

# Right-wing politics dominate Danish Euro referendum

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On September 28 Denmark votes on whether to abolish its currency, the krone, in favour of the euro currently used by 12 European countries.

Since the referendum was announced opinion polls have narrowly moved against the government's position in favour of adopting the euro. The latest poll suggests that 44 percent will vote against adoption and 40 percent in favour.

A Danish rejection of the euro would have implications for the currency itself, as it would strengthen forces across Europe, especially in Sweden and Britain, calling for a halt to European integration.

The European Union (EU) has devoted considerable political energies to securing a yes vote. The EU's recent decision to lift sanctions against Austria—imposed following the entry of Jorg Haider's right-wing Freedom Party into government—was partly in response to Danish criticisms that the measures constituted unwarranted interference in an EU member's internal affairs. Danish opposition to the sanctions was supported by Portugal and the other Scandinavian EU members, particularly Finland.

Denmark has a history of volatile voting on European integration in which anti-government protest has been corralled behind opposition to the EU. Most famously, in 1992 the Folketing (parliament) accepted the Maastricht Treaty, proposing further European integration, but it was narrowly rejected in a referendum. The vote precipitated a political crisis in Europe, and was a factor in destabilising the Exchange Rate Mechanism (ERM) that tied most European currencies to each other. Subsequent global speculation forced the British and Italian currencies out of the ERM and other countries to devalue.

The Danish government negotiated opt-outs from Maastricht on defence and euro membership and won a

referendum on entry to the EU in 1993. The result was greeted by protests in Copenhagen, with police shooting at demonstrators for the first time since 1945. An anti-EU movement, the June movement, was named after the 1992 vote.

Denmark joined the Schengen Treaty—allowing unrestricted passage between those countries who signed up—in 1996 and in 1998, the Amsterdam Treaty, in part designed to be as favourable to Danish interests and national sensitivities as the 1993 opt-out arrangement, was voted on and accepted. The 1998 vote, however, was dominated by the issue of immigration, with anti-EU forces presenting entry into Schengen's provisions for relaxing internal borders as an invitation to workers from all over Europe to move to Denmark.

In 1999 sections of business and the trade unions began a campaign calling for entry into the euro. Early this year, the ruling Social Democratic Party (Socialdemokratiet-SPD) in a coalition with the small Radical Party, announced its intention to hold another referendum on euro membership.

At the time the government was confident it would win the referendum. Most of Danish trade and investment is already within Europe and the economy is booming. The ability of the SPD and trade unions to restrict workers to low pay increases, combined with the lower price of the krone, already closely tied to the euro via a variant of the ERM, has allowed the government to halve the national debt and announce its intention of paying it off entirely by 2005. Exports are also growing and international stock market earnings are at record levels. The SPD issued a report “Denmark in Europe” warning of much higher interest rates in the event of a no vote, as the country would be exposed to the turbulence of the international money markets.

Explaining why Denmark has to adopt the euro, Anders Panum Jensen of the Danish European Movement said, “Outside the euro we lose influence on economic issues, especially in the euro zone. How much will other politicians pay attention to Danish arguments when we are not part of the core group?”

The campaign has not gone according to plan. The Danish government is becoming increasingly alarmed in the face of criticism from the leading anti-euro parties—the extreme right wing Danish Peoples Party (DPP), and the former Stalinists of the Socialist Peoples Party (SPP). Using populist demagoguery both organisations have accused the government of betraying Danish national interests, undermining the welfare state, and opening the door to immigrants.

The DPP, led by Pia Kjaersgaard, pointedly opened its “No” campaign on the 60th anniversary of the German invasion of Denmark. It compares the euro to Hitler's Reichsmark. The DPP won 7.9 percent of the 1998 Folketing elections and has 13 seats. DPP board member Carl Christian Ebbesen said, 'We don't look at it as an economic project. We are fighting to keep the krone and to keep the values of Danish society. By that we mean keeping control of Danish society in Danish hands.’

Holger K. Nielsen leads the SPP, which also have 13 seats in the Folketing. Something of a TV personality it was Nielson who, in the aftermath of the 1992 defeat, negotiated the Danish opt-outs.

The SPP was formed in 1959 as a split from the Danish Communist Party, partly in response to the suppression of the Hungarian uprising in 1956. From the beginning, however, the party's break with Moscow was based on a nationalist program that saw it move politically closer to Danish capitalism. It sought to influence the SPD and the Folketing, while taking a formally neutral position on the Cold War. In the early 1970s the SPP embraced environmentalism—opposing both nuclear power and economic growth—and developed its opposition to European integration. After 1992, following Nielson's elevation into a part-time diplomat, the SPP determined to become more “engaged in the EU as a 'political battlefield' than in getting Denmark out of the EU”. The latter demand was dropped from the party's manifesto in 1999. The SPP's main concern is to preserve Denmark's opt-outs.

Nielson told the *Copenhagen Post* that the

consequences of joining the euro would be “Primarily a quite unacceptable burden on our welfare system. And then the conditions prevailing in our employment market would be fundamentally changed, as we would no longer be able to maintain a system wherein those directly involved could negotiate their own solutions—rather than have them dictated from abroad.”

On rejecting the euro and defending Danish “self determination”, Nielson claimed that, “A decisive Danish 'No' will be followed by one from Sweden, and then one from England. Subsequently, the EU will be forced to recognize that member states have the right to flexibility and self-determination.”

The SPP echo the chauvinist claim of the DPP that European integration will lead to a flood of immigrants taking Danish jobs and so undermine the welfare state.

The Danish government also presents its support for euro membership as an example of its own aggressive defence of national interests.

Last week, on the initiative of the metal workers union, the SPD, Conservative and Liberal parties launched a joint campaign insisting that the euro would not result in pensions being cut. In reality, this is one of the major areas that would have to be cut to make the euro a success. Commenting on the euro's current weakness, the *Financial Times* said, “Why has the euro been so weak? At one level it suffers from political contradictions. The electors of the euro-zone generally want cosy, high-spending welfare states. But Europe's professional investors and corporate bosses want to buy their way into the more bracing US industrial culture.”



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