

# Sweden: Right-wing coalition takes power

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Sweden's Social Democrats have lost power to the right-wing Alliance led by Moderate party leader Fredrik Reinfeldt. The Alliance victory was declared with sitting Prime Minister Göran Persson's concession speech just short of three hours after polls closed on September 17. Persson announced he would resign as leader of the Social Democrats next March. The new government will be formed by October 5.

The Alliance won by a narrow margin of 48 percent to 46.2 percent of votes cast. This translates into 178 to 171 seats in the Riksdag, the Swedish parliament, for the four party grouping of the Moderates, the Centre Party, the Christian Democrats and the Liberals. Within the Alliance, the Moderates increased their vote from 15.3 percent to 26.1 percent at the expense of the Liberal Party. They also took votes from the Social Democrats and the former Stalinist Left Party.

Although the Social Democrats remain by a significant margin the largest single party, with 35.2 percent of the vote, this is down from 39.8 percent in the 2002 election. It is their lowest share of the vote since 1920. The party also lost control of the Stockholm municipality. The situation is significant in that the Social Democrats have been the ruling party in Sweden for all but nine of the last 74 years.

The poor performance of its allies, particularly the Left Party, has reduced the Social Democrat-led semi coalition to a minority in the 349 seat-Riksdag. The Left Party vote slumped from 8.3 percent to 5.8 percent, costing them eight seats, while the Greens increased their vote from 4.6 percent to 5.2 percent.

In an election characterised by bad tempered spats and underhand campaigning methods, including computer hacking, the central issues facing working people were distorted by both camps.

The two groupings both presented themselves as defending the so-called "Swedish model" of welfare provision and re-training for the unemployed. The

Social Democrats claimed social welfare was safe in their hands, while their record in government proved the opposite, whilst the Alliance claimed that its programme of tax cuts and privatisation was also somehow in keeping with the "Swedish model."

In reality, both have sought to undermine the welfare regime and deepen deregulation, differing only over the speed and scope of how this should be done.

In recent years, the Social Democrats have implemented deregulation in schools and health, while supervising massive increases in productivity in alliance with the trade unions. Although official unemployment is around 5 percent, a number of measures have been utilised to mask hidden unemployment, which is reportedly as high as 15 percent, particularly amongst immigrant workers.

In addition to its inability to address unemployment, the Persson government, in power since 1994, was distrusted and mired in corruption scandals. Through its extensive network of connections with the state apparatus, state monopolies and the trade union bureaucracy, the government had been exposed as filling a range of leading positions with Persson's close friends and family. His wife, for example, was made head of the state alcohol monopoly. A survey of electoral candidates revealed that Social Democratic contenders were the wealthiest of all the parties.

The government was also widely criticised for the indifference it showed towards the fate of many thousands of Swedes caught up in the Southeast Asian tsunami disaster.

During the election, Persson denounced the "nasty class politics" of the Alliance. But distrust of the Social Democrats outweighed the warnings it delivered against its opponents.

The Alliance coalition emerged after the Moderate Party's disastrous performance in the 2002 elections. Then the party's open racism and proposals to cut £9.5

billion in taxes had seen its vote fall to just over 15 percent.

There is no doubt that under conditions of growing disgust with the Social Democrats, the Moderates' subsequent effort to rebrand themselves has had some success.

A more important factor has been the support the party has won from sections of Sweden's corporate and political elite. They wanted an electable alternative government that was prepared to slash welfare spending, cut taxes and open new areas of the economy to private capital. This latter demand was not pursued with sufficient rigor by the Social Democrats. This was not because of a commitment to maintaining the living standards of the working class, but because the privileged existence of the party apparatus was bound up with Sweden's corporate model.

Under Reinfeldt, the Moderates made agreements with other centre-right formations and moderated the tax- and benefit-cutting programmes that proved massively unpopular in 2002. During campaigning, the Alliance was able to win support by claiming that it would create "real" jobs as opposed to welfare provisions, and attacked the Social Democrats for policies that fostered "social exclusion."

Despite this attempt to present a less overtly pro-business face, the Alliance programme represents an escalation in the attacks on the social gains of the working class. Its "job creation" programme is in fact a plan for 15 percent cuts in unemployment benefit and payroll tax cuts to make it easier for smaller, particularly service employers, to take on low-paid workers. It also proposes to attack sick pay, forcing workers back into the labour market. The Alliance has agreed to freeze property taxes, ultimately replacing centrally imposed property tax with local taxes.

The new government will aim to hasten the break-up of the state-owned alcohol, pharmacy and gambling monopolies, on which significant sections of the Social Democrats depend, while selling off the state holdings in some of Sweden's larger corporations. The TeliaSonera telecoms group, Nordea bank, and SAS airline are to be targeted. Altogether, some 200 billion kronor (\$27.6 billion) of privatisations are proposed.

While claiming to benefit highly taxed workers, homeowners and small business, the incoming government's real beneficiaries will be sections of big

business and finance who have become increasingly impatient with the Social Democrats.

Typical is the comment from Johnny Munkhammer of the right-wing Timbro think tank. According to Munkhammer, "public monopolies stand in the way of not only better welfare services but also many new entrepreneurs and jobs."

Indicative of some of the sums and forces involved has been a growing row over the fate of Volvo—the profitable truck manufacturer. Cevian Capital, along with the British-owned Parvus Asset Management, recently bought eight million shares in Volvo and is demanding that Volvo pay out some 19 billion kronor (\$2.6 billion) to its shareholders. Sweden is also the centre of Northern Europe's venture capital industry.

In the face of this sustained pressure from corporate asset strippers, neither the Left Party nor the Greens have been able to make any progress. Both have been discredited by their association with the Social Democrats. During the election, the Left Party called for the extension of welfare and shorter working hours without explaining why it had propped up the Social Democrats for years. The party also suffered from a split with the feminists in its ranks who, led by former Left Party leader Gudrun Schyman, formed their own party, the Feminist Initiative.

For their part, the Greens made clear that they would happily work with either the Liberals or the Moderates, should the opportunity present itself.

On the far right, the Sweden Democrats did not overcome the 4 percent threshold to enter parliament, although in one local council, Landskrona, the xenophobic and anti-immigrant party won 22 percent of the vote.



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