

# Swedish election dominated by economy and unemployment

Jordan Shilton  
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Campaigning in Sweden's parliamentary elections has been under way for several weeks, with the vote set for September 19.

The four-party Alliance, composed of the Moderate, Centre, Liberal People's and Christian Democratic parties, has governed since taking power from the Social Democrats in October 2006. It is focusing on Sweden's relative economic stability as it attempts to hold on to office. Although Sweden briefly entered recession in the aftermath of the beginning of the global economic crisis in 2008, it has since performed better in terms of GDP growth than some of its European counterparts, with the latest second-quarter figures showing an annualized rate of growth of 3.7 percent.

At the same time, the budget deficit has been kept comparatively low, standing at just over 2 percent of GDP. Such figures have led to a significant level of confidence within the centre-right coalition that re-election is possible. As Minister of Finance Anders Borg commented, "We have proved we can steer the country through a recession."

Nonetheless, in Borg's spring fiscal forecast he cut his GDP prediction to growth of 2.5 percent in 2010, with fears that the economy could slow down towards the end of the year.

Sweden's economy contracted in 2009, before rebounding towards the end of the year. As ratings agency Fitch wrote on August 13, "Sweden's public finances have been resilient in the face of a 5.0 percent real contraction of the economy in 2009, and together with the high savings rate, reflected in the large current account surplus, are key strengths underpinning the sovereign ratings."

The supposed success of the Alliance in managing government finances has come at the expense of the working class over the past four years, which has suffered a sharp rise in unemployment and deep cuts to public services. The jobless rate currently is 9.5 percent, rising to over 25 percent amongst young people. This means nearly half a million Swedes are currently out of work.

The policies of the Alliance have exacerbated the problems faced by those out of work, with employers' contributions to employment insurance cut sharply, while those for workers have been increased. At the same time, the right-wing coalition has cut back on welfare provision, including reductions in the budgets for local authorities, impacting on public services.

Meanwhile, when the financial sector was endangered by the crisis of 2008, the state rushed to provide massive guarantees for the banks, which had lost billions through the extension of loans to the Baltic region. At the end of 2008, a package of guarantees amounting to 1 trillion kronor (approximately €105 billion) was passed by the *Riksdag* (parliament).

In outlining its proposals for a potential second term in government, the Alliance made clear that a key task would be the revival of its privatisation drive, which was held up by the economic crisis. Already by 2008, around 100 billion kronor (€10.5 billion) of state assets had been sold to the private sector, including the alcohol firm Vin & Sprit, and part of the government's stake in telecommunications firm Telia Sonera. Finance Minister Borg has set a target of selling 25 billion kronor of assets per year.

At the same time, Borg has admitted that another term

in power for the Alliance would see additional cuts to the welfare system and other areas of public spending. Noting Sweden's dependence on the European and global economy, he stated, "We are a small export-driven country that is subjected to a brutal global capitalism. We want to take part in world trade, but also build strong defenses. And solid public finances are the best defense."

Borg's statement underscores the fact that any hope of economic strength in Sweden is bound up closely with the fortunes of the broader European economy. Given the ongoing budget crises faced by many European states, the profits of Swedish firms and the wealth of the elite will only be secured through severe austerity measures.

The Social Democratic-led bloc, which also includes the Left Party and the Greens, has made tackling unemployment one of its key campaign pledges. Over 200,000 young people are currently without work. Referring to the Alliance campaign, Social Democratic leader Mona Sahlin commented, "If their major ambition for the election campaign is to take votes from us, my major ambition is to reduce the number of unemployed young people and to increase the number of jobs."

Beyond the rhetoric, however, a Social Democrat-led government would not lead to any improvement in the conditions and lives of working people. The Social Democratic Party has participated in Sweden's national governments for much of the past century, and is a leading party of the bourgeoisie.

Sahlin has been clear that she fully supports the need for the fiscal "responsibility" that has been championed by the Alliance. In a recent book she authored, Sahlin called for the European Union to be handed strengthened powers to "discipline" member states that failed to adhere to EU regulations on budget deficits. According to Sahlin, any state failing to meet its obligations under the stability pact to maintain a budget deficit of less than 3 percent of GDP should be prevented from accessing subsidies under agricultural and regional development programmes.

The failure of the so-called "left Green" coalition to offer any alternative has resulted in a fall in its support. From a lead in the polls of over 8 percent earlier in 2010, it has now fallen behind the governing parties by between 1 and 2 percent in the most recent surveys. The closeness in the support for the two blocs has raised speculation that

the far-right Sweden Democrats, who espouse nationalist and anti-immigrant policies, could hold the balance of power in the new parliament, with the party having consistently surpassed the 4 percent threshold for seats in the *Riksdag* in polls.

While all the major parties call for "fiscal responsibility," there are growing signs of opposition amongst the working class. Several strikes have broken out since the start of 2010, including amongst pilots in June, paper mill workers in April, and garbage collectors in Stockholm in February.

An expression of the growing frustration amongst working people was displayed in the last week when several hundred berry pickers held protests against their employment conditions. In one such demonstration, over 100 Vietnamese workers locked six of their bosses in a school where they were staying in Dalarna, resulting in the arrest of five workers. Another protest saw 150 mainly Chinese workers hold an overnight march to demand a higher rate of pay.

Made up predominantly of migrants from outside Europe, this section of the working population is employed for several months during the summer under very poor conditions. Whilst a minimum wage has been established for the first time this year, this does not stop employers from deducting the costs of travel, accommodation and food from the workers' paychecks, with the result that many find themselves in debt after finishing the job.

All such struggles have remained under the control of the unions, who seek at every step to negotiate an end to strike action before it breaks out of their control. In the case of the paper mill strike in April, unions negotiated a deal that would see wages rise by just 3.3 percent over 22 months. The deal was greeted by the Swedish forestry federation, with a spokesman commenting, "The most important thing for us has been to reach an agreement which enables our companies to be competitive internationally."



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