

Majority of Danish Parliament Backs Angelides-Type Financial Crisis Probe

by Michelle Rasmussen

COPENHAGEN, Feb. 22—Yesterday, Denmark’s national Danish Radio station announced that there is now a majority in the Parliament that supports the convening of an independent financial inquiry commission, consisting of parties not in the government coalition, with the addition of the votes of the Danish People’s Party. This now paves the way for a full Danish inquiry, hopefully patterned on the U.S. Congress’s Financial Crisis Inquiry Commission, led by Democrat Phil Angelides, former Treasurer for the State of California, which issued its report on Jan. 27, 2011.¹

This breaking news development occurred in the wake of the scandal created by the collapse of Denmark’s ninth-largest bank, Amagerbank, including the fact that the government will lose at least \$1.2 billion, which it deposited with Amagerbank just three months ago.

Coincidentally, the Schiller Institute in Denmark, the Danish branch of the international LaRouche political movement, a few days before, had delivered copies of its latest 60,000-run campaign newspaper, to each parliamentary office, with the banner headline: “Amagerbank Scandal: Angelides Commission Now!” In addition, there is a statement by the chairman of the Danish Schiller Institute, Tom Gillesberg, in which he says, “We in Denmark need a financial inquiry like the Angelides Commission, which can reveal and document the deep incompetence that the politicians, finan-



LPAC-TV

Danish Schiller Institute chairman Tom Gillesberg, is shown in an LPAC video, with the Institute’s newspaper calling for an Angelides-style inquiry into the causes of the financial crisis, just six days before the Danish Parliament endorsed such an investigation.

cial world, and the state authorities have exhibited in their handling of the financial crisis of the recent years.”²

The newspaper also publishes an article about the conclusions of the Angelides Commission; the text of Lyndon LaRouche’s Jan. 22 webcast urging the passage of Glass-Steagall legislation; and the text of the Jan. 28 Schiller Institute testimony in the Danish parliament (see below).

The U.S. Financial Inquiry Commission was also mentioned in the article entitled, “Politicians will get to the bottom of the financial crisis,” printed in the Danish labor movement’s weekly newsletter *A4*, the source for the Danish Radio story, which stated:

“During the past years, in the U.S. and several EU

1. See www.fcic.gov

2. See www.schillerinstitut.dk/drupal/system/files/ka12.pdf



EIRNS

Denmark's ninth-largest bank, Amagerbank, went belly-up on Feb. 7. It is believed that the Danish government will lose at least \$1.2 billion in the bank failure.

countries, economists have tried to get to the bottom of the financial crisis to find answers concerning how a new crisis can be avoided. At home, the government has so far refused to unravel the causes of the financial crisis. It now emerges, however, that there is a political majority behind getting an independent review of the financial crisis in Denmark. . . . Several countries have already completed their unraveling of the financial crisis. The studies that have attracted the most attention are from the hardest-hit countries like Ireland and Iceland, but also France, Norway, England, and Holland have turned the causes of the financial crisis upside down. In January, the U.S. commission on the financial crisis finally issued its report.”

On Jan. 28, ten days before the collapse of Amagerbank, and one day after the issuance of the Angelides Commission report, the Schiller Institute in Denmark testified before the Danish parliament’s European Committee, beginning with the conclusions from, and importance of, the Angelides report. This testimony was also televised on the Parliament’s TV channel.³ The Schiller Institute in Denmark is well-known in the parliament for its numerous testimonies based on the American economist and statesman Lyndon LaRouche’s warnings about the accelerating financial collapse, and proposals for recovery, including reinstating the 1933 Glass-Steagall bank legislation.

Gillesberg Testimony

In his Jan. 28 testimony to Parliament, Gillesberg stated, “We must no longer be intimidated by the generally accepted delusions and incompetent dogmas which

have dominated the financial community during the past three decades. We must introduce a Glass-Steagall law, and put the financial world under the control of sovereign nations.

“The necessity of doing this should be evident to everyone, after the Angelides Commission, established by the U.S. Congress in May 2009, to shed light on what actually went wrong with the financial crisis, published its report yesterday. It concluded that: ‘The crisis was the result of human action and inaction, not of Mother Nature or computer models gone haywire.’

“According to the report the crisis was attributed to a change of values in the financial and political world, over the past three decades, which resulted in deregulation, and the removal of government control—above all, the repeal of the Glass-Steagall Banking Act, in 1999, and a 2000 law that allowed the creation of trillions of dollars of derivatives.

