

tation, confrontation is going on for three years already and there is no conclusion, it could not help [them].

**Sneider:** There are a lot of predictions that the Vietnamese forces in Cambodia will launch a big dry-season offensive [against the Khmer Rouge].

**Thach:** It is not necessary. If you compare this rainy season with last year's, this rainy season there is less hostilities than before. So they say [the Khmer Rouge] they will launch a big offensive so as to have more credibility regarding their ability, their strength—it is not correct.

**Sneider:** Which means that the formation of this coalition has done nothing to change the strength of the guerrilla, the Khmer Rouge forces?

**Thach:** No. Sometimes it is contrary. There are some desertions from the Khmer Rouge to Sihanouk—that means these armed people, they would prefer to have a black market than fighting (laughs).

**Sneider:** Would you say that ASEAN's major motivation in promoting this coalition was essentially to improve their bargaining position for negotiations?

**Thach:** I think first it is to maintain Pol Pot in the United Nations and secondly they would like to have a trick, to have Sihanouk and Son Sann in the government and then to drop Pol Pot after[wards].

I think it is too naive. The Khmer Rouge are like a goat and Son Sann and Sihanouk are like a cabbage. The cabbage cannot swallow the goat—it is the goat who will swallow the cabbage.

**Sneider:** On the question of China. What is your perception of the results of the 12th party congress in China and do you see any change in Chinese foreign policy in the near future, either towards the Soviet Union, or Vietnam, or in the area as a whole?

**Thach:** I think it is the same policy from 1981 up till now. They have had some readjustments from 1981 since Reagan came to power. I think this [the party congress] is to reaffirm what they have done since 1981. That means continuing collusion with the United States, but slowing down, not as strong as the years of 1979 and 1980. And lowering the tone with the Soviet Union but continuing the policy of anti-Sovietism. It is "less of the same" and with the United States, "less of the same." Not "more of the same" but "less of the same."

**Sneider:** Do you think there is any change in terms of the internal balance within China? There are forces which are opposed to Deng Xiaoping's "Opening to the West."

**Thach:** There is a strengthening of Deng Xiaoping on the top but not yet in the army and on the provincial level. It is still a very tough fight within these [past] three years. It is not easy.

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## SWEDEN

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# Who has returned to power with Palme?

by William Engdahl from Stockholm

The Sept. 19 electoral victory of Olof Palme's Swedish Social Democratic Party (SAP) was a surprise to most seasoned political observers here. Following six years out of power, and after two successive electoral defeats nationally, Palme was considered by many to be all but dead. Instead, the Swedish Socialist International spokesman has been accredited 45.6 percent of the vote. By a "strange bedfellows" arrangement, he will be able to form a majority with the tacit support of the Swedish Communist Party, the VPK, which was credited with 5.6 percent.

For the first time in his entire 13-year electoral career, Palme came up with an actual increase in votes. In every successive previous vote, he had lost his party a larger and larger percentage of the SAP's once unchallenged dominance of national politics. Palme reported a gain this time of 2.7 percent, small in real terms, but hailed by the Palme press as a "landslide." In parliamentary arithmetic, the election translated into 166 seats for the SAP, 20 for the VPK, and 163 for the non-socialist parties.

Ominously, Olof Palme rode back to power on sheer demagoguery. He promised no alternative to the previous government's domestic austerity programs. The day after the election, he emphasized that he feels no constituency pressure to find a "positive solution" to the worst economic crisis of the postwar period. "This is a time of very severe international crisis," he told reporters Sept. 20. "We can have no illusions of better times."

## The National Wage-Earners' Fund

Palme's campaign, as well as that of his opposition, centered around the issue of his call for a National Wage-Earners' Fund. The Wage Fund idea, which was endorsed by the social-democratic trade union bureaucracy, the LO (Sweden's equivalent of the AFL-CIO), is a Mussolini-modeled corporatist program which would use a tax imposed on every firm's profits as well as every individual and church. The fund would grow rapidly into the largest capital pool in the country and would buy shares in Sweden's private steel, nuclear, shipbuilding, and other industries.

Per Engdahl, aging leader of the Swedish Nazi Party and Hitler's wartime friend, openly praised both Palme and his Wage Fund in an interview last spring (*EIR*, May 25, 1982). He stated approvingly that Palme's economic program is

“exactly what Adolf Hitler proposed. Nobody seems to realize this. We have always found our ideas are implemented more successfully by the social-democratic left than the right.”

However, Olof Palme’s Wage-Earners’ Fund proposal, which may take several years to push through parliamentary debate, is merely a detail.

