

# 'Brave New World' in Olof Palme's Sweden

by Claes Wahl in Stockholm

Six months after Sweden's Social Democratic leader Olof Palme was elected Prime Minister on Sept. 19, 1982, the worst apprehensions of Mr. Palme's opposition have been realized. Palme's election program was a clearly stated call for the establishment of a powerful, labor-controlled "wage earner fund" to purchase Sweden's industries—the first step towards the creation of a Mussolini-style corporatist state.

Palme, who was voted out of office in 1976 because his social democratic policies were destroying Swedish industry, was re-elected as the result of a deal with the powerful, Freemasonic-dominated monarchy and oligarchy, on the basis that he would be a far more effective enforcer of austerity than any conservative government. Conditions of mass unemployment, drastic reductions in living standards, and the incompetence of the governments of the 1976-82 period in dealing with the economic crisis made Swedish voters vulnerable to his demagogic campaign. Swedish industrial leaders supported Palme in the mistaken belief that his social democratic credentials would give him strong ties to the developing sector, an essential market for Sweden's high-technology export-oriented economy.

Palme's "post-industrial" policies have already shut down large portions of Sweden's basic industries. Shipyards, already hard hit, have laid off 3,500 workers this year. The steel industry has announced layoffs of 2,500 and still more layoffs have been announced for Sweden's traditionally internationally competitive iron-ore industry. These are unemployment levels that are having serious consequences in a nation with only 8 million inhabitants.

It is the International Monetary Fund (IMF) which has dictated these post-industrial society policies to the Palme government. Sweden's conservative daily *Svenska Dagbladet* reported on March 21 that shortly after the Swedish government's drastic 16 percent devaluation of the croner in November last year, an IMF delegation told Palme that his government would be allowed to take this protective measure only on the precondition that it promised to carry out harsh austerity measures, including severe wage cuts, reduction in state subsidies to basic industries such as shipyards, textiles, and other "branches exposed to competition," as well as reductions of government subsidies of export credits.

The *Svenska Dagbladet* also reported on a letter written

by Swedish Minister of Finance Kjell-Olof Feldt to IMF executive director Jacques de Larosière, promising further "extensive austerity measures" and a freezing of the Swedish budget deficit at the current 90 billion kroner level. This has meant that the "wage leading" Metall trade union this year negotiated a separate deal of a 2 percent wage increase with the association of engineering industries—on Palme's orders. With Swedish central bank estimates that inflation for 1983 will reach between 13 and 15 percent, the most powerful trade union in Sweden has thus taken a cut in real wages of between 7 and 13 percent.

The Palme government has been forced to increase taxation on a contracting economy in order to be able to pay Sweden's budget deficit. To accomplish this task of milking and butchering the cow at the same time, the government has forced through a fiscal-judicial "general clause," giving tax authorities the legal right to sue persons who might have the "intention" of evading taxes, whether or not they have ever violated the law before. Palme has eliminated due process, and put the corporatist principle of *raison d'état* into effect, by declaring that what is bad for the Prime Minister and the state is illegal—and the reverse. Swedish courts have been transformed into instruments of political power unprecedented since the courts in Adolf Hitler's Germany.

The political and economic interests who played the Palme card last fall are now worried; Palme's foreign policy has precipitated one of the very rare brawls inside the Swedish establishment. Without consulting the Foreign Policy Committee of the Swedish parliament, Palme made a slightly modified version of his earlier "Palme Commission" proposal for a "nuclear-free corridor" through central Europe, official Swedish foreign policy. The Swedish oligarchy, a political elite of ancient Nordic families, has become concerned that Palme's "honeymoon" with such supranational institutions as the IMF, the Palme Commission, and the U.N. bureaucracy has been transformed into a marriage, a threat to the autonomy of the kingdom of Sweden.

Former Moderate Party chairman Gösta Bohman made an unprecedented public attack on the imperious Palme on March 21 in an interview in the influential daily *Dagens Nyheter*: "His [Palme's] personality is divided into Dr. Jekyll and Mr. Hyde. . . ." Bohman stated. "I am no psychiatrist, I can only observe a tremendous difference between the two halves." Bohman called Palme's mental instability and his "infamous handling of the truth" a "real national security risk."

*EIR founding editor Lyndon LaRouche discredits Palme's reputation as a "friend of the Third World" and social reformer in an EIR Special Report. "Olof Palme and the Neo-Nazi International." The report reveals the real nature of the "peace and disarmament" movement and documents not only the nature of Palme's involvement in the "peace movement" but also his links to the Nazi International and its corporate extensions.*