

IMF is handing Denmark to the KGB

by Poul Rasmussen

On April 24, many Danes choked on their lunch sandwiches when their eyes caught the front page of *B.T.*, the second largest afternoon paper in Denmark. It carried a picture of the Conservative Prime Minister Poul Schlüter and a banner headline reading: "He is using Nazi methods." According to the accompanying article, the technical staff at the Royal Theater of Copenhagen had asked the prime minister to stay away from the gala show on May 4, commemorating the liberation of Denmark in 1945. The reason: The austerity policies of the Schlüter government are replicating the fascist policies in Germany in the 1930s and 1940s.

This statement is only the tip of the iceberg. Thanks to the recent austerity measures, dictated by the International Monetary Fund and implemented by the Conservative government, left-wing organizations including many Social Democratic ones are now running wild in their attacks on the Schlüter government. Parts of the labor movement have put together a 160 million crown (\$16 million) fund to carry out an anti-government campaign, and the whole thing is set to peak around May 4, when Denmark will celebrate the 40th anniversary of the liberation from the Nazi Occupation.

By pressuring the Schlüter government to enforce stupid and wrong austerity policies, the IMF has given the KGB-controlled left wing a golden opportunity. Instead of commemorating the Danish patriots who participated in the resistance against the Nazi Occupation, the 40th anniversary celebrations are likely to become a nauseating mixture of KGB-controlled "peace" and anti-government demonstrations.

How it started

Earlier in April, the entire country was paralyzed when 290,000 workers went on strike in the biggest labor conflict in Denmark's postwar history. The general negotiations between the Labor Union Organization (LO) and the Employers Association (DA) had broken down over the combined question of wage increases and reduced work time. The unions demanded a general wage increase of about 8%, which would give a real wage increase of 2% above last year's inflation. In addition, they demanded a gradual decrease of the working hours ending with a 35-hour work week. The DA offered a wage increase between 4.2 and 5% and a reduction of the work week to 38 hours.

The strikes began on April 1, paralyzing transportation, airports, post offices, and most of the industrial sector. But by also shutting down the power production in two of the major cities, the unions had ensured that the government would intervene very rapidly. And so it did. On April 8, parliament passed a severe austerity package, which put a 2% ceiling on wage hikes and provided for a work week of 38½ hours by 1987. The reaction was massive: Hundreds of thousands of workers hit the streets in the largest demonstrations in Danish history.

The IMF's invisible hand

But where did the austerity policies come from? Not even the Danish Employers Association found them necessary. Only two weeks after the general conflict, most of the industrial corporations were finding ways of granting their workers more than the 2% in wage hikes. The cat got half way out of the bag only a few days before the strikes broke out. The U.S. financial analysis company Standard & Poor, which does the credit ratings used by the IMF, issued a report warning the Danish government that the AA+ rating of the Danish "credit worthiness" would only hold, if the severe austerity policies of the Schlüter government were kept in place.

This is the second time the international financial institutions have intervened so openly in the economic affairs of Denmark. In 1982, a similar report from Standard & Poor set off shock waves in Danish political life by removing the traditional AAA rating of the Danish economy. Shortly thereafter, an IMF delegation paid a short visit to Copenhagen. Its recommendations to the Danish government were never made public, but two months later the Social Democratic government resigned, leaving it to a conservative government to enforce new harsh austerity measures.

The IMF is setting the Schlüter government up for serious domestic problems which could oust the government. But the major effect of a change of government now would be a strategic collapse on the already shaky northern flank of NATO. The Danish Social Democracy has distanced itself from the Western Alliance to such a point, that Denmark could become a "new Greece"—exiting from NATO in the style of the Socialist Papandreu regime of Greece—were the Social Democrats to take power. Social Democratic chairman Anker Jørgensen has taken a viciously anti-American stand and is leading a broad campaign against the Strategic Defense Initiative.

Moreover, the Social Democrats are determined to implement Swedish Premier Olof Palme's proposal for "nuclear-free zones in Scandinavia." This would be a major victory for the Soviets, and there can be no doubt, that the Soviets are doing their part to bring down the Danish government as a first step in that direction. And by setting the Schlüter government up for trouble, the IMF is certainly doing what it can to help them.