

Retrenchment with Consent

**Framing, persuasion and ambivalent attitudes
in two Danish welfare reforms**

draft

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**Framing, persuasion and ambivalent attitudes
in two Danish welfare reforms**

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Abstract:

Voter resistance has usually been considered a crucial veto point against retrenchment unless it can be overcome through mobilization of crisis consciousness. However, this assumption is largely based on a narrow rational choice approach that fails to take attitude formation into account and rests too much on the notion of self-interest. Modern notions of attitude formation would suggest that political attitudes are often quite ambivalent, and that framing may have a substantial impact on how political messages are received. As far as self-interest is concerned, there are instances where it is difficult to persuade voters even though self-interests are obvious. On the other hand, it may be possible to persuade voters about retrenchment, even without having to mobilize an acute crisis consciousness.

In the case of recent Danish reforms of early retirement (1998 and 2006) and of taxation (2003, 2007 and 2009), we have sufficient longitudinal data and attitudinal questions based on different frames to illuminate to what extent and how support for reforms could be mobilized or resistance could be overcome. The 2009 tax reform was heavily underfinanced for quite a few years and included a substantial net gain for employees with income above average, financed by business. The 2003 and 2007 reforms were simple, unfinanced tax relief, that is, they were unrelated to retrenchment and left most taxpayers better off, without anybody having to sacrifice. Yet they were received with scepticism, and voters had to be persuaded to accept them. The early retirement reforms imposed retrenchment on one of the most popular welfare schemes. This happened in a context of prosperity and in 2006 furthermore in a context of a large public budget surplus. Yet it was possible to neutralise resistance or even mobilize support.

Our data reveal substantial ambivalence in attitudes. Resistance against retrenchment could not be taken at face value as opinions were highly dependent on framing. As the framing of reform was predictable several years before it was carried through, it was also predictable that resistance would be weaker than indicated by most opinion surveys. Moreover, we find substantial attitudinal change (genuine persuasion – regardless of framing) on two occasions. We also find attitudinal change in the field of tax reform as voters take cues from “their” parties, but in this instance, resistance was less ambivalent. Even attitudes to simple, “costless” tax relief depended on framing, but not to the same extent as attitudes towards welfare retrenchment.

More generally, voter reactions to retrenchment – and to policy change in general – are difficult to predict from a simple rational choice model suggesting an almost “mechanic” response on the basis of self interest. Voters appear more concerned with collective interests, and studying attitudes, it is necessary to take account of attitudinal ambivalence, and of framing potentials for political actors.

1. Introduction

In the literature on welfare retrenchment it has typically been assumed that retrenchment will almost invariably meet severe resistance among voters. This means that governments will often have to give up retrenchment, or they will have to pursue a strategy of obfuscation in order to conceal to the public what is really going on (Pierson, 1994).

A few exceptions have been listed, though. In the first place, it is acknowledged that resistance may sometimes be overcome through mobilization of crisis awareness (Pierson, 1994) whereas welfare retrenchment looks more politically suicidal (and less necessary) during prosperity. Others have claimed that some parties may be in a better position to impose retrenchment than others. When socialist governments pursue retrenchment, this is tantamount to a “Nixon goes to China”-strategy (Ross, 2000; Green-Pedersen, 2002): Voters will be more confident that if these parties suggest cutbacks, it is really necessary and unavoidable.

These are exceptions, however. Moreover, even crisis awareness may not be enough to mobilize acceptance, and cutbacks by Socialist governments may backfire politically: Rather than persuading voters to accept retrenchment, socialist parties may lose confidence among the general public that they are really committed to protect the welfare state.

To a large extent, assumptions about negative voter reactions to retrenchment seem warranted. Danish experience from 1998 is a case in point. By December 1998, the Danish Social Democratic party lost almost one half of its voter support from the election nine months earlier when it adopted a rather moderate change of the Danish voluntary early retirement scheme. However, by 2006, at the peak of a very long period of prosperity, a Liberal-Conservative government introduced a much more dramatic change of the scheme, but this time, voter reactions were negligible. And by 2007, the same government experienced a rather negative voter reaction when it provided substantial tax relief for middle income groups – while at the same time promising continued improvements of public welfare.

On closer inspection it turns out that the analyses of voter reactions to retrenchment, at least within welfare state research, have typically rested on rather narrow notions of voters basically linked to a

rational choice model of political behaviour. Such models are often too simplistic. In the first place, the assumption of self-interested behaviour is too often misleading. Secondly, they fail to take into account advances of knowledge about attitude formation. Studies of attitude formation, on the other hand, have primarily taken place within a context of political campaign research which has been unrelated to the study of policy reforms.

Apart from the already “classical” elements, so well pointed out by Pierson (1994), politics of “retrenchment” – or politics of “welfare reform” (previously antonymous, increasingly synonymous terms, at least in some countries) – should also include other aspects, including the possibilities of winning support, or at least acceptance. In the first place, it was demonstrated long ago in the so-called economic voting literature that “sociotropic” reactions are more typical than “egoistic” or “egotropic” reactions when it comes to economic problems (Kinder & Kiewiet, 1989, 1991; see also Merrill & Grofman, 1999). Secondly, we know from the literature on attitude formation that political attitudes are often quite ambivalent (Zaller, 1992), and we know that framing may have a very substantial impact on how political messages are received (Chong & Druckman, 2007).