### **Sloganeering and fraud**

Palme successfully gambled everything on the unpopularity of *any* incumbent government during the unraveling global economic crisis, to enhance his chances as the most visible “opposition.” Days before his election, Europe saw a social-democratic government fall for the first time since the war in neighboring Denmark. Then the Schmidt coalition in West Germany split apart. Both times, a collapsing economy and austerity policy were the impetus. Palme ran on the slogan, “The opposition parties had six years. Now it’s our turn.” This appeared on billboards emblazoned with the countercultural red rose symbol of the Socialist International.

Then Palme got a boost one week before the vote from the release of new unemployment statistics. Real joblessness is officially 11 percent, despite the large army of public works employees raking leaves and painting fences. Palme blamed his moderate opponents for the depression.

For their part, the three opposition parties that had led an uneasy minority coalition waged a lackluster campaign. Banking their entire campaign strategy on Palme’s personal unpopularity plus a well-financed campaign labelling the Wage Fund as “socialist,” they attempted to keep election debate confined to that issue. In a country which has had socialist governments for 44 of the last 50 years, the word “socialist” seemed to have little scare value—even though polls showed that almost 60 percent of the voters disapproved of the fund idea.

There are many hints that a faction in the Soviet Union, specifically the grouping around Georgii Arbatov of the U.S.A.-Canada Institute in Moscow, might have pulled strings to help Palme win his slim margin of victory.

The European Labor Party, which led the only programmatic opposition to Palme, notes that Swedish election procedures, instituted as a “democratic” reform under Palme’s previous tenure, are among the most fraud-susceptible in Europe. The Communist VPK, whose abstention will allow Palme to rule, got an official 5.6 percent of the vote, although the entire press and political punditry of the country had predicted that the party might well disappear below the minimum 4 percent threshold for parliamentary representation.

Yet Palme is as “black” as the cited endorsement by unreconstructed Nazi Per Engdahl implies. On election eve, he pledged to a rally of 20,000 frenzied supporters that he would wipe out the last vestiges of opposition to himself and his policies. Watching Palme’s followers pelt peaceful demonstrators from the European Labor Party with eggs, observers were reminded of the mass rallies Hitler used to hold at

Nuremberg as he consolidated total power.

### **Palme’s Sweden: an Orwellian nightmare**

Palme is the son of a mother who is old Latvian nobility. His father’s father founded what is now Scandia Insurance Company and ran a pre-World War I “salon” frequented by the proto-Nazi playwright Strindberg and the geopolitician Sven Hedin, later intimate with Hitler and Goering. Palme’s own career in office has been coherent with such “roots.” Starting as education minister in the 1960s and then as Prime Minister of Sweden from 1969 to 1976, Palme facilitated the most advanced transformation in the world of a pseudo-democracy (to this day, Sweden is a monarchy) into an Orwellian totalitarian state.

Palme’s education “reforms” instituted during the 1970s constituted a conscious war against the teaching of history, science and the classical curriculum which since the 19th century had allowed Swedish industry to become one of the world’s most advanced. This was replaced with emphasis on “solidarism.” According to official SAP propaganda, it is more important that “children learn to have solidarity with each other” than to have schooling create “intellectual egoism and elitism.”

The same process was applied to the media. Largely as a result of earlier Palme policies and personnel, the Swedish media are perhaps the most controlled in the world. Students are admitted to journalism school—the prerequisite for a career in journalism—on the basis of a “psychological test.” More than one convicted drug criminal has risen to prominence as a result—and one of these became a friend of Palme’s. The press is self-policed by the National Board of Psychological Defense. Palme passed a law which further tightens the noose by creating state financial aid for private press. Recently, *Svenska Dagbladet*, the leading conservative paper, actually refused a statement critical of Palme because, as their attorney put it, “We have to think of life *after* the election.” Palme could bankrupt the paper by withdrawing the subsidy!

Under Palme, Swedish libel laws are such that to name someone for criminal activity, even if he has been convicted, is deemed libelous. This standard has been used to keep the facts of a major scandal involving Palme’s aide Carl Tomas Edam, from breaking into the press. Edam has been convicted for narcotics crimes. He was one of ten top Palme “magister” or “inner council” members.

Palme has transformed the traditional base of the party, namely the organized labor movement, into an instrument of conformity to official policy. He has systematically purged opposition and put hand-picked stooges in its place. One powerful opponent, Hasse Ericsson, head of the transport union, was framed up three years ago on false charges. Ericsson had come out openly against Palme’s Wage Fund proposal; he had committed the crime of “nonsolidaric” behavior.