

# Vote no in the Swedish euro referendum

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Sweden goes to the polls, Sunday September 14, to decide whether the country will abandon the krona in favour of the single European currency, the euro.

Currently, opinion polls suggest that the “No” camp, led by sections of Swedish business, the Left Party, Greens and Centre Party will win. There are, however, a large number of undecided voters, and in the last weeks, the “Yes” camp, supported by the governing Social Democrats, the Liberals, conservative Moderates, Christian Democrats, the trade unions and the majority of Swedish business claimed to have made some gains.

Both camps portray adopting their position on the euro as a guarantor of social welfare and living standards in Sweden. Both warn of the dangerous consequences of voting in favour of their opponents. Both camps’ business supporters claim to be advancing the best interests of corporate Sweden.

The government itself, elected last year in a campaign in which the euro was scarcely mentioned, is deeply split—with Prime Minister Goran Persson one of the euro’s foremost advocates, while several of his ministers, including the Economy Minister, Leif Pagrotsky oppose entry. The government’s allies, the former Stalinists of the Left Party and the Greens, both oppose the euro while the right wing parties, ostensibly the parliamentary opposition, support it.

Neither camp represents the interests of working people and neither camp is telling the full story. Many press interviews give the impression of considerable suspicion towards both sides from Swedish voters. Many feel that the essential issues have not been aired and they are being forced to make a crucial decision with inadequate information.

Although divided, the government has made strenuous efforts to steamroller through a “Yes” vote, largely through scare tactics. Persson has painted a picture of asymmetric shocks, financial imbalances and currency crashes, against which membership of the euro-zone offers protection. Speaking for one of the most export dominated economies in the world with a swathe of global corporations, he is fundamentally concerned about Swedish interests being marginalised in Europe, particularly from Germany and France, if Sweden stays out. Persson is also concerned about Sweden’s influence being lessened in the Baltic when the European Union expands to include the Baltic states and Poland, most of whom would likely join the euro. Neighbouring Finland is already a euro member.

The “Yes” campaign is supported by most Swedish corporations. An August survey suggested that 92 of 100 industry leaders questioned by business weekly *Affaersvaerlden* supported the euro. Most outspoken has been Carl-Henric Svanberg, the CEO of Ericsson, Sweden’s troubled mobile phone and telephony giant. Svanberg said, “When you develop a new product and are going to build a new production line, you always have a choice: should you do it in your Swedish factory or in your French, or German, or Japanese factory? In

the end more of those decisions [such as retaining the krona] are going to work against Sweden.”

Svanberg also cited the cost advantage enjoyed by rivals Nokia and Alcatel in the European market, neither of whom have to convert their exports and accounting into a domestic currency. Finland and France, home of Nokia and Alcatel respectively, joined the euro at its inception. Svanberg wrote in the *Dagens Nyheter* that the fluctuations of a small currency increased the likelihood of investors demanding higher returns as compensation for the risks of instability.

Svanberg’s comments were taken as a threat to move production out of Sweden should the krona be maintained. As if to emphasise the point, Ericsson announced 1,700 more redundancies in Stockholm and Malmo, as the company continues to decimate its global workforce.

Where corporate Sweden goes the trade unions follow. Having initially warned that they were neutral over the euro but that a buffer fund should be created to cover the impact on living standards of any economic shocks, the two million member LO trade union federation leadership has since lined up behind the pro-euro corporations and the government. In August, LO leader Wanja Lundby-Wedin signed an agreement with the government allowing marginally increased flexibility in public finances in return for its tacit support for the euro. Talk of a buffer fund and any measures to defend living standards was dropped after corporate pressure.

Rather, Lundy-Wedin went on to claim in the *Dagens Nyheter* that “A ‘yes’ to the euro will increase safety and security both for companies and employees... without currency exchange risks the uncertainty about the value of wages and pensions will disappear.”

Lundy-Wedin’s views were echoed in a letter, jointly signed by trade union leaders and the Svenskt Naeringsliv employers federation.

Basing itself in part on distrust of Persson, the Social Democrats and the European Union itself, of which Sweden has been a member since 1995, the “No” campaign has something of a head start against the government.

The “No” argument is that by sacrificing the krona, what remains of the “Swedish model” of advanced levels of social welfare will be under threat. The ability of Swedish governments to retain high levels of social spending and taxation of personal wealth within their national borders will be eroded by the restrictions of the euro-zone. Swedish independence to adhere to socially liberal and democratic conceptions will also be undermined by the undemocratic, unelected and hugely powerful European Union.

