Rising inequality in Denmark

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In the aftermath of the global financial crisis of 2008, social inequality has rocketed in Denmark. The working class is being forced to pay for the crisis, with the Social Democrat-led coalition government of Thorning Schmidt continuing to intensify the attacks on health and welfare services begun in 2006 by the then Liberal-Conservative coalition.

Boersen, the Danish financial journal, noted that September 15 marked six years since the collapse of Lehman Brothers. Less than two years after its bankruptcy triggered the financial crisis, *Boersen* recalled that "the share markets were up at the same level as before the crisis." The C20 index (which covers the largest companies on the Copenhagen stock exchange) has risen by 117 percent since the bottom, and "those investors who invested six years ago more than doubled their investment," it said. The C20 stood at 100 points in 1996, was 600 plus at the beginning of September, and now stands at more than 700.

The sharp rise in share prices is in stark contrast to the movement of the real economy. A September 2 article in the liberal *Information* stated that while Danish GDP falters, "the prices of stocks and shares are rising to record levels." GDP fell by 0.3 percent in the second quarter of 2014 and "over the whole crisis period 2008-2013 Danish GDP has shrunk by 4 percent."

The crisis in the Danish economy is bound up with that of the Eurozone and of the European Union as a whole. Reporting on the government's budget proposals for 2015, Reuters stated, "Denmark is a laggard among Scandinavian economies which have been pressured by a faltering recovery in countries such as Germany, France and Italy."

The *Information* article notes that German GDP was -0.2 percent in the second quarter of 2014 and that there was "nil growth in the Eurozone and a modest 0.2 percent growth in the European Union as a whole". Indeed, "since the start of the crisis to the beginning of this year the EU economy has shrunk by 0.8 percent and that of the Eurozone by 1.5 percent."

In response to the economic decline, the Social Democrat-led coalition is considering lowering their estimate for economic growth in the next year. The original estimate, issued in August, was for a modest 1.4 percent rate of growth, and the government's budget proposals were based on this.

The situation was summed up by a September 16 article in the journal of a Danish mortgage bank: "The Danish economy is still a long way from top form and at the present time in no way out of the grip of the financial crisis."

This view is shared by Jes Asmussen, chief economist at Handelsbanken, who predicts that growth will not exceed 1 percent in 2015 and 2016.

The stark contrast between share prices and developments in the real economy is reflected in the growing wealth gap in Denmark. In August, the centre-left think tank Cevea published analysis under the heading: "The richest 1 percent of Danes own almost a third of all net wealth." It stated, "Denmark has in recent years experienced an increase in inequality measured by income. The differences in income tell only one side of the story." It noted that just one percent of Danes have a combined net wealth of 512 billion kroner and thereby own 32 percent of total wealth.

This tiny layer owns approximately 40 percent of shares and bonds, and each member of it is 32 times wealthier than the average Dane. They have enriched themselves even further as a result of the post-2008 crisis. Cevea explains, "Put simply, the wealth of homeowners rose relatively more than the income of a director in the years before the crisis. The housing crisis has eroded that wealth at the same time as we have witnessed a surge in the market for shares and bonds that has only benefited the very richest Danes."

Last month *Berlingske*, a conservative newspaper, commented that "the crisis hurt most people" but "has been a party for the very richest in Denmark," with the 50 richest individuals more than doubling their wealth. The richest 10 percent have 88 percent of net wealth, measured in property, share ownership and bonds.

Erik Bjoersted is the chief analyst of the Workers Movement's Economic Council. The council is part of the trade union bureaucracy which, like its counterparts throughout Europe, has not lifted a finger to oppose measures aimed at ensuring the working class bears the brunt of the crisis. Bjoersted, while addressing a number of the government's latest measures, was forced to acknowledge how draconian they are, stating: "I shall have to work until I am 70. My children will have to work until they are in their mid-70s ... we are among those OECD countries with the lowest life expectancy. The lemon is squeezed ..."

Earlier this year, Jake Wallis Simons, writing in Britain's *Daily Telegraph*, lauded some of the main legislation imposed in Denmark for the benefit of the ruling class: "Corporation tax has been reduced from 25 to 23 percent; state pensions have been capped; the period for which unemployment benefits can be claimed has been halved from four to two years; students have had their grants frozen and told that if they delay their studies they are at risk of losing both their funding and their university places."

Simons is of the opinion that the UK Chancellor George Osborne will be looking closely at these developments. Indeed he is being urged to do so by Andrew Haldenby of the right-wing British think tank Reform, who argues, "Centre-left governments can also challenge the public sector and make controversial reforms."

To underscore this point, Simons interviewed Bjarne Corydon, the Social Democrat finance minister, who insisted, "Danish people have to get used to a new reality. We are moving away from giving people cash to giving opportunities and education. ... Britain is welcome to take inspiration from that."

The crisis has exposed the Social Democrats as a party of the financial aristocracy. It has also served to expose the role of the Socialist People's Party and the Unity List (Enhedslisten), or Red/Green Alliance (RGA), as defenders of capitalism.

In October 2008, the then leader of the Socialist People's Party, Villy Soevndal, wrote in *Information* that the impact of the financial crisis would lead to the growth of social democratic "left" type parties globally, as people would be asking "why they should see their prospects disappear in the course of 14 days speculation."

This did not prevent his party voting for all five bank packages designed to bail out the Danish finance sector. Per Henriksen, a member of the Socialist People's Party, points out in an article in *Modkraft* on September 17 that around DK 200 billion kroner (£22 billion) was handed over to the financial aristocracy in the bailout.

The Danish pseudo-left have worked hand in glove with the Social Democrats. Indeed, from October 2011 to February 2014, the Socialist People's Party was a junior member of the Social Democrat coalition and agreed to the attacks on welfare, unemployment benefits, and the lockout of 70,000 teachers who were opposed to attacks on their wages and conditions.

The Unity List voted in November 2012 to support the government's cuts to unemployment and sickness benefits despite a decision of their summer congress to oppose any such attacks. There is no line that these organisations will not cross in order to prop up capitalist rule and ensure their stake in it. In August, the RGA in the Danish parliament voted unanimously for the deployment of an Air Force Hercules transport aircraft to Iraq.