

## **Scares and Possibilities**

The COVID-19 Emergency, the Disruption of Globalization, and the Reinvention of the Welfare State

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# Scares and Possibilities: The COVID-19 Emergency, the Disruption of Globalization, and the Reinvention of the Welfare State

**Preben Kaarsholm**

The COVID-19 pandemic and responses to it have exposed dramatically the inherent contradictions of globalization. The pandemic has been an unprecedented global emergency, presenting the whole world with attacks from the same strand of coronavirus, thus signaling homogenization and universality. But while it was possible to contain earlier attacks from corona viruses like SARS in 2002-4 through international efforts coordinated by the World Health Organization (WHO), the response to COVID-19 has been diffuse and subject to fierce political contestation. This essay will discuss this contradiction, using the impact of the pandemic and responses to it in Denmark and its Scandinavian neighboring countries as my lens. I shall point out some of the unprecedented threats occasioned by the pandemic, as well as some of the possibilities for radical change and realignment, which have presented themselves suddenly and unexpectedly. My essay will address in particular how the emergency has affected work conditions and labor regimes, and what prospects for the future this may entail.

## 1) The WHO, the 'China virus' and Scandinavian health authoritarianism

The WHO declared the COVID-19 outbreak a pandemic on March 11, 2020, during a period that was already undergoing some of the greatest upheavals in world hegemony since the end of World War II in 1945 and of the Cold War in 1989. China's rise to global power has coincided with the disintegration of the US-Western Europe consensus centering on NATO; we have seen challenges to European unity presented by Brexit and the rearrangement of global political geography into – on the one hand – fortresses of peace and – on the other – vast territories of permanent conflict, proxy wars, and displacement of populations. The planet faces unprecedented levels of risk in the face of climate change, and of the difficulties in reaching international agreement on measures to counter it.<sup>1</sup> Never has the need for global governance been greater, and never has the crisis of international institutions been so severe.

The WHO was established in 1948 as an important ingredient in the system of multinational institutions established around the United Nations to consolidate postwar development and to counter the threats of epidemics in the aftermath of World War II. The COVID-19 pandemic has turned it into a battlefield for the control or undermining of multinational governance. China – where the pandemic originated – has made significant investments into the WHO as part of a more general ambition to increase its influence over

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<sup>1</sup> Will Steffen a. o., "Trajectories of the Earth System in the Anthropocene," *Proceedings of the National Academy of Sciences of the United States of America* (PNAS), Vol. 11, No. 33 (August 14, 2018); Anon., "Briefing Climate Change," *The Economist*, September 21 2019.

multinational institutions. On the other hand, the United States has pursued a longer-term strategy of disengagement from United Nations institutions (UNESCO being one example), as well as from institutional innovations aimed to promote transitional justice and the universalization of human rights such as the International Criminal Court. In the aftermath of the initial panic, the COVID-19 emergency has offered itself as a showpiece of Chinese mastery and strategical superiority and of the incapacity of the United States to recognize and contain the spread of the pandemic.

For China, this is an opportunity to demonstrate the superiority of authoritarianism, disproving the assumptions of modernization theory that growth and capitalism requires liberalism and democracy, and that 'all good things go together.'<sup>2</sup> On the US side, distancing itself from the political bias of the WHO has helped justify the libertarian and denialist response applied by the USA as well as by the United Kingdom and Brazil to what President Donald Trump insists on calling the 'China virus'.<sup>3</sup> WHO recommendations in the early days of the COVID-19 pandemic in March and April 2020 also involved criticism of Danish and Scandinavian policies vis-à-vis the pandemic. The Danish counter-argument was that the WHO recommendations of mass testing and containment through physical isolation were not relevant for Scandinavia at that point, because testing capacity was too low for it to be effective. Only mitigation and the slowing down of the spread of the virus would make sense and be acceptable.<sup>6</sup>

The policy responses by the three Scandinavian welfare economies have been different, and a lot has been made of the differences between Danish-Norwegian and Swedish approaches, especially in the early days of the pandemic. This was particularly so, because the differences in policy contradicted traditional stereotypes of a centralist and authoritarian Sweden as against more easy-going Denmark and Norway. These stereotypes have a certain amount of historical foundation in different trajectories of democratization and designs for state-society interaction. In all three countries, however, social democratic and labor parties with strong links to trade unions and workers' organizations have been prominent since the 1930s, and have been initiators and guardians of welfare state and mixed-economy frameworks.

