

# Sweden: Left Party seeks coalition with Social Democrats

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Recent months have seen stepped-up efforts by the Swedish Social Democrats to negotiate terms for a potential coalition after the next general election, due in 2010. The Social Democrats launched talks with the Greens in the summer and in early October announced that the two parties would increase their cooperation in a bid to reach a "common position" for collaboration in a future government.

At that time, party leader Mona Sahlin announced that this cooperation would exclude the Left Party, claiming that the Lefts were not willing to accept key aspects of the Social Democrat-Green agreement, especially in the area of economic policy. For the Left Party to be considered as a future coalition partner, the Social Democrats and Greens insist that it accept spending cuts to ensure a "balanced" budget and an independent central bank. As Sahlin explained, "There is a constructive desire to have the Left Party on board, but we do not want, in the economic climate in which Sweden is heading, to deviate from responsible economic policy."

There is, however, concern within the political establishment that opposition to the government could take an increasingly radical form as people find themselves out of work and struggling to get by. And for this reason, a coalition with the Left Party is under active consideration, as it would provide a left cover for the implementation of austerity measures.

This concern was expressed openly by trade union leader Ylva Thörn, who urged Sahlin and the Social Democrats not to rule out a coalition with the Left Party. She commented, "The typical working class feels left out. People with low wages and women need to feel that a better alternative for them exists."

In August, it was revealed that Swedish trade unions organised in the Confederation of Trade Unions (LO) had lost a total of 37,000 members in the first six months of the year. In 2007, 7.2 percent of the membership left the union. The only exception to the decline was in the healthcare professionals' union (SAHP), primarily due to the effects of the healthcare workers' strike in April and May when around 4,000 new members joined the union. But the imposition of a pay deal falling well short of the initial demands meant that this increase was short-lived, with figures showing that 1,000 members have left since the strike ended in May.

Far from offering any "alternative," the Left Party has made it clear that it will attempt to channel opposition behind a government led by the Social Democrats, whose policies differ little from those of the current right-wing Alliance government.

The Left Party has its origins in the Stalinist Communist Party of Sweden and has pursued a policy of pressuring Social Democrat-led governments to adopt policies that would lead to minor social reforms. It enjoys a close relationship with the trade union bureaucracy, which in Sweden retains a considerable influence thanks to its relatively high level of membership.

The trade unions and sections of the Social Democrats protested the planned exclusion of the Left Party. Five chapters of the youth organisation of the Social Democrats, the SSU, issued a statement criticising the Green party and claiming that the decision to expand cooperation between the two parties had been taken without sufficient discussion among the membership.

Swedish Trade Union Confederation leader Wanja Lundby-Wedin was also critical of Sahlin's move, no doubt hoping that the Left Party could be used to appeal to workers disillusioned with the trade unions and Social Democrats. She stated, "I don't think they should rule them out. I think the Left Party ought to be an option in a future governing coalition. But that puts demands on the Left Party, of course."

The Left Party is quite prepared to accept the demands being made of it.

Party leader Lars Ohly made a show of having no interest in a future coalition. He commented after the announcement, "The only way for the Social Democrats and the Green Party to form a government is if the two parties can achieve a majority on their own." But in reality, the Left Party has been intensively seeking to collaborate with the other two opposition parties, having held frequent negotiations with Sahlin and Green Party leaders.

In the aftermath of the sharp criticism prompted by Sahlin's decision to exclude the Left party from future cooperation, she was forced to perform an about-face and negotiations recommenced in early November. Issues of economic policy again proved problematic and talks have again been suspended.

Ohly, whilst criticising the intransigence of the Social Democrats and Greens, made it clear that the Left Party would offer concessions. On the collapse of negotiations, he said, "We are prepared to be flexible and compromise, but we cannot do so alone. There is no security in a partnership that begins with an ultimatum."

The party's economics spokeswoman, Ulla Andersson, added that she was "baffled and disappointed" that talks had failed.