In reality the old Swedish welfare state model, like social welfare across the world, has been undermined through global pressures and the policies of successive governments for years via cuts and privatisations, many supported by the anti-euro Left Party and the Greens in their alliance with the Social Democrats. A recent report from *Statistics Sweden* noted that while welfare benefits remained the highest in Europe, accounting for 30 percent of Swedish GNP, the

total cost of Swedish welfare fell 2.5 percent last year alone. The Ministry of Social Welfare even queries whether Sweden has the most generous system, claiming that Germany spends a higher proportion of its GNP.

The “Swedish model” emerged at a point when all the advanced industrial economies were able to reap huge profits through the introduction of assembly line production, and so offer significant concessions in return for social peace. The model, rooted as it is in an earlier period of economic development, is bankrupt and no viable perspective to defend social conditions can be based on it.

In any case, other “No” campaigners, such as the head of Swedish domestic machinery manufacturer Electrolux, advance exactly the opposite argument. According to Rune Andersson, a free market and an independent Riksbank, the Swedish Central Bank, are more flexible, more able to drive a “growth oriented economic policy” than Brussels. Andersson hailed the currency policy of the last period which has allowed Sweden to maintain a higher growth rate than the EU.

Echoing Andersson, Leif Pagrotsky, Economy Minister, defied a government ban on speaking on the issue to point out that economic conditions in Sweden are tighter than in the eurozone and that inflation and unemployment would likely increase through loss of the Riksbank and consequent loss of investment opportunities. Pagrotsky also pointed to some of Sweden’s largest trading partners--the US, Norway, the UK, and Denmark, none of whom are in the euro-- as a counterweight to the argument that Swedish export industries would suffer should Sweden stay out.

This is the more fundamental argument of the “No” campaign, while the expressions of concern for welfare payments are made for public consumption.

The euro is also opposed by Sweden’s small but virulent far right parties. Both the Sweden Democrats and the National Democrats have opposed the euro and the EU on grounds of the purest Swedish chauvinism and loathing for immigrants. Both emerged from the Keep Sweden Swedish campaign of the 1980s, with the Sweden Democrats currently attempting to present a somewhat more moderate image.

The *World Socialist Web Site* urges a No vote in the referendum on the euro, because a Yes vote would imply support for the strategic plans of the European bourgeoisie to refashion economic and social relations across the Continent in their interests. Millions of Europe’s citizens now have first hand knowledge that the euro is conceived of within the framework of a policy of gutting welfare measures and ramping up the exploitation of the working class and this is the main reason for the popular support for the No campaign.

Under the EU structures, the integration of Europe is conceived of as a means of imposing greater exploitation by eliminating any obstacles to industrial mobility, allowing corporations to invest where labour and tax costs are lowest and in this way set a new benchmark for the entire continent. What measures have been taken towards European integration have been accompanied by escalating attacks on social welfare, and wholesale decimation of jobs and living standards in the candidate countries in the East. Europe has at the same time been turned into a fortress against immigrants seeking to improve their conditions of life, and the political atmosphere has been polluted with anti-immigrant chauvinism. Collectively and individually the governments of the European Union are also seeking an accommodation with US imperialism over the occupation of Iraq and numerous future target countries across the globe.

It is this that accounts for the widespread popular hostility not only

to the euro, but the entire EU project.

There is, of course, an objectively progressive component to European integration and the creation of a single currency. Overcoming the numerous national particularities, forging the economic capacities of the continent into one huge productive zone would allow Europe to provide a high and secure standard of living for the entire population of the continent and its neighbours. There is no doubt that many of those in Sweden considering voting “Yes” do so out of a real desire to unify the continent, and as an expression of solidarity with working people across Europe. But this progressive potential contained within the strivings towards European integration cannot be realised when the interests of Europe’s capitalist class determine matters.

A No vote cannot in itself provide the basis on which to oppose the strategic offensive being waged by European big business. Above all the working class cannot defend its past gains by retreating behind national borders as if this will allow for Sweden to maintain a welfare model. The same economic and political pressures will be brought to bear whether Sweden has the euro or not. The ruling elite will still demand ever deeper attacks on wages and social benefits, arguing that this is necessary to “defend Sweden” and its ability to compete. And if the ruling elite suffers a setback in this referendum they will regroup and seek to impose their wishes once again, as they have in other countries that initially voted against the euro.

Such complex issues cannot begin to be addressed while the working class is bereft of its own political party and its own programme of action. Without this the supposed expression of popular democracy that a referendum is meant to embody becomes a demand that workers choose between a rock and a hard place.

The working class must instead take up the struggle to build a political movement across Europe that sets out to reorganise economic and political life in its own interests. This will unify workers across the continent in defence of social welfare, living standards and democratic rights and against the corporate predators of the European Union, their attacks on living standards, and their preparations for new wars of imperialist plunder. It will open the way for the genuinely progressive integration of the economic and political life of the continent within the framework of a United Socialist States of Europe, thus creating the basis for a higher standard of living for all.



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