A stereotypical view of Sweden (at least within the confines of exchanges of mutual prejudice among Scandinavians) has been as the land of political correctness, where all things good and righteous do indeed go together. It is part of this view that righteousness should be policed through the silencing of

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<sup>2</sup> Seymour Lipset, *Political Man: The Social Bases of Politics* (1960), ch. 2. Cf. Walt Whitman Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (1960) and Daniel Lerner, *The Passing of Traditional Society: Modernizing the Middle East* (1958).

<sup>3</sup> On Trump, China and the history of the WHO, see James Meek, "The Health Transformation Army," *London Review of Books* 42: 13 (July 2, 2020), <https://www.lrb.co.uk/the-paper/v42/n13/james-meek/the-health-transformation-army> - accessed September 6, 2020.

<sup>6</sup> Esben Schjørring et al., "WHO kritiserer Danmark igen og igen – men taler altid pænt om Kina," *Altinget*, April 4, 2020, [https://www.alinget.dk/artikel/who-kritiserer-danmark-igen-og-igen-men-taler-altid-paent-om-kina?SNSubscribed=true&ref=newsletter&refid=ekstra-lordag-4-4&utm\\_campaign=alingetdk%20Altinget.dk&utm\\_medium%09=e-mail&utm\\_source=nyhedsbrev](https://www.alinget.dk/artikel/who-kritiserer-danmark-igen-og-igen-men-taler-altid-paent-om-kina?SNSubscribed=true&ref=newsletter&refid=ekstra-lordag-4-4&utm_campaign=alingetdk%20Altinget.dk&utm_medium%09=e-mail&utm_source=nyhedsbrev), accessed August 28, 2020.

incorrectness and by far-reaching interventions by government and experts into private spheres and citizens' behavior. Though racist and anti-immigrant discourse has a strong presence in Swedish society, it has so far been kept out of respectable parliamentary collaboration, and traces of racism are vigorously in the historical representations of museums and in children's literature. Sexism and gender discrimination are not tolerated, and the gender-neutral third-person pronoun 'hen' is promoted as an alternative to traditional masculine and feminine usage.

By contrast, Norway and Denmark have been seen through matching stereotypes as softer and less uncompromisingly righteous than Sweden. In the Danish-Norwegian setting, democracy has had a less centralized history, with grass-roots movements, civil society agendas, and folk high schools playing more prominent roles. Consequently, traditions of state paternalism are seen as less than in Sweden, and – in contrast to Sweden – xenophobic and anti-immigrant political parties have long been considered respectable enough for parliamentary collaboration in both Denmark and Norway.

The COVID-19 pandemic and the political responses to it seemed to overthrow many of these stereotypical assumptions. When the pandemic struck, all three countries were governed by minority governments – the Social Democratic Party in Denmark, a Right Party-Left Party-Christian People's Party coalition in Norway, and a Social Democratic-Green Party coalition in Sweden. All three governments were fragile in the sense of being dependent on the support of other parties, known to be volatile. In Norway, the xenophobic Progress Party had recently seceded from the governing coalition, and in Sweden, the red-green minority government was formed against the background of a four-month period of political stalemate between September 2018 and January 2019, when no government could be agreed upon with the necessary parliamentary support. The COVID-19 emergency brought political consolidation to all three Scandinavian countries, at least for a period, and in Denmark perhaps most spectacularly so.