The intersection between attitude formation and social policy analysis is rarely studied, however. Modern analyses of framing effects have mainly focussed on media and political campaigns. Even strategic efforts of political actors such as political parties have largely been outside the scope of analysis (Slothuus, 2008: 21-24; forthcoming). This holds even more for the substance of policy. Governments have the opportunity to set the agenda, to define the problems (Bacchi, 1999), and to frame the issue more narrowly in the media – in short they have strong opportunities to influence *what* are considered important issues among voters, and *how* voters speak and think about an issue.¹

This paper will examine two Danish cases of reform where we have a considerable amount of longitudinal data (not panel data, unfortunately, but long time series with frequent measurement). The paper has the double purpose of testing whether people’s reactions are consistent with the myopic self-interest model, and of illustrating some of the ambivalences which can be exploited to mobilize support or at least demobilize resistance.

¹ We shall not elaborate on the conceptual problems at this place. Defining a problem and framing an issue are strongly related, but should probably be distinguished as the former often refers to a broader discourse or picture of the world whereas the latter may simply refer to techniques of persuasion. It is also debatable whether one should distinguish between persuasion and framing; the reference for the latter is narrower, at least as regards the way these concepts are applied in practice.

In short, it is suggested that intelligent governments can carry through retrenchment with the consent of the people, even during prosperity. And on the other hand, governments can happen to mobilize resistance even when they deliver substantial economic improvements to people.

2. Dangerous retrenchment: The voluntary early retirement scheme

As mentioned, the Danish Social Democratic party found itself in a dire situation when it decided – in a compromise with the other main non-socialist parties – to tighten the conditions of voluntary early retirement in 1998. The voluntary early retirement scheme had been introduced by 1979, in order to fight youth unemployment and to provide an outlet from the labour market for worn out workers. It allowed people to retire voluntarily from the age of 60² at quite favourable economic conditions - typically maximum unemployment benefits. The scheme had always been very popular and enjoyed a take up much above what was originally anticipated. Everybody was happy – except many economists. They pointed out that job replacement was much lower than expected: the net effect was a decline in the labour force. As long as unemployment remained high, however, governments did not have strong incentives to change the scheme. When unemployment declined rapidly from 1994 onwards, take up of early retirement was expected to decline markedly. But this did not happen. Figures were disappointing, the press was critical, and it became increasingly obvious during 1998 that the government would fail to reach its budget targets unless something was done. In this situation, a few leading government members secretly decided to change the scheme and had secret negotiations with the main opposition party (Ræbild & Kristiansen, 2001). Except for a few top level politicians, nobody knew about the negotiations until one hour before the decision was made – as part of negotiations over next year's budget.³

² That is, there were no conditions of health problems; rather the contrary, as people should be available for a job (otherwise they were in principle supposed to apply for disability benefits).

³ Linking negotiations over significant policy changes to annual budget negotiations was more or less institutionalised as a standard operating procedure in the 1990s (Loftager, 2004). Through this procedure, it was possible to make difficult decisions as issues could be combined in package deals; decision makers were undisturbed by the press and by other actors; and obfuscation was almost by definition built into the process as several elements of the packages would be very complicated or receive no attention at all. For instance, the 1998 deal also included quite significant retrenchment as regards housing benefits for pensioners, but this went completely unnoticed. Further, there were only insubstantial debates about the third large reform component: a shortening of duration of unemployment benefits from five to four years (this was negotiated with the social partners before the political compromise, however).

The decision caused an almost immediate outbreak of protest, not least from the trade unions; they were apparently unprepared – and angry. So were the majority of Social Democratic voters. It did not take very dramatic retrenchment to release this rebellion: Somewhat longer duration of (voluntary) contributions, a reduction of benefits by 9 per cent for individuals retiring at the age of 60 or 61, and the possibility of deduction of benefits for people with large individual pensions if they chose to retire before the age of 62. Finally, contributions for unemployment insurance and early retirement were separated and slightly increased⁴. The furious reactions were aggravated by the fact that the changes were seen as a violation of explicit promises not to touch the scheme in the election campaign nine months earlier. The government argued with some justification that it had managed to maintain the scheme for the future, and that the changes were quite moderate. But it argued in vain, and the Social Democrats never really recovered from the event.

Against this background it was expected that nobody would dare to touch the scheme in a foreseeable future. However, stimulated by increased focus on ageing and by shortage of labour power, critique from many economists and employers prevailed, and by 2006 the government (since 2001, the Liberals and Conservatives had been in office) agreed in a compromise with the Social Democrats and other parties except the far left⁵ in a so-called welfare reform to raise all age brackets in the retirement system by 2 years, beginning from 2019. Moreover, the law included a full indexation of retirement age by life expectancy at the age of 60 afterwards. According to this indexation, age brackets would be adjusted by one additional year each fifth year from 2025 onwards. From standard assumptions regarding life expectancy, this would involve an age bracket of 65 years for early retirement from 2035 and of 70 years for ordinary retirement for the same cohorts (born 1971 or later).⁶

In other words, for the cohorts born before 1959, the rules would remain the same whereas people born 1971 or later could envisage an increase in age brackets by five years. Actually, this was a more radical change than to abandon the early retirement scheme altogether, since pension age was also increased by five years. Even though this reform was carried through under a Liberal-

⁴ This was hardly noticed in the debate, but contributions to unemployment insurance and early retirement allowance were split, and the sum was higher than previous contributions to unemployment insurance which used to finance both programmes.