The Left Party's unwillingness to immediately accept the Social Democrats' prescriptions for a joint economic policy should not be taken as a sign that it opposes deep cuts to public spending and other austerity measures. An examination of the history of the party in recent years makes clear that it is more than willing to aid in the implementation of such policies. From 1994 until the victory of the right-wing Alliance in the 2006 elections, the party backed the Social Democrat-led minority government of Göran Persson. It was this government that prepared the way for the vast privatisation drive that has been expanded by the current right-wing Alliance government.

In local government, the Left Party worked with the Social Democrats from the mid 1990s, one example being in the Stockholm area where it presided over the closing of hospitals and cutbacks in other areas of public spending such as local transport, childcare and schools.

Throughout 2008, polls have indicated that support for the three opposition parties combined gives them a substantial lead over the governing Alliance, made up of four center-right parties, the Christian Democrats, the Liberals, the Moderates and the Center party. At its highest, the lead approached 20 percent, but in recent months the Alliance has begun to narrow the gap, and it now stands at roughly 8 percent.

From the end of September until October 31, support for the Social Democrats dropped dramatically from more than 45 percent to less than 40 percent. By contrast, support for the Left Party rose to its highest level in over three years, reaching 7.4 percent.

While there is no doubt a desire within the leaderships of the three opposition parties to begin planning for an upcoming election, the urgency with which these negotiations are being pursued reflects a definite fear within ruling circles regarding the impact of the unfolding economic crisis.

Even the government has now been forced to admit that Sweden faces a recession in the coming period, despite claims earlier this year that it would avoid the worst effects of the downturn. Finance Minister Anders Borg presented two scenarios as to the future development of Sweden's economy on November 17. The best case saw economic growth of just 0.1 percent in 2009, but he explained that should the economic crisis continue to deteriorate, Sweden's economy could see a contraction of 1.2 percent next year.

The impact of this slump is already being felt. Layoffs across the country continue to mount, with major companies such as Volvo and Saab announcing job cuts. In the latest

announcement, engineering firm Sandvik revealed the loss of 1,000 jobs across Sweden—refusing to rule out future increases. It intends to cut back production at all of its Swedish plants by implementing temporary closures and "flexible" working hours. Saab, a subsidiary of troubled US auto firm GM, announced 600 layoffs in late October with more to come as sales continue to dry up.

Unemployment has risen steadily in recent months, with layoffs reaching a 15-year high of 19,521 in October. These levels of unemployment have not been seen since the economic recession of the early 1990s, when thousands of jobs were lost every month, particularly in the auto industries.

As unemployment rises, many will feel the impact of the so-called "reform" of unemployment insurance initiated by the government in the wake of taking power in 2006. Membership in unemployment insurance schemes has fallen by more than 500,000 in the past two years, with many unable to keep up with the monthly payments. The government has now announced that a review to make unemployment insurance mandatory for all will be launched. In the event it is made mandatory, the impact would be felt most of all by those on low incomes, who would be forced to pay monthly contributions.

Demonstrating the severity of the economic downturn, the Swedish debt office (Riksgälden) was forced to revise its June forecast of a budget surplus in 2009. While it had then forecast a surplus of 83 billion kronor, it now predicts a budget deficit of 23 billion kronor, rising to 35 billion kronor in 2010. In its statement, it noted, "Swedish central government finances are deteriorating. The current financial crisis is dampening economic growth and will make it more difficult to sell state assets."

This means that the government's privatisation drive will virtually stop over the next two years. It is anticipated that only 3 billion kronor will be obtained from sales next year and nothing in 2010. The worsening state of government finances, particularly with more than a trillion kronor committed to support the banks, guarantees that further cuts to public services will be made regardless of which party wins the next election. Such measures will remove much-needed support for working people as an ever-greater number find themselves out of work. It is to implement such a programme that the Left Party is being courted as a partner in a Social Democrat-led government in 2010.



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