The image of a progressive, female Danish prime minister has been popularized internationally through the television series *Borgen*, and on March 11, 2020, the Social Democratic prime minister, Mette Frederiksen, seized the moment, and – flanked ceremonially by health experts and line ministers – announced wide-ranging interventions and restrictions in Danish public life.<sup>7</sup> This was an emergency measure, based on what became the magical formula of 'sundhedsfaglig ekspertise' – health science expertise and consultation – but the prime minister assumed full responsibility for it as an urgent political intervention, even if it might later turn out to have involved judgment errors. Danes who had been used to living closely with each other now had to adjust their behavior and learn to 'stand together by keeping distance.' Schools and universities were closed down, as were libraries and cultural and sports facilities. All public employees 'not in critical functions' were sent home, and private enterprises were encouraged also to let their

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<sup>7</sup> Her speech can be found at [https://www.stm.dk/p\\_14916.html](https://www.stm.dk/p_14916.html) – accessed August 29, 2020. For the television series *Borgen*, see <https://www.imdb.com/title/tt1526318/> - accessed August 29, 2020.

employees work from home as much as possible. Public transport was restricted, limitations were placed on visits to hospitals and nursing homes, and public gatherings of more than one hundred people were prohibited. Foreign travel was restricted and reinforced border controls introduced. Mette Frederiksen ended her address by stating that, “We must do everything we can to look after the Danes. To look after Denmark. To look after each other.” The objective of this was not containment along Chinese lines, and a proper ‘lockdown’ has never been on the agenda in Scandinavia. The aim was ‘mitigation’ – to keep casualty figures low and the spread of the pandemic at a rate where hospital and health capacities were not overstretched, as had been the scenario in Italy and Spain.

This early and determined declaration – with its nationalist and populist ingredients – had a powerful impact, and was a difficult act to oppose. An equally determined announcement followed on March 15, 2020, of a ‘three-part agreement’ between the Social Democratic government, the Danish trade unions, and the employers’ organization on state provision of wage compensation for workers who were sent home, so that they would not lose their jobs. Subsequently, on March 19, the finance minister announced an agreement between all the parties in the Danish parliament to make available an extensive financial support package to keep the Danish economy afloat in the face of the COVID-19 emergency.<sup>8</sup> By May 2020, COVID-19 interventions were estimated to amount to around 200 billion krone, which would bring the Danish government budget deficit to nearly 300 billion Danish crown – c. US\$ 43 billion<sup>9</sup>

Norway followed a similar line of caution to that adopted by the Danish government, adding the radical measure of restricting citizens’ rights to travel to their mountain cottages, even for skiing during the Easter holidays – a sacrosanct ritual of Norwegian national culture. Sweden, however, chose a different path that was much less restrictive in terms of movement and kept primary schools, public institutions, businesses, and even cafés and restaurants open. Health authoritarianism in Sweden also had a different public face. While Denmark and Norway made a point of basing interventions on political decisions, taking advice from health expertise into account, politicians in Sweden to a larger degree stood aside and let health experts make the decisions on and announce publicly what would be the best approach. This brought to the fore Anders Tegnell as ‘state epidemiologist,’ representing Sweden’s Public Health Agency, who by now has become world-famous as the spokesperson of the Swedish ‘open’ way of addressing COVID-19.

What was particularly striking about the Swedish way compared with Danish and Norwegian approaches was the stated objective of letting the open society contribute to the building of herd immunity to the

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<sup>8</sup> The March 15 and March 19, 2020, announcements from the Ministry of Finance can be found at <https://fm.dk/nyheder/nyhedsarkiv/2020/marts/regeringen-og-alle-folketingets-partier-er-enige-om-omfattende-hjaelpepakke-til-dansk-oekonomi/> and <https://fm.dk/nyheder/nyhedsarkiv/2020/marts/trepartsaftale-skal-hjaelpe-loenmodtagere/> - accessed August 29, 2020.

<sup>9</sup> DKK 294 billion more exactly, according to the overview presented by the Ministry of Finance on May 25, 2020 - <https://fm.dk/nyheder/nyhedsarkiv/2020/maj/statens-nettofinansierings-og-finansieringsbehov-for-2020/> - accessed on August 29, 2020.

