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Subject: Denmark's "Red bloc" defeats center right (Reuters)

COPENHAGEN (Reuters) - Denmark's center-left "Red bloc" took power on Thursday after defeating Prime Minister Lars Lokke Rasmussen's government in a tight election driven by voter anger over the state of the economy.

Social Democrat Helle Thorning-Schmidt will become Denmark's next prime minister, the first woman to hold the post, after Rasmussen conceded defeat.

Her platform includes increased government spending, raising taxes on the wealthy and an unusual plan to make everyone work 12 minutes more per day. An extra hour each week, her group argues, would help kick-start economic growth.

The centre-right "Blue bloc" has been in power for 10 years, during which Denmark, like other countries, suffered the worst economic downturn since World War Two.

"Tomorrow I will hand in the government's resignation to the Queen," Rasmussen said on TV2 News. "There is no longer a basis for remaining in government."

Thorning-Schmidt's Red bloc will have a majority of up to five seats in the 179-seat parliament, its final size depending on the results from far-flung Greenland.

Her Social Democratic party actually lost a seat and will only be the second largest in parliament after Rasmussen's Liberals, who gained one.

But two Red coalition parties on the far left and in the centre made up the difference to put the Red bloc ahead, allowing it to claim victory and forcing Rasmussen out.

The state of the economy has been the overriding issue of the campaign, with the governing coalition parties under fire for failing to spur growth. Thorning-Schmidt attacked Rasmussen for taking the country deep into deficit.

Rasmussen had appealed to voters to stick with him and, he said, not let the centre-left unravel what has been achieved.

Political scientist Jorgen Elklit said the hard part would now be putting together a government.

"It will certainly take days, maybe weeks to form a government," he said.

ECONOMIC WOE

If the count holds up, Denmark would become the latest in a series of European countries to see incumbents voted out at least in part because of struggling economies.

Spain's Socialist government is facing possible defeat in a Nov. 20 general election and German Chancellor Angela Merkel has lost a series of state elections since May 2010.

Denmark has been spared much of the trauma suffered by other west European countries because it remains outside the euro zone. This means it is not involved in bailing out debt-laden countries like Greece, an issue that has stirred popular anger in neighbouring Germany.

But the economic crisis has turned Denmark's healthy surpluses into deficits, forecast to climb to 4.6 percent of GDP next year.

Danish banks have also been struggling, with small bank Fjordbank Mors falling into the hands of administrators in June, the 9th Danish bank to be taken over by the state since the start of the crisis in 2008.

Thorning-Schmidt's "12-minute" plan -- unusual enough to define her campaign -- would pay workers for the extra time. Denmark has no official work week, however, so the actual hours would be decided on a company-by-company basis.

The new prime minister is part of an extended European political family, married to the son of Neil and Glenys Kinnock. Neil was a European commissioner and British Labour Party leader, Glenys a European parliamentary deputy and Europe minister in the last Labour government.

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