are taxation and pensions. The major parties seem to agree that the government should have flexible tax policies to help the national economy but they disagree over what policies would be most effective. Even though the opposition parties supported the government on six pension bills adopted in the 1963-64 session of the Folketing, they go to great lengths to distinguish their positions on the details of the pension program, and each claims that it can administer it more effectively.

The Campaign

As election day nears, issues seem to be playing less of

of a role in a campaign that is being reduced to personalities and slogans. The Moderate Liberals and Conservatives are contending that "it is time for a change," that the continuance of the Social Democrats in power is a "threat to Danish democracy." The opposition also points to the possibility of Social Democratic cooperation with the Communist-oriented Socialist People's Party and tries to rouse fears of a "socialist majority" if these two parties should win more than half of the Folketing seats between them. On the other side, the Social Democrats emphasize their refusal to cooperate with the Socialist People's Party and remind the voters of Denmark's high prosperity and the absence of any concrete alternative in the programs of any of the other parties.

Outlook

There is no doubt that the Social Democrats will remain the dominant political party in Denmark. Despite the housing problem, economic conditions are generally good. The party's relations with its labor supporters are excellent. The government's foreign policy has broad public support and in Prime Minister Krag and Foreign Minister Haekkerup the Social Democrats have two leaders of great prestige. The main question seems to be which other party, if any, will be in the government. The Radical Liberals have said that they will negotiate with the Social Democrats only if the Radical Liberals gain more seats in the

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Folketing than they have now; and if the two parties together control an absolute majority. This is a possibility since the popularity of the government is very high. On the other hand, if the Social Democrats do well in the elections and the Radical Liberals do not, there is a chance that the former will form a single-party minority government. It is difficult to see how the opposition parties could form a government without the cooperation of the Social Democrats. The Moderate Liberals and Conservatives have not cooperated

fruitfully since the 1950-53 period when they formed the government coalition. Even if they could resolve their differences, these two parties won only 70 seats between them in the 1960 elections--well short of a majority--and their prospects for this election do not seem much better.

Prime Minister Krag has said that he favors another Social Democratic - Radical Liberal coalition, and this seems to be the most likely prospect. [REDACTED]

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