COVID-19 virus, combined with that of taking the economic cost of possible closures of institutions and enterprises into account.<sup>10</sup> There was not really a disagreement between the three countries at the time, concerning the necessity of reaching herd immunity. At the onset of the pandemic, it was the general assumption that – in the absence of a vaccine – herd immunity could only be reached with the gradual spread of infections through the population. The disagreement was over the speed and violence with which infections might be allowed to spread, and what levels of deaths and casualties could be tolerated.

The outcome was that Sweden ended up with dramatically higher death figures than Denmark and Norway, something also caused by serious neglect in the protection of nursing homes and the elderly population. As of August 30, 2020, COVID-19 deaths came to 5,891 in Sweden (in a population of 10.3 million), 624 in Denmark (in a population of 5.8 million), and 264 in Norway (in a population of 5.4 million).<sup>11</sup> At the same time, the expected impact on immunity and the economy have not materialized. A study carried out at the beginning of May 2020 showed that only 7.3 percent of those tested in Stockholm had developed antibodies against COVID-19, with only five percent at a national level.<sup>12</sup> In terms of economic impact, OECD figures indicate a worse outcome for growth and employment in Sweden than in Denmark and Norway.<sup>13</sup>

The differences between the measures of health authoritarianism had very practical effects, leading to travel restrictions between the three countries. The bridge between Sweden and Denmark was not closed for good – in spite of the long-standing ambitions of radical nationalist and xenophobic Danes.<sup>14</sup>

Nevertheless, movement across the bridge slowed down as border controls, immigration checks, and travel restrictions were introduced. For a long time, this was enforced asymmetrically, meaning that Danes could commute freely to their holiday homes in the south of Sweden, while Swedes could only enter Denmark if

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<sup>10</sup> Anders Tegnell kept arguing long into the pandemic that Swedish policy would lead to levels of herd immunity that countries would necessarily have to strive towards by other means later. See Richard Milne, “Architect of Sweden’s no-lockdown strategy insists it will pay off: Epidemiologist Anders Tegnell says other countries could face big ‘second wave’,” *Financial Times*, May 8 2020, <https://www.ft.com/content/a2b4c18c-a5e8-4edc-8047-ade4a82a548d> - accessed August 30, 2020.

<sup>11</sup> Johns Hopkins University COVID-19 interactive map, August 30, 2020, <https://www.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6> - accessed August 30, 2020.

<sup>12</sup> Asbjørn Goul Andersen, “Sverige følger sin helt egen corona-strategi – men hvor længe?,” *Videnskab.dk*, June 6, 2020, <https://videnskab.dk/kultur-samfund/sverige-foelger-sin-helt-egen-corona-strategi-men-hvor-laenge> - accessed August 30, 2020. See also “Immune responses and immunity to SARS-CoV-2,” European Centre for Disease Prevention and Control (ECDC), <https://www.ecdc.europa.eu/en/covid-19/latest-evidence/immune-responses> - accessed August 30, 2020. This shows only marginal differences in the immunity figures for Sweden, Denmark and Norway.

<sup>13</sup> As for projected change in GDP during 2020, the OECD by June 2020 gives minus 6.7% (single-hit scenario) and 7.8% (double-hit scenario, i.e. with impact from a second pandemic wave) for Sweden, 5.8% and 7.1% for Denmark, and 6% and 7.5% for Norway. See <https://www.oecd.org/economic-outlook/june-2020/> - accessed August 30, 2020. For unemployment forecasts, the OECD gives the following figures for the three countries for the fourth quarter of 2020 in a single- and double-hit scenario respectively: Sweden 11% and 13.4%, Denmark 7.2% and 8.8%, Norway 5.5% and 7%. See <https://data.oecd.org/unemp/unemployment-rate-forecast.htm> - accessed August 30, 2020.

