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„The Role of the Economist in Government“. The draft is preliminary, but not confidential.)

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THE ROLE OF EXTERNAL ADVISERS — SOME DANISH EXPERIENCE.

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1. One of the difficulties in comparing the role of the economist in government in different countries is that — like in similar discussions on e. g. housing policies — a minimum amount of institutional background information is unavoidable. Let me, therefore, briefly mention that the main characteristic of the Danish administration is that no changes of persons take place when, following a new balance of power in the Danish parliament after an election, a new government takes over. Hence the system differs from that of the U.S., having the role of the CEA in mind.

Furthermore, contrary to the British system, the problems of the relationship between the economist and the administrator, described by Sir Alec Cairncross, do not really exist in Denmark for the very simple reason that most of the administrators — and this holds true particularly at the top level — are economists. A case in point is Erik Ib Schmidt himself¹).

2. Before I start discussing problems, a bit of information on the Danish Economic Council may be appropriate. It was established by law in 1962²), i.e. approxi-

mately one year before the creation of the German Sachverständigenrat (GSR). Its role is rather similar to that of our German colleagues in the GSR, the latter being discussed e.g. by Henry Wallich³). I will therefore limit myself to mentioning some differences between the German SR and the chairmanship of the Danish Economic Council (DEC).

- a) A minor point is that while the GSR consists of 5 independent economists, the chairmanship of the DEC only has three members (the so-called „Three Wise Men“).
- b) When the law on the DEC was passed, one of the main ideas, imbedded in it, was that while responsibility for statements and publications should remain with the chairmanship of the DEC, there should also be a background group — the Economic Council itself — where the analyses of the chairmanship should be discussed, prior to the publication of the final reports; these discussions are confidential. The 25 members of the Economic Council are the heads of the large organizations (Employers' union,

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¹) See his paper elsewhere in the present volume. It represents a slightly revised version of an article, published in Danish in 1970, „The function of economic advising as related to the political function“, *Aktuelle økonomiske Problemer, Festskrift til Carl Iversen*, pp. 249-64. I happen to disagree with some of the viewpoints of Erik Ib Schmidt but will, in the following, try to refer my arguments in this connection to footnotes.

²) *Law on Economic Coordination*, no. 302 of September 5, 1962.

³) Henry C. Wallich, „The American Council of Economic Advisers and the German Sachverständigenrat: A Study in the Economics of Advice“, *The quarterly Journal of Economics*, Vol. LXXXII No. 3, August 1968 pp. 349-79.