

some overlapping with similar activities by the Economic Secretariat of the government, the Central Bank etc. Still, in our own view our work in this field can be justified partly by our independent status, partly by the fact that we use different — and hopefully better — tools, cf. below on our attempts with model building.

We have however — again with the risk of overlapping in mind — also been involved in several studies of *long term structural problems*, the persistent Danish balance-of-payments problem and the rapidly increasing government share of GNP being two permanent issues.

In addition, we have spent quite a few of our limited resources⁵⁾ on *special issues*. Examples are: problems of Danish agriculture, the Danish housing problem, economic problems connected with the possible entry of Denmark in the European Community (this report was published in 1971, i.e. one year before the referendum on the issue), economic problems related to proposals on „economic democracy“, i.e. proposals on workers' participation and co-ownership of Danish industry. Our latest favorite baby is the introduction of indexed deposits (bonds) and loans.

Finally it might be mentioned that over the latest years we have tried to use *econometric models for policy purposes*. To our colleagues, e.g. from the Netherlands, our attempts may seem rather modest, but they nevertheless represent an innovation in the Danish debate. The present version of our

model, SMEC II⁶⁾, is designed in such a way that it is able to evaluate the effects on domestic demand, production and the balance of payments of changes in fiscal-policy instrument⁷⁾.

5. Comparing our activities with those of our German colleagues at the GSR, it might be claimed that our reports have been less bold, but easier to digest. Furthermore, we make a main point in remaining independent not only of the government, but also of the opposition parties. We certainly are not „insiders“ in the way the CEA performs its role. On the other hand I would be a bit reluctant in agreeing with Henry Wallich⁸⁾ that „it is in its role as an ally of the opposition, voluntary or not, that the principal effectiveness (of the GSR) must be sought“, had this remark been made with regard to the Danish chairmanship. But I do agree that there is more truth to Wallich's remark than realized by the founding fathers of the Danish Economic Council (the parties in power during the early 1960'ies), in particular when — as was the case in Germany at the time Wallich's article was written — the government has remained in power for a long time and expects this situation to persist during the foreseeable future⁹⁾.

6. Although the purpose of the present paper is to try to make a few comments on the role of the outside adviser, a few remarks on that of his inside colleague are unavoidable. Taking the Danish rules of the ball game, spelled out in the first paragraph

5) The secretariat of the Economic Council only consists of six fulltime economists. The members of the chairmanship — mainly professors in economics — are assumed to perform this activity on top of the usual teaching load etc. of their main job.

6) SMEC = Simulation Model of the Economic Council.

7) Hence the model tries to provide answers to the questions, raised by Erik Ib Schmidt in his contribution to the present volume. (“How much will total employment increase when state and municipal expenses are increased by 100 mill. kr.?”).

8) *Op. cit.*, p. 369.

9) Obviously, to the extent that the reports contain summaries of relevant information on the issues discussed, they will always be more interesting to the opposition, usually short of expert knowledge, than to the members of the government, the latter having the administration and inside advisers at their disposal.

One might also add a different point: While “the government”, as seen from the point of view of the public-at-large, is one unity, there will in fact frequently be differences of opinion inside the government (or inside any organization). Reports by groups of permanent outside advisers may effect the outcome of such internal disagreements.