<sup>14</sup> The symbolism of the bridge across the Øresund is explored brilliantly in the 2011 first season of the TV series *Broen*, which has won international acclaim and was a Danish-Swedish co-production. See <https://www.imdb.com/title/tt1733785/> - accessed on August 30, 2020.

they subjected themselves to a two-week quarantine. The free flow within and amalgamation of the Copenhagen-Malmoe region into a Bay Area-like unified space under the banner of European unity and globalization came under threat, and it remains to be seen how permanent the disruption will be.

## 2) Health authoritarianism, xenophobia, and the reinvention of the Danish welfare state

Such re-fragmentation has obviously also affected growth and has – together with increasingly draconic anti-immigration and refugee policies – halted the development of a prospering cross-border labor market in the Copenhagen-Malmoe region. In this sense, health authoritarianism may be seen as contributing to new strands of protectionism as far as the labor market and employment are concerned. Labor market protectionism has, however, been significantly countered by European Union open-market obligations. In spite of the slow-down produced by border controls, the movement of labor across both the Danish-Swedish and the Danish-German border, and between Denmark and Poland has continued with few restrictions throughout the COVID-19 pandemic period. This in spite of occasional outbursts of scapegoating with Polish workers coming to Denmark portrayed – alongside Somali immigrants and asylum seekers – as possible carriers of infection. I shall come back to this below.

The COVID-19 emergency has exposed the vulnerability of migrant and informal laborers as members of a global reserve army. This was flashed across media screens in the images of homeless migrant laborers forced to leave Indian cities at the declaration of lockdown, or being arrested in South African shack settlements for breaking restrictions on movement to queue for food and shopping.

The pandemic has brought into view how Europe, too, is affected by informalization and by the transnational disaggregation of work processes and the undermining of trade unions through individualized contract labor. This happened in the exposure of the Tönnies slaughterhouse outbreak in Gütersloh in June 2020, when COVID-19 was shown to have spread through the miserable and congested living conditions of the Polish, Bulgarian, and Romanian ‘Kolonnen-Arbeiter,’ who had no contractual or trade-union protection.<sup>15</sup> In Denmark, this was addressed in an indignant newspaper commentary by a worker employed at the Danish Crown abattoir in Horsens – the biggest slaughterhouse in Denmark with more than 1,300 employees – who argued that the ‘slave-like’ working conditions in Germany represented a threat to workers internationally. He also described how his German colleagues at the slaughterhouse in

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<sup>15</sup> “More than 1300 coronavirus cases in meat factory,” *General-Anzeiger* (English edition), June 22, 2020, [https://ga.de/ga-english/news/more-than-1300-coronavirus-cases-in-meat-factory\\_aid-51778017](https://ga.de/ga-english/news/more-than-1300-coronavirus-cases-in-meat-factory_aid-51778017) - accessed 31 August 2020.

Horsens were willing to commute six hundred kilometers by car every day to be able to work under a Danish labor regime, which was regulated in a different way.<sup>16</sup>

Not long after, in early August 2020, a similar outbreak of COVID-19 occurred at a Danish Crown slaughterhouse in Ringsted, where the majority of those infected were Polish workers under Danish union contracts, but accommodated in conditions not dissimilar to their Gütersloh Tönnies colleagues.<sup>17</sup> It also emerged that the Danish Crown abattoir brand was not so Danish after all, as its production processes were disaggregated in complex ways across several plants and national borders. At the same time, it turned out that Danish Crown operates its own slaughterhouses in Germany, including one in Essen producing pork for the Chinese market, which had had to be closed down temporarily in June 2020 because of Chinese worries about importing COVID-19-infected pork. Danish Crown is also involved with German partners in a major joint-venture slaughterhouse enterprise in Niedersachsen, again fully embedded in a German labor regulations framework.<sup>18</sup>