⁵ The Socialist People's Party and the small Unitary List did not participate in the compromise.

⁶ Moreover, as the 1998 conditions for the 60-61 years old would apply to the 65-66 years old by 2035, people with large individual pensions would find themselves cut off from early retirement until the age of 67.

Conservative government (with the same parties as in 1998), there were only negligible reactions this time. Little was heard from the unions, and voter reactions in opinion polls were hardly measurable.

The question naturally rises: How was this possible, given the fierce reactions in 1998? Part of the explanation is conventional, so to speak: There were quite a few elements of obfuscation. In the first place, the change was postponed by 13 years. Secondly, most people did not recognize the full impact, nor did the media. Even some party leaders appeared to have missed the point as they quarrelled afterwards about what had been decided⁷, and most of them did not appear knowledgeable about the changes in life expectancy: To change the age brackets from 60/65 to 65/70 only requires a “normal” increase in life expectancy; it does not require that Denmark would catch up with other countries in Europe. It would seem unlikely that Denmark fails to do so, but this was hardly known by many. Finally, the timing was perfect as the decision was made a few days before the summer holidays.

But even if people did not fully recognize the impact of the decision, and even though their attention was disturbed by the summer holidays, it remains that a quite dramatic decision of retrenchment was reached, apparently without much resistance among voters. What had happened?

Let’s have a look at public opinion measurements in order to see if people really accepted the decision, and if the opinion climate had changed.

3. Attitudes to early retirement reform

Even though early retirement is among the issues that have received most attention in Danish politics and public debates nearly all the time since the mid-1990s – people’s attitudes are not nearly as firmly fixed as one could expect. In attitude surveys we often find a considerable sensitivity to question wording when asking about remote issues, but when it comes to issues that are subject of political conflict, referred to in the media and discussed among people, the impact of question wording tends to decline. People find out whether they are for or against, and they are fully aware

⁷ Berlingske Tidende June 22, 2006.

when they are asked. This could be expected to be even more significant if people's interests are directly affected as is the case here.

Voluntary early retirement is an exception, however. Even in 2003, after almost a decade of intense debates, opinion polls revealed an extreme sensitivity to the wording of the questions. First, we present the results from a survey in October 2003 where the same respondents were asked different questions about the future of early retirement allowance, just with a few questions inserted in between. Next, we discuss which wording (if any) is the most appropriate and try to elucidate what actually happened with public opinion from 1994 to 2006.

3.1. Ever continuing ambivalence: Attitudes in 2003

In the October 2003 survey⁸ people were asked four different questions:

- about public expenditure for early retirement allowance
- about abolition of voluntary early retirement
- about the necessity to abolish voluntary early retirement in the long run
- about gradually raising the age bracket from 60 to 62 years in accordance with the ageing of the population

As regards *expenditures* (which has a short-term reference), people seemed very well satisfied with status quo and did not seem to worry much. By 2003, 21 per cent thought that expenditure should be reduced; a similar proportion thought it should be increased, and the majority found the current level appropriate (table 1). That is, there was no mobilization of any acute awareness if expenditure problems – nor did any party mobilize on such a claim. Taking figures on face value, one would conclude that a net majority of 51 percentage points were against a reform that could deteriorate the early retirement allowance.

When it comes to the question of scrapping the voluntary early retirement scheme, attitudes also appeared very firmly against (table 2). When asked a simple, straightforward question “Early retirement allowance should be abolished”, only 25 per cent agreed whereas 68 per cent disagreed with the proposal. In other words, scrapping the programme would meet a net majority of oppo-

⁸ A nation-wide representative survey conducted by Ugebrevet Mandag Morgen in cooperation with the author. Telephone interviews (N=558 in age group 18 years +) were collected Oct. 9-16 by AC Nielsen AIM.

nents of 43 percentage points. This finding is largely consistent with the majority of opinion polls that had been published in the media since the mid-1990s, and to the government, it could appear politically suicidal to change the scheme, not least considering what happened to the Social Democratic government in 1998.

Table 1. Attitudes towards public expenditures for voluntary early retirement. 2003. Percentages.

	Too much money	Appropriate	don't know	Too little money	Net majority in favour of retrenchment
Early retirement allowance	18	49	13	20	-51

Q. Now I should like to ask your opinion about public expenditures for various purposes. I will read some public tasks and ask you to indicate whether you think the state spends too much, appropriate, or too little for each of these tasks. Source: Survey conducted by Ugebrevet Mandag Morgen in cooperation with the author. Nationwide representative sample of age group 18 years + (N=558). Data collected by ACNielsen AIM, telephone interviews, Oct.9-16, 2003.

