

## Northern Flank by A. Borealis

### Palme faces a pitchfork rebellion

*Farmers are up in arms at the cutbacks in agriculture—in a country where meat consumption is now lower than in Poland.*

Modern Swedes are internationally known as a people capable of accepting political and economic repression with a shrug, so unemotional that even their stoical ancestors would have been amazed. Such a reaction was what Prime Minister Olof Palme was counting on, when he ordered his Central Bank head Bengt Dennis and his Finance Minister Kjell-Olof Feldt to impose a new round of austerity.

The measures were: upping the discount rate from 9.5% to 11.5%, the second raise this year, and raising taxes on so-called luxury goods, such as cars, radios, TV sets, sailboats, etc. The banking community did not miss the point. They increased interest rates by 3-4%, making an extra buck in the process and putting interest rates in Sweden between 7 and 8% above the international dollar interest rates. This means that the hardest hit are the heavily mortgaged private homeowners, small industrial companies which had just made investments and planned new ones, and farmers.

Yet the Palme government had the gall to say that the measures are needed because the economy is in an "upturn" and facing bottlenecks, because industrial production and industrial investments are increasing for the second year in a row. Palme's government did not mention the fact that the increase is from a level below the lowest point of the 1960s!

Except for the farmers, the only sector not swallowing Palme's baloney is the civil service union, which went on strike in May to protest

Palme's continuous reductions in wage earners' living standards for the tenth year in a row.

Militant farmers' protests have also been ongoing since April, and were escalating even before the latest austerity moves. The prices of agricultural products in Sweden have up to now been decided in negotiations between the state and the farmers' union, which used to lead to agreements covering the increased inflation costs for the period negotiated. In the latest talks, the government had dropped any notion of covering inflation, and intended to cut the farm sector's tax subsidy. Officially, the purpose is to force farmers to produce less, to decrease the supposed grain and meat "surplus."

Together with the neo-liberal, Friedmanite-conservative Moderate Party, the government is now pushing a policy of deregulation and letting the market decide the prices—the long-run aim of Socialist agricultural policy. The talks broke down when the farmers' union refused to accept an offer which was half what they need for breakeven!

After six years of Center Party-Liberal Party monetarism, followed for the past two years by the Fabian version of the same poison under Socialist Palme, Swedish farmers took to the streets.

The farmers face a 10% cut in income if they accept the government's "deal," on top of at least a 3% interest rate hike, from a level of 12-13% to 16-18%. Particularly for young farmers just starting out, this creates an

impossible situation.

Despite the farmers' rage, Palme is not generally meeting potent opposition to his plans to destroy Sweden's capital-intensive farm sector. Many in Sweden have accepted the lie that the food surplus must be reduced—a particularly cynical calculation in a country where meat consumption is down to 45.5 kilos per person per year. The last cut of 5.5% was imposed because the ruling Social Democrats withdrew all the tax subsidies for meat production.

In order not to be the worst off in Europe, Swedes would have to increase their consumption by 13 kilos per person per year, passing the Poles who consume 58 kilos of meat per person annually! That would quickly eliminate the "meat surplus" in Sweden. To reach the level of the West Germans, 74.2 kilos per person per year, would mean a heavy increase in beef production, and that would make the grain surplus a thing of the past.

Instead, the Swedes are exporting their "surplus," although not, of course, to starving Africa. Fifty-eight percent ends up in the Soviet Union, Poland, and East Germany. Palme is also shipping 12% of the surplus to Iran, in line with the policy of Palme and his crony Pehr Gyllenhammar (of Volvo and Kissinger Associates), of making Iran into the main Third World trading partner for Swedish industry (Volvo-Bofors) and also, Swedish agriculture.

With parliamentary elections scheduled for this fall, the only political challenge to Palme's austerity program is coming from the European Labor Party (EAP), newly registered on the national level, which is fielding 100 candidates for municipal and regional slates. The EAP is demanding a parity price for farmers and lower interest rates for producers.