The differences between the Scandinavian/Danish and the German model are therefore becoming difficult to uphold, and it seems that 'slave-like conditions' can also be accommodated within the Danish framework. This is a challenge for the Social Democratic Party's project for the revival of the welfare state, the support of which it has sought to capitalize on its successful COVID-19 interventions. This revival has had a strongly traditionalist and even nostalgic ring, seen for example in the flagship political promise to introduce special early retirement public pensions for worn-out blue-collar laborers. In essence, this is a modest attempt to roll back some of the reductions in pensions and retirement support schemes, which have been introduced over the last decade of conservative-liberalist government. It is being promoted, however, in a vigorously elaborated discursive framework, which reintroduces notions of class and images

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<sup>16</sup> Frank Vestergaard, "Slagteriarbejder fra Horsens: Slavelignende forhold hos vores tyske naboer er blevet normalen. Og kan komme til Danmark" [Slaughterhouse worker from Horsens: Slave-like conditions among our German neighbors have become the norm. And may come to Denmark], *Politiken*, June 28, 2020, <https://politiken.dk/debat/art7837985/Slavelignende-forhold-hos-vores-tyske-naboer-er-blevet-normalen.-Og-kan-komme-til-Danmark> - accessed August 31, 2020. This was echoed in Danish trade-union media, see e.g. Nicolai Søndergaard, "Slagteriarbejder: Slavelignende forhold i Tyskland presser os i Danmark," Fødevareforbundet NNF, June 29, 2020 - <https://www.nnf.dk/nyheder/2020/juni/slagteriarbejder-slavelignende-forhold-i-tyskland-presser-os-i-danmark/> - accessed August 31, 2020.

<sup>17</sup> "Coronavirus digest: Danish abattoir closed over COVID-19 cluster," *Deutsche Welle*, August 8, 2020, <https://www.dw.com/en/coronavirus-digest-danish-abattoir-closed-over-covid-19-cluster/a-54492986> - accessed August 31, 2020.

<sup>18</sup> "Corona outbreak in Essen called off," Danish Crown, English-language web site, June 29, 2020, <https://www.danishcrown.com/en/contact/media/news/corona-outbreak-in-essen-called-off> - accessed August 31, 2020. On the Westcrown slaughterhouse in Osnabrück, of which Danish Crown owns 50%, see Peter Rasmussen, "Hver tredje ansat smittet: Danish Crown ramt af corona-udbrud i Tyskland," *Fagbladet 3F*, 18 May 2020, <https://fagbladet3f.dk/artikel/danish-crown-ramt-af-corona-udbrud-i-tyskland> - accessed August 31, 2020.



of what a worker is, and which seems more concerned with bringing back the past than addressing the future.<sup>19</sup>

At the same time, together with the boost received from its resolute public health interventions, the Social Democratic Party has gained strength by stealing some of the fire from the populist xenophobic right in Danish politics. This applies in particular to the Danish People's Party, which in recent years has competed with Social Democrats over welfare agendas – a competition that seems for the time being to have been more or less completely neutralized.<sup>20</sup> The prime minister has recently spoken in emotional terms of the need to safeguard fearful Danes against attacks from 'immigrant youth' on Copenhagen commuter trains. In addition, at the beginning of August 2020, Social Democratic councilors in the country's second-largest city, Aarhus, were vocal in calling for 'cultural' interventions against Somalis immigrants and asylum seekers, among whom there was recently a much-debated 'hotspot' virus outbreak. It was subsequently agreed to make information on COVID-19 precautions available in Somali language to help address the problem.<sup>21</sup>

The Social Democratic minister for immigration, Mattias Tesfaye, has been an unflinching upholder of strict immigration controls and repatriation of undocumented migrants and unsuccessful asylum seekers, and within the European Union, Danish Social Democrats have opposed refugee quotas for member countries and the adoption of a common European policy on refugees and immigration

The party's position has been expressed forcefully also in more populist terms by Rasmus Stoklund, a young and aspiring MP and political scientist, who has made his career through the Dansk Metal trade union, and who is currently the Social Democratic spokesperson for immigration and integration. In 2016, Stoklund published a book explaining that – to win voters back from the Danish People's Party or the Liberals, who were then in minority government - the Social Democrats should align itself with the Danish People's Party, rather than fight its xenophobia. Social Democrats must address and take seriously the fears and

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<sup>19</sup> The Danish worker in this simulacrum is a white, male brewery worker in his sixties called Arne, who has worked for decades, contributed through his tax paying to the building of the welfare state, and who is regularly embraced on television by the Prime Minister. See the Social Democratic Party web site's presentation of its campaign called 'Lille land, stor retfærdighed' (small country, big justice), <https://www.lille-land.dk/retfaerdighed/> - accessed August 31, 2020.