Table 2. Attitudes towards abolishing or reforming voluntary early retirement. 2003. Percentages.

	strongly agree	agree	neutral, don't know	disagree	strongly disagree	Net majority in favour of retrenchment
Early retirement allowance should be abolished	17	8	7	13	55	-43
In the long run it will be necessary to abolish voluntary early retirement	30	20	10	15	25	+10
The age limit for voluntary early retirement should be gradually raised to 62 years in accordance with the ageing of the population in Denmark	44	12	11	10	23	+23

Source: Same as table 1.

However, this is not how one would expect the issue to appear in the public debate, nor would a government choose to present the voters to this kind of alternative. In the first place, a government would prime the debate with arguments about the problem, or it would facilitate dissemination of such arguments from others. This problem awareness was already present among the Danish public

by 2003. 50 per cent agreed that “in the long run it will be necessary to abolish voluntary early retirement”. Only 40 per cent were against. In this case, we find a net majority in favour of retrenchment of some 10 percentage points.

Next, governments would hardly prefer to abolish a popular scheme over night. It would prefer to modify the scheme gradually. When asked if “The age limit for voluntary early retirement should be gradually raised to 62 years in accordance with the ageing of the population in Denmark”, 56 per cent answered affirmatively, and only 33 per cent were against. In terms of framing and in terms of choice alternatives, this may be described as the best of all worlds, from the point of view of a government that would favour retrenchment. As regards choice alternatives, governments usually have quite a lot of control, but not all governments will have the opportunity to frame the issue this way without being challenged. However, in this ideal situation, a government could expect a net majority of 23 percentage points *in favour* of retrenchment.

In short, opposition against retrenchment should not always be taken at face value. Attitudes are not firmly fixed once and for all. Attitudes are ambivalent – as reflected in these questions posed to exactly the same respondents within some five minutes. This leaves a lot of room of manoeuvre for a government which prefers a non-suicidal attack against popular welfare schemes. Certainly, this is not always possible. But in the case of early retirement in Denmark, it was.

3.2. Attitudinal change 1995-2006

The question about gradual change of the early retirement scheme was constructed already in 1995 as it was anticipated that the government would feel strongly tempted to reform the early retirement scheme at one time or another, and that it would behave intelligently in trying to persuade voters about such a reform. This is why we constructed a question that would appear anything but neutral at that time – or even biased. However, it was anticipated that the framing of the issue and the choice alternatives would move in this direction. Therefore we have a quite comprehensive time series from 1995 to 2006 based on this question. We assume that there are several interconnected explanations of why it was possible to generate support – or at least acceptance – of the 2006 reform:

- increasing problem awareness that voluntary early retirement would be economically unsustainable in the long run

- genuine attitudinal change as this problem awareness disseminates
- framing of the issue in accordance with this problem awareness in public debate
- elaboration of choice alternatives by government and political parties that are in accordance with attitudes and framing
- support from the political parties people adhere to

In the mid-1990s it appeared that the voluntary early retirement scheme would be almost impossible to change. According to a Gallup poll in 1996 (Gallup/Berlingske Tidende July 6, 1996), only five per cent wanted to abolish the voluntary early retirement scheme; 86 per cent wanted it to be maintained. When asked if they could accept some kind of retrenchment in the scheme (not specified), resistance against change was somewhat less overwhelming: 65 per cent wanted to maintain the programme without any changes, but 30 per cent indicated that they would accept some kind of change in the scheme (Sonar/Morgenavisen Jyllands-Posten Oct. 8, 1996). 20 per cent answered that they could accept some kind of change of age brackets (*ibid.*). In the same survey, people were asked about preferences for public savings. With this (mild) constraint of the choice situation, 11 per cent pointed at early retirement allowance as a possible object of savings.

However, people were not convinced about the economic sustainability of the welfare state – and much less so in 1996-1997 than previously - or afterwards (Goul Andersen, 2008: 108). Moreover, a large majority of voters (71 per cent) were *expecting* that the voluntary early retirement scheme would be cut, one way or another; only 20 per cent did not expect this to happen (Greens/Børsen, Feb. 10, 1997). This is why there was reason to expect that the issue would be framed in accordance with the increasing problem awareness, and why there was reason to expect attitudinal change.

The full time series based on the question of changing the age brackets in accordance with the ageing of the population is presented in table 3. In 1995, a clear majority was against the proposal, even with this wording of the question which would appear methodologically biased at the time of interviewing. 40 per cent could agree (more or less), 57 per cent disagreed (more or less), leaving a net majority of 17 percentage points *against* retrenchment. Indeed, this was quite another result than reported in most opinion polls at the time. The government – at least the Social Democrats – did not favour any change at that time; after all, voluntary early retirement was a crown jewel among the

social policy attainments of the labour movement in Denmark. But even if the government was pressured to take action, it could expect serious resistance, even in the best of all possible situations.

However, this changed over the next three years. A maximum of support was reached in April 1998 when 51 per cent supported a gradual change of the age brackets from 60 to 62 years whereas 42 per cent were against. In other words, in the best of all possible situations, there would be a small majority of 9 percentage points in favour of reform/retrenchment.

