
The Danish Productivity Commission

The Danish economy is facing a major growth challenge. In recent years Denmark has lost ground relative to the wealthiest OECD countries. Since 1970, Denmark has repeatedly been among the five wealthiest countries in OECD - most recently in 1998. But since then, a group of countries has pulled away from Denmark. One reason is that countries like the U.S., Sweden, Holland, Germany and the UK have had a stronger productivity growth compared to Denmark since the mid-1990s.

There is a considerable risk that Denmark will trail further behind other wealthy countries if the weak productivity trend continues. This will make it difficult to maintain a high level of private and public welfare relative to other countries.

It is therefore a key task for the government to lay the foundation for strong productivity growth throughout society; both in exporting companies, in domestic business and in the public sector. The objective is that the level of productivity in Denmark in the long term will be close to the top in the OECD.

About a third of the workforce is employed in the public sector, but there is currently only limited knowledge about productivity in this sector. The lack of knowledge is a significant barrier in ensuring the efficiency and quality of production in the public sector.

For these reasons the government will set up a productivity commission with independent experts and specialists to analyse the Danish productivity trends and come up with specific recommendations that can enhance productivity in Denmark's private and public sector in the coming years.

The commission will be responsible for the following:

- Identify the reasons for the relatively weak productivity growth since the mid-1990s in Denmark. The commission shall benefit from existing knowledge and supplement with new analyses.
- Identify the main drivers and barriers for productivity growth, including firms' use of knowledge and education, as well as the allocation of these resources in the economy.
- Clarify the link between business productivity, costs and competitiveness.
- Make concrete recommendations to strengthen productivity in the private sector, including in the manufacturing, construction and service sectors.
- Provide new knowledge about productivity in the public sector and make specific recommendations on how to strengthen it, including the municipalities, regions and the state. The aim is that resources will be used more effectively in the public sector e.g. through modernization, digitalization and better organization.

- Assess the impact of the above recommendations and incorporate relevant international experience.

The complete set of proposals must not impair the structural balance in 2020 or the sustainability of public finances. To the extent that the recommendations cause additional costs for the public sector, the commission shall identify cost reductions to cover the financing.

The commission shall be composed of a chairman and a number of members. A sounding board of international experts shall help the commission to base its work on foreign experience and knowledge. The commission should also involve relevant experts from the European Commission, OECD, etc.

It is assumed that the commission includes experts, organizations etc. in order to identify specific challenges for the private and the public sector and make appropriate recommendations to strengthen productivity in the relevant sector.

The government wants the commission to work openly to ensure an on-going debate on the commission's work and topics. The commission must therefore publish interim reports during its lifespan, including in 2012. The commission may also choose to organise conferences, etc. on specific themes.

The Productivity Commission is independent. The commission shall be served by an independent secretariat. The commission shall appoint the head of the secretariat. The commission may request external assessments to the extent that the commission deems it necessary and have their own funds to the extent necessary.

The Productivity Commission shall complete its work by the end of 2013.