<sup>20</sup> In August 2017, support for the Social Democrats and the Danish People's Party amounted to respectively 25.5% and 19.2%. By August 2020, the corresponding figures were 32.4% and 7.3%. VoxMeter for Ritzau, <https://voxmeter.dk/meningsmalinger/> - accessed August 31, 2020.

<sup>21</sup> Christina Nordvang Jensen, "Professor om smitte i somaliske kredse i Aarhus: 'Det er social ulighed og ikke etnicitet, der er problemet'", *DR Nyheder*, August 11, 2020, <https://www.dr.dk/nyheder/indland/professor-om-smitte-i-somaliske-kredse-i-aarhus-det-er-social-ulighed-og-ikke> - accessed September 5, 2020.

insecurities, which globalization has imposed on 'ordinary people.' The best way to do this would be to secure jobs for Danish workers and to restrict immigration.<sup>22</sup>

Like the Prime Minister, Stoklund has also made a point of stating in public media that areas of Copenhagen, where a Muslim immigrant population is in the majority, must not be allowed to become unsafe for Danish citizens.<sup>23</sup> Most recently, he has criticized a Government-commissioned research report written by Roskilde University colleagues of mine, who argued that policies to address 'negative social control' among young Muslim immigrants might require Arabic and other foreign language skills as well as insights into the teachings of the Qur'an. 'I can promise with absolute certainty that a report like this will never be used as the foundation for Social Democratic interventions against negative social control'.<sup>24</sup>

Pension reforms, retirement ages, and immigration policy relate to each other closely. The demographic trends, which form the basis for arguments in favor of raising the age of retirement, are exacerbated by anti-immigration policy. The paradoxical conundrum of being faced at once with a threat of unemployment and of a lack of available labor power could be addressed rationally through an alternative policy of regulated immigration, maybe from selected partner countries, as well as through a more humane policy towards refugees and asylum seekers. At the moment, such an alternative seems as far as it could possibly be from the policy of the Social Democratic Party. The party sees its commitment to an anti-immigration policy and discourses of anti-Muslim feeling as a significant contribution to the strong position, which the party has consolidated through COVID-19 health authoritarianism.

### 3) Prospects for a New Deal?

Denmark and the Social Democratic Party are thus at a crossroads. The limited extent of the negative impact on growth and employment indicated in the OECD figures quoted above appears to have been a highly successful result of the early, resolute, and comprehensive interventions by the Danish Social Democratic government, including the extensive financial injections to boost the economy and keep unemployment at bay. Suddenly, since early March 2020 and the onset of the pandemic, Keynesianism and

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<sup>22</sup> Rasmus Stoklund Holm-Nielsen, *Til blå Bjarne: en debatbog om Socialdemokratiet, globaliseringen og fremtiden* (Copenhagen: Skriveforlaget, 2016). 'Blå Bjarne', to whom book is addressed, is a fictional blue-collar worker, who has shifted his support from the Left to more rightist parties, and whom Social Democratic policies must aim to win back.

<sup>23</sup> This followed episodes around New Year's Eve, when sticks of fireworks were thrown at passers-by in the streets of Nørrebro. See Sebastian Abrahamsen, "Socialdemokratiets nye hardliner: For mange med ikkevestlig baggrund opfører sig dårligt," *Information*, January 15, 2020, <https://www.information.dk/indland/2020/01/socialdemokratiets-nye-hardliner-ikkevestlig-baggrund-opfoerer-daarligt> - accessed September 5, 2020.