Table 3. Attitudes towards raising age limit of voluntary early retirement allowance.1995-2006. Percentages.

The age limit for voluntary early retirement should be gradually raised to 62 years ... 1)	strongly		don't	strongly		Net majority in favour of retrenchment
	agree	agree	know neutral	dis-agree	dis-agree	
Sep.1995	26	14	3	13	44	-17
Sep.1996	30	17	3	9	41	-3
Feb.1997	31	20	4	12	33	+6
Apr.1998	34	17	7	10	32	+9
Sep.1998	23	24	9	14	30	+3
Okt.2003	44	12	11	10	23	+23
June 2005	41	13	13	10	23	+21
May 2006	47	12	5	8	29	+22
The voluntary early retirement scheme should be cut as the Danish population is growing older						
Aug.2002	16	9	12	7	56	-38
Early retirement allowance should be abolished for people currently aged less than 40 years						
June 2005	25	12	18	13	32	-8

1) For full wording, see Table 2.

Source: Same as table 1 and similar survey conducted by Ugebrevet Mandag Morgen and the author. Data collected by Synovate Vilstrup in 2006.

This certainly indicated that reform would be dangerous, but not necessarily disastrous. What went wrong for the government in 1998 was not only a matter of widespread resistance against change, but probably even more a matter of trust – and of damage control (see section below). The time was not exactly ripe for reform, but prospects did not look nearly as bad as three years earlier.

A genuine attitudinal change took place, however, at some time between 1998 and 2003. As the issue looked dead and at any rate highly dangerous (at least, this was the lesson drawn among political leaders from the 1998 reform) – for all practical purposes, it appeared as a non-issue – the question was not posed for five years. By 2003, however, we find yet another attitudinal change as there was a quite clear majority for reform – at least when it is framed in this way.

It is difficult to tell whether this had happened suddenly or gradually. When a similar question was posed in August 2002, only 25 per cent were favourable and 63 per cent against. This question was different, however. Like the main question, it used the frame of ageing, but the choice alternative was different. It was not specified, but there was no reference specifically to age brackets, or to gradual change. Still, as it included the framing of ageing after all, we are inclined to believe that the main change of the climate of opinion took place shortly before 2003.

The timing of the question in 2003 is not completely accidental. There was a lot of debate about the scheme and about the future of the welfare state this autumn, and it culminated with the appointment of a “Welfare Commission” towards the end of the year. The commission did not only have the task of elucidating the problems and come up with proposals⁹, but also to stimulate public debate about the issue.

Apparently, the effect on public opinion was miniscule. As regards net majorities, public opinion was exactly the same after the presentation of the Welfare Commission’s report as it was right before the appointment of the commission. At best there was a slightly increased inclination to agree (or disagree) *strongly*, reflecting increasing intensity, but the overall impact seemed small. Moreover, the Social Democrats elected another chairwoman after the 2005 electoral defeat. She deliberately received much public attention when she proposed to abolish then early retirement allowance for people aged less than 40 years, and this really had an impact on Social Democratic voters and party identifiers in the spring 2005 (Slothuus, 2010), but it appears to have been short-lived. For the population at large, we find exactly the same distribution of attitudes in June 2005 as

⁹ Which it certainly did: The proposals presented in January 2006 were as encompassing as the programme of a political party, to say the least – reflecting not only the ideas and preferences of the members of the commission, but also the basic proposition of welfare *regime* theories that welfare policies are interconnected with the entire political economy. *Institutional complementarity* is another expression for the same.

in October 2003. Further, a majority of (*all*) voters actually rejected the new chairwoman's proposal in June 2005.

This does not mean that the work of the Welfare Commission or the position of political parties were irrelevant. Rather, the discussion converged towards the frame and the choice alternatives that were built into our main question. What was a somewhat methodologically biased question in 1995, had become (almost) the adequate way to pose the question. The overwhelming majority of parties supported the frame, and the political decision ended up being exactly an adjustment of age brackets in accordance with the changes in life expectancy.

Thus it seems reasonable to conclude that there was genuine attitudinal change on two occasions: Between 1995 and 1998, and (probably) in 2003. The population was constantly primed by a strong problem awareness that was seldom contradicted in political debates, in the media or elsewhere. But at the same time, there was a political agenda setting and a formulation of choice alternatives in accordance with the framing of ageing, and in accordance with people's preferences.

3.3. What went wrong in 1998?

How can this picture be reconciled with the electoral disaster experienced by the Social Democrats in 1998 when it lost the support of almost one half of its voters in the March 1998 election? The answer is pretty simple. The worst problem for the government was not the opinion climate (even though there was widespread resistance at that time). The first main problem was that the public – and the trade unions – were unprepared for the reform (it only became clear that this was part of the political negotiations one hour before the decision was announced). The second main problem was that the decision (this was the perception among most voters) violated the most important promise given in the 1998 electoral campaign that the government would *not* touch the early retirement allowance. The government had even provided a certification for 60 years olds who fulfilled the conditions that they were eligible for early retirement allowance. Further, as the unions were caught by surprise and shouted treason! the Social Democratic Party was really in dire straits and found itself unable to handle this situation. It did not have any well-prepared plan for damage control. In other words, unions and voters were unprepared for the decision, and the party was unprepared for the reaction.

