

Labor in Focus by William Engdahl

The Swedish model of corporatism

Fascist austerity with a "democratic face" and ready for export to continental Europe in time for 1992.

Sweden is being hailed by leading circles from West Germany to Britain as the model for creating the New Europe of 1992. In early August, the German Social Democracy (SPD) lauded Sweden's remarkably low 1.3% official unemployment, calling it the result of the unusual degree of cooperation between the Socialist Swedish government, large industry, and labor.

The German Socialists lauded Sweden's success in recent years in eliminating subsidies to "old industries" such as the world's most modern shipbuilding and steel industries, and investing in jobs in post-industrial "new industries, massively." This "Swedish model," widely promoted as a template for managing the social and industrial upheavals which will explode across Europe as the transformation of 1992 continues, is based on a statistical fiction. In reality, it is a model for neo-corporatism, termed since the April 1975 article in Alan Greenspan's *Challenge*, "fascism with a human face."

Corporatism was the social organization form inaugurated by Mussolini's Fascist Italy in the 1920s. The purpose of this "Black Shirts" project, fostered by an elite group of international financier interests in league with Mussolini's Venetian finance minister, Count Giuseppe Volpi di Misurata, was to insure swift repayment of Italy's Versailles war debt to the Bank of England and J.P. Morgan in New York. The trains ran on time, but they were headed for the Bank for International Settlements in Basel with gold. The social cost of this debt collection

was ruthless wage austerity and cuts in living standards.

The entire Italian economy was organized into various "corporations" made up of representatives from the Single Party State (Fascisti), employers, and government-controlled trade union organizations. This tripartite form is the essence of all subsequent fascist forms. The "corporation" is to decide how to most "democratically" to impose sacrifice in each sector of the economy, so that the banks continue to get their due.

Today, Sweden's single-party model is essentially a "democratic" variant of Mussolini corporatism. The form was established during the Depression years in 1938, when a permanent labor-management "consensus" body was formed under the eye of the Social Democratic state. One central trade union federation, LO, would represent all national trade unions in wage and labor talks. In turn, industry would negotiate from the single voice of the National Employers Federation, SAF. LO membership includes mandatory party membership in the Social Democracy. During the Depression, this "Saltsjoebaden Agreement" was the basis of savage wage and living standard reductions.

Fifty years later, the Swedish corporatist model has created a monstrous state bureaucracy and the world's highest per capita taxation level to insure that "unemployment" doesn't exist. "Full employment" has been raised to the level of state religion during 50 years of Socialist rule. The trick is that the Swedish State only defines as "unemployed" those whom

it wishes. Since it wishes no unemployment, none exists.

Following the first "oil shock" of the early 1970s, the Social Democrats created a vast state apparatus, the Labor Market Board or AMS, under which tens of thousands of jobless workers disappear to become "latent" unemployed, outside official unemployment statistics. Sweden's AMS funneled the unemployed into either "reschooling" programs, or a vast national network of "protected workshops," a form of prison factories without the bars. In the late 1970s, as the global economic crisis worsened conditions inside Sweden, the government implemented aggressive "early retirement" programs. Pensioning perfectly able workers at age 55 has become commonplace.

If we include all the AMS and "pre-pensioned," and "part-time workers wanting full-time" in the unemployment figures, in the so-called "recovery" year of 1987, real unemployment is just above 17%, far from the government's official claim of 1.3%!

All of this costs the taxpayers a bundle. In 1987, costs for AMS programs were the third largest single item in the national budget. Only Social Welfare and Defense were higher. The largest budget expense, interest on the cumulative national debt incurred to maintain this fraud, is excluded from the budget, for obvious political reasons. Since 1973, the Swedish national debt skyrocketed 2,200% to 609 billion Swedish kroner by 1987.

But the real secret of the Swedish model of corporatist austerity is the real living standard for this "full employment" paradise. A recent Swedish study compared wages received after taxes for all Western European countries, and found that only Portugal and Greece had lower after-tax wages than Sweden.