

Swedish deal to avert early elections

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The announcement by Social Democrat Prime Minister Stefan Löfven that a deal had been struck with the right-wing opposition to avoid the calling of parliamentary elections in March signifies a decisive shift to the right in Swedish politics.

At a press conference on December 27, where Löfven was joined by his Green Party coalition partner and the four opposition parties that make up the Alliance, he stated that an agreement had been reached to allow his administration to stay in power. The minority Social Democrat-Green coalition will implement the Alliance's budget over the coming year, while the conservative Moderates, Liberals, Christian Democrats and Centre parties committed not to vote against a future budget from Löfven if it meant the government would fall.

The agreement developed out of the results of last September's election in which all of the establishment parties performed poorly. When Löfven presented his government's budget to parliament, it was defeated by the opposition's financial plans which found support from the extreme right Sweden Democrats.

Although the Alliance publicly proclaims that it has no working relations with the Sweden Democrats, the far-right party made no secret of the fact that it intended to vote for the opposition's spending plan. In Swedish politics, where minority governments are not an uncommon occurrence, frequently the opposition would consent to abstain in the parliamentary vote on the government's plan to allow it to pass. But this time around, the centre-right bloc calculated that it could achieve more in a de facto alliance with the far right.

The deal hammered out not only covers the current parliamentary term until 2018, but is scheduled to run until 2022. Significantly, should neither of the two leading parties, the Social Democrats or Moderates, win an outright majority in 2018, the Social Democrats agreed to allow the Moderates to lead an Alliance

government even if the conservatives come second in the 2018 poll.

Much of the commentary on the agreement has claimed that Löfven will have to wait a year before he can carry out his electoral promises of extra welfare spending and tax hikes. The Alliance budget which will now be implemented contains less than half the additional government spending originally proposed in the Social Democrat-Green plan.

All of the establishment parties have united around an openly right-wing programme which cannot be challenged over the course of the next eight years by the electorate. This will ensure an intensification of the major attacks on the working class pursued during the eight years of Alliance government from 2006 to 2014. In this time, they launched the largest privatisation drive of state companies in history, and pushed through reforms to employment insurance programmes. The result, according to experts, was that between 2007 and 2011, 300,000 lost the ability to access unemployment benefit if they lost their jobs because they could no longer pay the increased fees to remain in employment insurance schemes. A further 150,000 who would have ordinarily enrolled in unemployment insurance schemes could no longer afford to do so.

The de facto formation of a grand coalition was not merely initiated by the parties themselves out of domestic political considerations. Already, immediately after the election in September, figures from business and finance voiced their frustration at the indecisive nature of the result. At a press conference on September 16, Maria Rankka, head of the Stockholm chamber of commerce declared that while the formation of a grand coalition would, under normal circumstances, be unlikely, "business would like it."

The demand for stable government is being driven by deepening economic problems. Sweden's central bank, the Riksbank, unveiled a plan last month to keep

interest rates at zero until the second half of 2016. Inflation is at -0.2 percent, far below the bank's target of 2 percent. As an export nation, Sweden has taken a hit from the effect of the reduction of oil prices on the broader economy internationally. The National Institute for Economic Research (NIER), downgraded its growth outlook for 2015 from 2.9 percent last August to just 2 percent in December.

Another key portion of the agreement is the commitment of all parties to harmonise their defence policy. In May last year, the outgoing Alliance announced a 10 percent increase to the defence budget over the next 10 years for the purchase of new equipment and aircraft. The Social Democrats and other opposition parties demonstrated their full agreement with this move by avoiding making the growing role of the military an election issue.

In October, after the alleged sighting of a foreign submarine in Swedish waters triggered a week-long hunt near Stockholm, Löfven vowed to go further. "We need to increase our capacity, meaning that we need to put more resources into defence," he said, less than a month after assuming the role of prime minister. Plans can now be drawn up for this further expansion by the government, with the knowledge that they have an unassailable majority in parliament for the coming eight years.

The entire political establishment is trying to cover up this right-wing conspiracy against the electorate with claims that the agreement is aimed at isolating the virulently nationalist and anti-immigrant Sweden Democrats by consolidating the forces of "democracy." Nothing could be further from the truth. Since entering parliament in 2010, the Sweden Democrats have gained in strength thanks to the right-wing policies of the previous government, including efforts to place certain limitations on immigration and cuts to social welfare. This was shown by the fact that the far-right party voted for over 80 percent of the previous government's legislative proposals.

The Social Democrat-aligned trade unions have also embraced increasingly overt nationalist positions. In the aftermath of the Stockholm riots in 2013, caused by the miserable conditions faced by many immigrant communities throughout Sweden, including unemployment rates three times above the national average, the unions called for restrictions on migrant

labour to tackle social problems. Löfven emerged initially as a trade union leader, heading the IF Metall industrial union during its negotiations to impose pay restraints in the aftermath of the economic crisis.

The most pernicious role of all has been played by the ex-Stalinist Left Party. In the aftermath of the election, when Löfven was seeking parliamentary backing for his coalition, the Left Party agreed to vote for the government's budget in exchange for a worthless commitment to prevent private companies profiting from the welfare system. While the Left Party hailed this as a great victory and a sign of the progressive credentials of the Social Democrats, all it committed the government to do was to hold a commission to look into the matter and report back in two years.

A week after the agreement with the Alliance was sealed, with the Social Democrat-Green coalition no longer requiring its support, Left Party leader Jonas Stjöstatt launched an attack on the government, criticising it as a "huge disappointment." Standing by the welfare deal, under which the Left Party would now be obliged to vote for a conservative-drafted budget, Stjöstatt warned the Social Democrats not to retreat on their commitment to investigate profits in the welfare sector—saying that if it did, the Left Party would refuse to support any future spending plan.



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