

# Swedish “no” vote on euro deepens crisis in Europe

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The rejection on September 14 of the Swedish referendum proposal to join the euro currency zone was a sharp rebuff to the strategic plans of the dominant sections of Swedish and European big business.

The 56.1 percent “no” vote—compared with a 41.8 percent vote in favour—was larger than anticipated and turnout was a high 81.2 percent.

This was despite the best efforts of a “yes” campaign led by the social democratic government, which had six times the funds of the “no” campaign, the support of most major newspapers, most parties, the trade unions and the dominant wing of Swedish capital.

In the months after the referendum was called, polls had been suggesting that the gap between the “no” and “yes” campaigns was closing. But in the referendum, voters in every region of Sweden except Stockholm and the Skane region bordering Denmark, voted “no.”

The result contrasted sharply with a 1994 referendum for membership in the European Union, with many areas—such as Gothenburg, the industrial area of Ostergotland, the Baltic coast—rejecting the euro despite having previously voted for the EU. In some areas there was a swing of as much as 20 percent. Rural areas maintained opposition to both the EU and the euro.

Significantly, the vote came just four days after the murder of Swedish Foreign Minister Anna Lindh, with memorial services for Lindh still taking place and her killer still at large. Lindh was the most visible spokesperson for the “yes” campaign and there had been predictions—or more correctly, urgings—that voters would support the European currency’s adoption as a tribute to her.

Of more weight than any sympathy and shock at Lindh’s murder, however, were the practical lessons of the impact of 18 months of the euro in much of Europe and the legitimate fears of most Swedes that its adoption would be accompanied by efforts to destroy the country’s still relatively extensive welfare provisions.

The Swedish vote is the first since the euro was introduced in 12 of the 15 EU member nations in January 2002. The core members of the euro, France and Germany, have launched huge simultaneous attacks on living standards and social welfare, while unemployment has rapidly increased, particularly in

Germany. The euro is therefore coming to be seen as an instrument of mass impoverishment in the hands of the EU’s governments and leading corporations. “No” campaign posters noted, “Unemployment is twice as high in the eurozone as in Sweden.”

It is also the case that the backing of the political and business establishment for the euro proved to be a liability for the “yes” campaign. Far from convincing workers to follow the advice of their betters, Sweden’s ruling layers were perceived to be every bit as arrogant, self-enriching and indifferent to the conditions of the mass of working people as their counterparts across Europe.

The hectoring tone adopted by the government of Prime Minister Goran Persson and its supporters only increased support for a “no” vote. Early in the campaign, Persson announced that if the vote went against him he would simply hold another. Lining up with Persson and Lindh, the CEO of mobile phone company Ericsson, Carl-Henric Svanberg, threatened to move production out of Sweden if his wishes to adopt the euro were rejected.

The vote is a setback for European capital, but precisely for this reason there will be sustained efforts made to thwart the democratically expressed wishes of the Swedish population.

Following the vote, Persson insisted his government would continue with their drive to adopt the euro while the *Svenska Dagbladet* newspaper insisted, “In time ... a new referendum on the euro should be held. The arguments about whether it was right to put the euro to a referendum are obsolete.... Europe won’t wait for Sweden. Integration will continue, beginning with the discussions about the proposed European constitution.”

The European establishment responded with comparable arrogance. President of the European Commission and former Italian prime minister Romano Prodi sneered, “The Sweden which produces [i.e., Swedish business] ... fought to get into the euro, but it didn’t succeed due to fear of the new among public opinion.” Prodi said that Sweden would certainly lose influence in the EU.

German Chancellor Gerhard Schröder said he “deplored” the result. Spanish Foreign Minister Ana Palacio felt the Swedish decision was “bad news for Europe and bad news for Sweden.”

Behind this irritation and alarm is concern at the depth of the social and political tensions that are developing within the EU—both between the ruling class and the working class and within the ruling class itself over which strategic orientation must be followed.

The *Financial Times* noted, “The people have expressed a vote of no confidence in currency union.... The community of states has been shattered by the referendum.”

Spain’s *El Mundo* predicted, “Sweden decided to retreat into itself. Its example could prove contagious and spread to those other countries in which the European star has begun to lose its lustre.”

The most immediate implications of the “no” vote are being felt in the two countries that are yet to hold referendums on adopting the euro, Britain and Denmark. Although both the Anders Fogh Rasmussen government in Copenhagen and Tony Blair’s in London have intimated that they intend to proceed on their intended course, the Blair government at least has all but abandoned any hope of joining the euro in the near future.

But no European government can afford to underestimate the degree of the political difficulties they now face. Some commentators are even raising the possibility of a two-, or even three-speed EU, with a core group of the current euro members led by the France and Germany; EU members without the euro, such as Sweden, Denmark and Britain, forming the second group; and the newly joining impoverished countries of Eastern Europe forming the third.

The political unity of the EU has already been dealt a blow over the question of whether to support the US-led war against Iraq. The US built alliances with Britain, Spain, Portugal and a host of East European States in a deliberate effort to split Europe and isolate France and Germany—summed up in Defence Secretary Donald Rumsfeld’s invocation of a “new Europe” as opposed to the “old Europe” supposedly represented by Paris and Berlin. Even now these divisions are yet to be overcome, despite the efforts of Germany and France to seek a compromise with Washington on the division of the spoils of war in Iraq.

A meeting between Blair, Schröder and President Jacques Chirac of France is scheduled to take place in Berlin on September 20 in an effort to “reach common ground on foreign policy after the differing views that arose before the Iraq war,” according to the German government. But Blair will dash out of that meeting and into one the next day with Aznar in Britain.

The prospect of different currency zones within Europe exacerbates the tendency towards fragmentation within Europe. Indeed, Britain’s vociferously anti-EU *Daily Telegraph* went so far as to raise the possibility of the creation of a European Free Trade Area led by Britain as an alternative to the present EU.

The deepening gulf between the governments, companies and institutions of the EU and the population of the continent also threatens the proposed EU Constitutional Treaty. The treaty requires ratification by referenda in a number of EU states. The

European Policy Centre, an EU think tank, complained that similar trends to those seen in Sweden are likely to exist elsewhere:

“As long as this is the case, it is bound to cast a shadow over the democratic legitimacy not only of the single currency but ... over the development of the European Union as a whole.”

Countries not planning referenda on the constitution were likely to have to consider them: “The days when the political establishment could issue edicts from on high and expect passive acquiescence on the part of the public are over.”

While this is true, and the vote is a serious setback for the EU establishment, it would be wrong to glorify the “no” vote or to believe that it will remove the threat to the living standards and welfare of ordinary Swedes.

The “no” vote was motivated in large part by fears over the destruction of social welfare measures, but it is being exploited by the more nationalist elements within the ruling elite—many of whom are orientated towards a firmer political alliance with Washington and who are implacably hostile to social spending and desirous of a US-style free-market economy. They will seek to impose their agenda under the pretext of the need to defend the krona against the euro and for Sweden to be able to attract international investment.

Moreover, the nationally isolated welfare model, as promoted by “no” campaigners, including the Left Party and the Greens, is historically outmoded and offers no viable perspective for the defence of living standards. The vote of no confidence and opposition to the project to create a unified capitalist Europe at the expense of the working class poses before working people the requirement that they take political responsibility for the progressive historic task of uniting Europe.

Only by establishing unity between workers across the continent can a successful defence of jobs and living standards be mounted against globally organised capitalist corporations. And only the United Socialist States of Europe can provide the basis for the development of economic life and a viable alternative to the right-wing social nostrums and warmongering epitomised by the Bush administration in the US.



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