<sup>24</sup> Rasmus Stoklund, "S til RUC-dekan: Du forsvarer pinlig og absurd rapport med stråmænd," *Altinget*, September 3, 2020, <https://www.alinget.dk/forskning/artikel/s-svarer-ruc-dekan-du-opstiller-en-straamand-i-forsvar-for-pinlig-rapport> - accessed September 5, 2020..

economic policies of debt financing, public investments, and multiplier effects have become respectable and possible. This comes after a long drought of so-called neo-liberalism, where state coffers have been treated like a family household budget, and state budget deficits seen as the road to national ruin. The question now is whether this will be the beginning of a great re-awakening of a New Deal era, and how the new level of extensive state interventionism into the economy will be managed. Will the interventions through loans and aid packages be used to re-establish as far as possible a pre-COVID-19 status quo, and primarily save existing enterprise structures from collapse? Or will they be used pro-actively to re-structure the economy and employment, and used to further other urgent and more long-term challenges of counteracting climate change, environmental degradation, and the growth in global inequalities and the exploitation of labor? How will work conditions and labor regimes be affected by the corporatist instruments of governance that have been introduced? How will job-sharing, extensions in the possibilities of working from home, and further disaggregation of production processes affect workplace cultures and labor organization?

These are among the big questions for the immediate future. The 2021 budget proposed by the Social Democratic government - designated 'a corona budget' - gives indications of what may be expected, and what will be possible in terms of parliamentary support. It contains a 'war chest' of DKK 9.2 billion – c. US\$ 1.4 billion – that will be 'kept in reserve for the re-starting of the Danish economy and to meet special challenges occasioned by COVID-19. This reserve is added to the numerous interventions introduced since the spring of 2020, and will be used to safeguard Danish jobs and employment and for health services, vaccines and economic rehabilitation'.<sup>25</sup> This does not sound like a declaration of Keynesian revolution, but rather as of one of returning as far and as soon as possible to a pre-COVID-19 status quo.

A more radical departure would require fundamental changes in both Danish national and European Union frameworks for state expenditure and deficit financing. A Danish 'budgetlov' agreed upon by a broad parliamentary majority in 2012 stipulates that the annual deficit in government budgets cannot exceed half a percent of GDP, and EU regulations impose a restriction of three percent of GDP on deficits in member states' national accounts, and does not allow public gross debt to go beyond 60% of GDP. To pursue further the possibilities opened up by the COVID-19 emergency interventions of economic stimulus would require a new consensus to revise also such limitations in order to make possible massive investments in e.g. climate change counter-measures. A Keynesian revolution proper would mean that such investments were made by governments also to provide new radical welfare and anti-inequality reforms. This would require political visions of a transnational nature, for which Danish Social Democrats, trade unionists, and the labor movement are not yet prepared, and for which parliamentary backing would be so far unthinkable.

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<sup>25</sup> Government of Denmark press briefing, "Finansministeren præsenterer forslag til finanslov 2021," <https://www.regeringen.dk/nyheder/2020/forslag-til-finanslov-for-2021/> - accessed September 5, 2020.

In any case, within the perspective of Danish Social Democratic visions, welfare is prioritized over climate change intervention – red is valued above green. This may well become the most important battlefield on the left side of Danish politics and within trade unions and the labor movement in the immediate future. Endeavors to avoid unemployment and place limitations on retirement ages and on reductions in public pensions will make public expenditures dependent on a continued growth in GDP. Though interest rates are negative and likely to remain so for some time, debt repayments will also contribute to the need for continued growth, and a green prospect of zero growth or even reductions in growth to halt global warming will be extremely unlikely. The best-case scenario that can be hoped for as an agreed political agenda for a Social Democratic government, basing itself on support from the Left, would therefore be one of green growth, job-sharing, and technological innovation.

This might boost hopes of Danish national salvation, though in the larger perspective it might contribute only marginally to global solutions. But we are still waiting for the Social Democratic government to point out what will be exactly the way forward to accomplish something like this.