

Your Majesties, Your Royal Highnesses, Mr Speaker,
Honourable Members of the Riksdag,

This morning, all over our country, alarm clocks rang. Sweden awoke to a new day. For some people, what lay ahead was a day at work with their colleagues. For our children, a new day at school or with their playmates at preschool. A student at one of our universities set off to revise for a coming exam. An elderly person maybe had a visit from the home-help services, looking in to bring her breakfast. At one of our hospitals, a patient had a check-up after yesterday's operation.

All these people, and many more besides, make up Sweden. They embody all the hopes and fears about jobs, welfare and the future that it is the responsibility of politics to perceive and respond to. All these people and all the others are part of the whole that we call Sweden. Our country. A good country.

Just under a year ago, the parties that make up Alliance for Sweden – the Moderate Party, the Centre Party, the Liberal Party and the Christian Democrats – formed a government together. This was after the people of Sweden had gone to the polls and entrusted our four parties with a joint mandate, backed by a majority of the electorate, to renew Sweden. We had sought and won the confidence of the voters with the message that Sweden was a good country, but that not everything in Sweden was good.

Sweden was suffering from large-scale exclusion from the labour market. Many entrepreneurs did not dare believe in a future in Sweden. Jobs that had been lost had not been replaced with new jobs, people who wanted to work found themselves dependent on benefits and failed to receive the support they needed. As a result, more than a million people were excluded from the labour market or working less than they wanted to. Meanwhile, benefit systems and high income taxes created a situation where for

many people work did not pay. This was particularly true for people on low or medium incomes.

We also saw a third consequence of this exclusion: substantial parts of society's resources were locked into systems of benefits and allowances for people of working age who wanted to work but received no help in finding a new job. This led to deficiencies in the welfare system. Health care and social services were not of a high enough quality and educational results in our schools were deteriorating compared with many other countries.

We saw how all this was establishing a trend in which Sweden was drifting apart. Sweden was splitting up, as dividing lines grew between people, and between urban and rural areas. We saw the problems and promised we would do something about them. We wanted to make it possible for people to grow, take responsibility and develop everywhere in our country.

In its statement of government policy a year ago, the Government presented the direction of its policies and what it saw as its tasks for the whole of the electoral period. What we said then still applies. Our ambition is for more people to have a job, for more entrepreneurs to want to create new jobs all over Sweden, for individual people and families to have more control over their own lives and for more people to benefit from the opportunity to acquire knowledge. More people must also feel a sense of community with others and experience security, good health, prosperity and a good environment.

Over the past year, the Government has implemented or announced a long list of reforms to live up to the promises made to the voters.

We have started the process of making it more worthwhile to work, encouraging more employers to take on new employees and more companies to start up, stay and grow in Sweden.

The first stage of the in-work tax credit. Changes in unemployment insurance. Reforms to reduce bureaucracy, tax changes, better financing and other measures to improve conditions for enterprise. New start jobs. Step-in jobs for immigrants. The job and development guarantee. Measures giving the services sector more opportunities to grow. These are all examples of what has been done or is being done to generate more jobs.

The Government has also started work on improving the quality of tax-financed welfare. It is doing this both by providing extra resources and by undertaking reforms to improve the quality of schools, preschools, elderly care and health care. For the legal system, the Government's policies represent the largest investments ever made.

A cornerstone of our work is public finances in good order, in both the short and long term. Responsible policies allow us to lay a stable foundation for healthy economic growth. The target of a one per cent surplus in general government net lending will be met with a good margin in the coming years. The national debt is being paid off and by doing so we are protecting the future of our children and grandchildren.

The aim of government policy – to create incentives and opportunities for work and conditions for a better functioning economy – is also important to prevent the cyclically strong economy from overheating, with the larger fluctuations this would lead to in employment and production.

A strong economy reduces our vulnerability if the international finance markets turn stormy. A strong economy is essential for

Sweden to be able to rise to future challenges. It enables us to respond to the needs for increased welfare services to meet the demands of an ageing population. It is fundamental if we are to succeed in taking measures against climate change. It enables us to hold our own against the increasing competition that comes in the wake of globalisation.

At present, the Swedish economy is developing very positively. Growth remains high and the forecasts for the Swedish labour market look brighter and brighter. We see how employment is increasing, unemployment is being driven back and exclusion is being reduced. Behind the statistics there are people of flesh and blood. People who are given an opportunity to grow in working life, take pride in their ability to support themselves and share in the community that comes with having a job.

Our future prospects appear positive in a twofold sense. More people in work means fewer people are excluded. This in turn means increased scope for further tax relief and investments in welfare.

Things are going well for Sweden, but there are still people who risk missing out on the opportunities opening up on the Swedish labour market. If we do not now take the chance to implement more reforms to create more jobs, we run the risk of missing out on an historic opportunity to overcome exclusion. The Government therefore intends to present a raft of continued reforms aimed at creating clear incentives for work and more and better ways back for those currently outside the labour market.

Income tax for above all low and middle income earners will continue to be reduced. The Government wants to emphasise the value of work to people employed in the health services and in childcare, industrial workers, office workers and everyone else

in employment. This will happen next year when an enhanced in-work tax credit is introduced on 1 January 2008. With the second stage of the in-work tax credit, most people in work will have approximately SEK 1 000 per month more in take-home pay.

In addition to the introduction of an enhanced in-work tax credit, the national real estate tax will be abolished at the turn of the year. The current national real estate tax, which is unfair and lacks legitimacy, will be replaced with a local government charge that will bring with it predictability and lower current housing costs.