A large survey conducted in December 1998 revealed that 70 per cent of the voters considered the reform to be a violation of promises (table 4); only 19 per cent accepted that the government had kept its promises as much as possible. On the other hand, 40 per cent agreed that the reform was necessary whereas “only” 44 per cent disagreed. When asked about whether they could support the decision as such (regardless of the way it had been decided), 32 per cent accepted more or less whereas 52 per cent were more or less against (table 5). Certainly, there was resistance against the decision, but there was after all also *some* understanding that it was necessary.

Table 4. Attitudes towards violation of promises regarding the reform of the voluntary early retirement scheme, 1998. Percentages.

Now I have a question about the budget compromise and the early retirement allowance. Do you think the government has broken its promises, or do you think it has kept its promises as much as possible?	
	Pct.
Broken promises	70
Kept promises as far as possible	19
Don't know	11
I alt	100

Source: Survey conducted by Ugebrevet Mandag Morgen in cooperation with the author. Nationwide representative sample of age group 18 years + (N=556). Data collected by ACNielsen AIM, telephone interviews, Dec. 4-7, 1998.

Table 5. Voter support for the reform of the voluntary early retirement scheme, 1998. Percentages.

Irrespective of your opinion on the procedure, do you support the substance of the compromise over the early retirement scheme, or are you against? ...	
	per cent
Fully support	11
Largely support	21
Largely against	19
Fully against	33
don't know	16
Net majority in favour of the compromise	-20
Dop you think it was necessary to cut the scheme, or don't you think it was necessary?	
	per cent
Necessary	40
Not necessary	44
Don't know	16
Net majority in favour of retrenchment	-4

Source: As table 4.

Moreover, the survey revealed that attitudes towards the reform had no significant impact on voters' inclination to leave the Social Democrats; only the perception that this was a clear violation of

promises had such an impact – and a very strong one.¹⁰ Of course, there may be a question here of cause and effect, but it at least seems reasonable to conclude that the main explanation of the electoral disaster was the decision making process, the lack of preparation of the public, and the perceived violation of promises, much more than the content of the reform as such.

Table 6. Voter support for the reform of the voluntary early retirement scheme, 1998 and 2001. Percentages.

	1998 support com- promise over early retire- ment scheme or against? ...per cent	2001 it was the right decision to change the early retire- ment scheme per cent
Fully support / strongly agree (2001)	11	12
Largely support / agree (2001)	21	15
Neither agree or disagree (2001)		20
Largely against / disagree (2001)	19	17
Fully against / strongly disagree (2001)	33	23
don't know	16	13
Net majority in favour of the compromise	-20	-13

Source: 2001 based on national election survey 2001 (N=2026). Data collected after the election on Nov.20.

This does not necessarily mean that the time was ripe for reform. Probably it wasn't. Most typically, at least in Danish politics, people tend to agree afterwards that unpopular decisions were necessary or beneficial. This was not the case with the early retirement reform (table 6). When people were asked in the 2001 election survey whether the decision was right, only 27 per cent agreed whereas 40 per cent disagreed. On the other hand, the net majority against the reform was small, and 33 per cent answered neutral/don't know. This indicates that it was not a hot issue anymore, and that relatively few voters remained furious over the decision. None the less, the 1998 dissatisfaction was a significant event, and few political observers would have predicted a new and much more radical decision 7½ years later.

¹⁰ Among voters who voted the Social Democrats in the election 9 months earlier (N=175) and considered the reform as a violation of promises (N=108) only 16 per cent intended to vote for the Social Democrats. 39 per cent would vote for another party, and 45 per cent answered don't know/would not vote etc. Among those who did not consider the decision a violation of promises, 56 per cent would stay with the Social Democrats, 22 per cent had changed to another party, and 21 per cent answered don't know. Whether people supported the reform only had a marginal impact.

3.4. What went right in 2006?

Prime minister Anders Fogh Rasmussen (Liberals), leader of a Liberal-Conservative government since the November 2001 election, was very concerned not to repeat the mistakes of his predecessor. The Conservative coalition partner wanted a reform of the early retirement allowance, partly as a means to finance long-term tax relief. A Welfare Commission was appointed in 2003 (23. Sep.) to elucidate the situation, to come up with proposals that could ensure long-term financing of the welfare state without increasing taxes, and to create a public debate and prepare decisions. It is uncertain whether the prime minister really wanted such a reform, but the wording of the assignment and the appointment of members (most of whom were well-known for their preferences) could indicate that he did. However, the Liberals were careful not to reveal their preferences until quite a long time after the publication of the Commission report. The Danish People's Party was against, and two prominent spokesmen of the party were strongly criticized in public for indicating their preference for reform in a newspaper feature article in July 2005. The new chairwoman of the Social Democrats, Helle Thorning Schmidt, however, had announced in April 2005 that she was willing to change the early retirement scheme for people aged less than 40.