“According to the report, the highest economic authorities in the U.S. Federal Reserve Bank, the financial world, and the U.S. government, have shown a total lack of understanding of the economic process. This resulted in the crisis, and the hopelessly incompetent handling of it. The commission’s conclusion was, ‘The greatest tragedy would be to accept the refrain that no one could have seen this coming and thus nothing could have been done. If we accept this notion, it will happen again. . . .’

“One thing the Angelides commission forgot to mention, is that, if the American statesman Lyndon LaRouche, who is the only economist who has been right in his economic predictions during the past 50 years, including the prediction of the current crisis, and his collaborators in Schiller Institute, had been listened to, then the financial crisis would never have occurred. We

3. See <http://schillerinstitut.dk/drupal/node/426>

warned about the crises and catastrophes, which the generally accepted way of thinking would lead to.

“In connection with elections here in Denmark, The Friends of the Schiller Institute, and I ran for office with such slogans as: ‘When the bubble bursts—a New Bretton Woods’; ‘After the Financial Crash—Maglev across the Kattegat’; and, ‘Only a new credit system can save Denmark.’ We have extensively warned Members of Parliament, including through numerous testimonies in the parliament. It is therefore time that Members of Parliament, and the Danish government, instead of blindly, like lemmings, leading Denmark over the cliff, along with the euro countries, listen to the solutions the Schiller Institute has presented, which will not only safely bring us through the current crisis, but also give us an exciting and fascinating future.”

Support Grows

The Social Democratic Party, Socialist People’s Party, and the Unity Party have previously announced their support for a financial crisis commission. In his statement to *A4*, the financial spokesman for the Social Democrats, Morten Boedskov, expressed his intentions for the breadth of the commission’s mandate. “We have witnessed major financial crises in Denmark in the ’80s, ’90s, and, more recently, with the [current] financial crisis. Every time we have seen heavy exposure in the real estate markets, immensely creative financial products, bank managements approving high-risk investments, and a state financial supervisory institution which has lagged behind. We simply do not want to see it again for a fourth time. That is why a commission is necessary.”

The Vice President of the Danish Peoples Party, Peter Skaarup, told *A4* that a commission should investigate “the stupidities and mistakes during the crisis. In this context one cannot avoid the role of banks.” An economics professor from Copenhagen Business School, Jesper Rangvid, stressed the need for the commission to also produce recommendations to prevent the recurrence of future financial crises. “But what did the Danish banks do in the years up to the crisis in order to guard against risky lending? And were the rules adequate? We need answers in order to decide how similar crises can be avoided in future.”

He condemns the government for starting to write legislation without investigating the causes of the crisis, especially the role of the banks. And Jacob Funk Kirkeg-

aard, from the Peterson Institute for International Economics, said that there has been practically no showdown with the banks in Denmark.

The spokesman for the Socialist Party, Ole Sohn, emphasized the role of the government in approving interest-only loans, which puffed up the housing bubble.

The two government parties, as well as the bank association, are against convening a commission.

The Next Danish Bank About To Crash

According to the Danish government’s “Bank Package III” legislation now in effect, Amagerbank became the first European bank to collapse since the Icelandic bank, Icesave, where depositors lost money (all deposits over 100,000 euros), and senior bondholders were given an approximately 41% “haircut.” Afterwards, the Danish Financial Oversight Authority itself stated that more banks were likely to crash in the future.

The day after the announcement of a majority behind establishing a Danish financial inquiry was reached, the news came of the name of the next Danish bank that has already jumped off the cliff—Aarhus Lokalbank. The bank, essentially, publicly declared itself bankrupt, but is trying to buy time by attempting to convince investors who are holding bank debt, to convert it into stock (which would put those investors in a worse position, in the likely case that the bank were formally declared bankrupt).

Nor is this the only shoe to drop: Two other banks considered “too big to fail,” including Denmark’s largest, Danske Bank, and the Inter-Alpha Group’s Nordik Bank, are also on the “failing” list—a list of “the 18 most dangerous European banks,”—banks that would create systemic crises in the European banking system, if they were to fail, compiled by the European think tank, Breugel.

The Schiller Institute will intensify the pressure for a Danish Angelides Commission and Glass-Steagall legislation, by continuing to distribute its newspaper, of which over 14,000 copies have already been handed out, and by leading the debate. The circulation of a La-RouchePAC video on the subject is bringing international attention to this development, and is spreading the momentum for Angelides commissions around the world, needed to pave the way for crucial Glass Steagall legislation.⁴

4. See <http://www.larouchepac.com/node/17555>