This was an important opening, and in the end even the Danish People's Party was included in a compromise on June 22 that would change the age limit from 60 to 62 years from 2019 to 2022, by 6 months each year. Otherwise, the government dropped most of the proposals from the Commission. This was done very significantly, and the framing of the story in the media to a large extent was about the reluctance of the government to do what was necessary, as proposed by the Commission. This criticism of the government from the media was a lucky one since it made the task of overcoming voter resistance easier.

Besides, postponing reforms until 2019 sounded very moderate indeed. The media did not focus very much on the other element in the reform of the early retirement scheme, namely the 100 per cent indexation of age brackets in the future by the increase in life expectancy of the 60 years old. The age brackets should be changed each fifth year from 2025 onwards. The decision should be formally taken 10 years in advance, on the basis of the latest information available, but the content of the decision was specified in the law.

This was the most important part of the decision, but it did not receive much attention. Apart from welfare researchers and demographers, few people knew that life expectancy for 60 years old started moving upwards quite impressively from the 1980s, and few people knew that Denmark had become a laggard even as regards life expectancy among 60 years olds. This means, however, that the age brackets will certainly be changed from 62 to 63 years by 2025. Unless something unexpected happens before 2018/2019, anything indicates that there will be a further increase from 2030. And if Denmark follows the general pattern among advanced nations, early retirement age will reach 65 years by 2035, that is, for people born after 1970. Those born before 1959 will not be affected. In this way, early retirement age is raised by five years over some 11 to 12 birth cohorts. Pension age is elevated correspondingly, from 65 to 70 years, for the same birth cohorts.

One coalition partner, the Danish People's Party, indicated the day after the compromise (Politiken, June 23, 2006) that it would feel free to decide by 2015, but it was fiercely criticised by the other parties, and this would certainly be a violation of the agreement and the corresponding paragraph in the law. At any rate, this was a radical reform which almost escaped attention in media coverage and in public debates. A few articles briefly mentioned the possibility that one more year might be added to retirement age in a distant future – that was all. Besides, it was summer holidays afterwards anyway, and the news coverage and the debate died out in a few days. Alongside the very long implementation period, beginning from 2019, this is a classical instance of obfuscation, following Pierson's scheme.

Thus, it would be an exaggeration to claim that the 2006 welfare reform was a completely consensual decision as regards support from the public. A survey from August 2006 indicated that people had accepted the reform without much enthusiasm or bitterness – and without much interest. Apparently, this was considered a small and rather unimportant reform by voters, even if it would affect the majority of citizens quite considerably. As indicated in table 7, 35 per cent characterized the compromise as a good one, 28 per cent thought it was bad, and an unusually high proportion of 37 per cent had no opinion or declared to be neutral. As compared to the huge majority in Parliament, support is modest, but the evaluation was much more positive than in 2001 when the previous 1998 reform was very moderate. First and foremost, however, the results indicate ignorance and disinterestedness. This is also supported by the fact that only 20 per cent had strong opinions – 10 per cent opponents and 10 per cent adherents.

Table 7. Voter support for the 2006 reform of the early retirement scheme. Percentages.

Shortly before the summer holidays, there was a welfare compromise which implies that the age limits for early retirement and pensions are raised for citizens currently aged less than 48 years. What's your opinion on the welfare compromise. Is it a very good compromise, a rather good one, a rather bad one or a very bad compromise?	per cent
Very good	10
Rather good	25
Neither good or bad	26
Rather bad	18
Very bad	10
don't know	11
Net majority in favour of the compromise	+7

Source: Survey conducted by Ugebrevet Mandag Morgen in cooperation with the author. Data was collected by Vilstrup Synovate (telephone interviews). Nationwide representative sample including age groups 18 years+ (N=1189).

Politically, the compromise found some supporters even among adherents of the far left parties (they did not participate in the compromise): 19-20 per cent were adherents, 47-60 per cent were against. Among Social Democrats, 26 per cent were for, 35 per cent against, but as many as 39 per cent had no opinion or declared themselves to be neutral. Among the governing parties, 47-50 per cent were adherents, 20-23 per cent were against, and 30 per cent had no opinion. Finally, supporters of the Danish People's party who were among the most fierce opponents previously, gave a majority of 33 per cent over 28, with 39 per cent indicating no opinion.

3.5. Conclusion

What is obvious from this story is that resistance against retrenchment can be overcome, even in a situation of almost unprecedented prosperity. In 2006, the Danish economy appeared to perform unusually well. Nobody saw the crisis coming, and almost nobody criticized the seamy side of the Danish upswing such as the credit and house price bubble, or the decline in productivity. The bottom line looked far too good to care about such details.

The formula to get acceptance of a quite radical reform follow the prescriptions of a policy of obfuscation quite well: People did not realize the long-term implications, and the implications that voters did realize were too far into the future to care much about them. Besides, attention was drawn away by the timing just before the summer holidays.

But it also turned out that attitudes are not stable: Persuasion is possible. It is well-documented that political parties can affect public opinion quite considerably, but it appears that other actors,

probably including economic experts, have been more responsible for long-term enduring changes, mainly in 1995-1998, and around 2003. As judged from our single long-term indicator here, public opinion did not change much from 2003 to 2006 as far as aggregates are concerned.

It also turned out that attitudes are highly ambivalent. Ambivalence seemed to be real, i.e. it was not a matter of insufficient attention or insufficient knowledge. Responses depended very much on framing and choice alternatives. By 2006, the government managed to exploit this ambivalence in a very skilled way. It chose the framing in terms of ageing problems; and it chose the gradual long-term approach which corresponds with this frame. This did not generate enthusiastic support. But it was possible to avoid any mobilization of opposition, and even to avoid any dissatisfaction. Moreover, the reform did not have any measurable impact on party choice – in short, the political costs were about zero.

4. A note about tax policy

It is interesting to note that this also seems to work the other way around. The government adopted largely unfinanced tax relief in 2003 and 2007 – and a tax reform in 2009. The first tax relief was targeted to those employed and was intended to improve incentives to work. A new in work tax deduction for all employed people was introduced, alongside a targeted tax relief to middle incomes. In distributional terms, the tax relief of 2003 was largely neutral among those employed, but *ceteris paribus*, it contributed to increase the gini coefficient by targeting the tax relief to those employed (Ministry of Finance, 2006, 2009).

The government did not benefit politically from the 2003 tax relief, nor was it punished. The tax relief was mainly justified as a stimulus to aggregate demand in order to overcome the dot.com crisis. Nothing indicated that there was any demand for this tax relief, but it was accepted by a majority afterwards: 50 per cent thought it was a right decision, 36 per cent found it wrong.

Table 8. Attitudes towards the government's tax relief. 2003. Per cent.

Do you think it was right or wrong by the government to ...	completely right	largely right	don't know	largely wrong	completely wrong	PDI
Adopt the tax relief that will be implemented next year?	30	20	14	13	23	+14

Source: Same as table 1.

In 2007, the situation was somewhat different. The government decided on a rather large tax relief (implemented in 2009) as an introduction to the election campaign. But the reception among voters was not overwhelmingly positive. The Social Democrats campaigned on welfare rather than tax relief, and even if the government managed to convince a sufficient number of voters that they could have both, a large majority of respondents in a 2007 pre-election survey indicated that they would prefer to skip the tax relief and have welfare improvements instead.

As one could suspect that the reference to welfare might bias the results, it was decided to conduct a split half experiment where one half of the respondents very simply asked if they wanted to skip the tax relief – without any reference to alternative application of the money. Even in this case, a majority answered that they wanted to give up tax relief, as indicated by table 9.

Table 9. Attitudes towards tax relief, 2007. Percentages.

Shortly before the call for election the government decided to lower taxation. Should this tax relief be scrapped, or should it be maintained?	per cent
Scrapped	52
Maintained	39
don't know	9
Net majority in favour of tax relief	-13

Source: Survey conducted by Ugebrevet Mandag Morgen in cooperation with the author. Data collected by Vilstrup Synovate (telephone interviews), November 2007. Nation-wide representative sample; age groups 18 years+

These answers are interesting as there were no costs associated with the tax relief. Not explicitly, in any case, and in the election campaign the government was not charged with accusations that people would have to pay for the tax relief later in terms of reduced welfare provision.¹¹ This is yet

¹¹ The tax relief was not entirely free. A labour market commission was appointed in 2008 to find a way to increase labour supply in order to avoid a long-term imbalance in public budgets. However, this was framed in terms of shortage of labour supply and except for comments by a few columnists, it largely remained unrelated to the tax relief and promises of improved welfare in the election campaign of 2007. In short, it was a free lunch – there appeared to be no bill to be paid in 2007, and even afterwards, the bill was successfully presented as something else. The reason why this was possible was the (apparently) extraordinary economic circumstances with huge state surpluses year after year, and an increasingly pronounced shortage of labour power.

another instance where people did not react as one would expect from a simple self-interest model. Even when the costs appeared to be zero, tax relief was not very popular. The government managed to survive the 2007 election with a reduced majority; it is uncertain whether it lost voters on the decision to lower taxes, but there is no evidence available to indicate that it benefited from it.

5. Conclusions

Predicting voter reactions to retrenchment, or to tax relief, is a more complicated matter than conventionally assumed. Voters do not seem to react mechanically on the basis of self-interest. Social and other variations in attitudes may sometimes reflect self-interest. But this is not always the case, and typically correlations are not very high. However, it is even more difficult to predict aggregate responses to policy change. Attitudes are often ambiguous; they depend on framing, and on the political alternatives. They depend on public debates, on advice from economic experts, and on advice from political leaders.

Most importantly, governments are left with a variety of instruments to set the agenda, frame the issue, present the alternatives, etc. The rather mechanical reactions underlying the retrenchment literature may often be misleading as guidance to how people will – or *may* – react to policy change. To examine when and how governments manage to mobilize consent or the opposite among the general public is an under-researched issue. Here there is probably a lot to learn from the heavily expanding literature about priming and framing. This literature, on the other hand, would probably benefit from widening its focus from studying political campaigning or media effects, towards studying public reactions to policy change.

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