Besides implementing reforms aimed at widening the margins for those in work, we must also do our utmost to lower the thresholds for those who are most detached from the labour market. This is the only way we can narrow the gaps in Sweden.

The Government is continuing to work towards reducing exclusion for new arrivals in Sweden by focusing on employment and language skills, as well as better coordination between government agencies. The incentives for employers to recruit people from groups with a weak position in the labour market – such as young people, old people and those born outside Sweden – have grown and they will be further improved.

The Government also intends to expand new start jobs to include public sector health care and social services. This means yet another way back to work, not least for many women; at the same time we will be able to meet the needs of the welfare system in terms of staff to provide better quality and to fill future retirement gaps.

Over the last 30 years the proportion of people receiving sickness or activity compensation has tripled despite the fact that public health in general has improved. Over the coming year the Government will place special emphasis on reforms to help people who have suffered an illness maintain a close link to the labour market and to ensure that the ways back to work are many and wide in scope.

Occupational health services are to receive resources for development, and a rehabilitation guarantee will be introduced. Sickness insurance will be reformed so as to guarantee security rather than creating exclusion. Employers will be offered more favourable terms for employing people who have been on long-term sick leave. The Government plans to introduce 'well again jobs', where the employer will be able to deduct double employer's social security contributions when employing people who have been on sick leave for a long time.

Thus we are doing our utmost to ensure that even those people who are most detached from the labour market are given a chance to come back.

An important pillar of Sweden's prosperity is formed by our entrepreneurs, investors and businesspeople. They play a key role in building the kind of society and economic development that allow Sweden to maintain a strong position in a changing world. Sweden must therefore be a country that better accommodates those who dare to take risks, develop their ideas and spread their wings to become self-employed. A comprehensive review is underway, looking at the social security system for the self-employed, business tax rules and preferential rights; a number of concrete reforms are, however, ready to be implemented.

Wealth tax is being abolished as of this year. The reform on household-related services is being extended. The Government is

appointing a regulatory council, and the scheme to encourage women and immigrants to start up their own businesses is continuing. The Government will also set aside more resources for our infrastructure so as to enable increased growth by reducing transport costs, increasing supply security and expanding the labour market.

Sweden is a country of rich opportunities that we must take better advantage of. This is why we want to pursue a policy that gives all parts of our country opportunities to grow and develop through their own efforts. By strengthening local and regional competitiveness and creating better conditions for innovation and investment, we can improve and strengthen the potential for growth throughout the country.

It goes without saying that women and men must have the same opportunities in life. The same opportunities to choose between different jobs, the same opportunities to earn a living and build a career, but also to feel secure in their everyday lives. For this reason, the Government is implementing a series of measures designed to increase equality between women and men. Tax reductions for low and middle income earners, more rehabilitation measures, employee takeovers of public sector services, more resources for women to start up their own businesses, new start jobs within the public sector, lower taxes in the services sector and an action plan to stop violence against women – these are all changes that will make everyday life better for many women.

If a policy for jobs and entrepreneurship forms one integral part of the Government's policies, renewal and improvement of our public services forms the other.

We want to give families better opportunities to shape their day-to-day lives and give their children a secure childhood. We want our preschools, schools, health care and elderly care to be characterised by quality, freedom of choice and diversity. Children and students must be seen and feel a desire to learn. Patients and the elderly must feel secure, receive consideration and be treated with the respect and dignity they deserve.

The answer to the challenges facing welfare is not about private or public alternatives, but rather about quality and putting people's needs ahead of the system. It is about making use of the ideas of those who work in these services and giving them opportunities. It is about opportunities for students, parents, patients and the elderly to have their say. It is about listening in order to create opportunities to improve the contents of services.

The family is a fundamental social unit that provides security and a feeling of belonging. A modern family policy recognises that everyone's needs are not the same, but that parents themselves must be given greater opportunities to choose solutions that best suit them and their children.

A modern family policy combines gender equality with freedom of choice. From the middle of next year, a gender equality bonus will be introduced and municipalities will be given the option to introduce a child-raising allowance. Later, a childcare voucher system will follow and strengthen the educational emphasis of preschool. The proposals will increase diversity in child care, allow more time with children and support gender equality in families, while encouraging both women and men to work.

The renewal of the Swedish school system will continue. We do not accept a situation where the learning environment is disrupted and results deteriorate, and where many students leave school without adequate knowledge. A good school system

evens out class differences. A good school system enables everyone, regardless of background, to develop their abilities and learn fundamental social values. This is why we have a duty to give all children and young people an education that prepares them for adult life.

In the next few years, the Government intends to introduce a special reading-writing-arithmetic initiative. Establishing necessary reading, writing and arithmetic skills at an early stage increases the potential for more students to leave compulsory education with adequate knowledge. A special initiative called Creative Schooling will increase the access of schools to professional cultural activities and, at the same time, foster creativity among young people.

Increased resources will also be proposed for higher education programmes to improve quality. Upper secondary school must be reformed and the Government intends to present reform proposals at a later date so that a new upper secondary school system can be introduced.

We want our health care and social services to continue to be financed on the basis of solidarity through the taxes we pay, and distributed according to need. The right to health care must never depend on the size of your wallet. At the same time we want to see greater diversity in health care and social services as part of the work to give patients and care receivers the best possible care. Non-profit health care and social service providers play an important role in this. Measures to promote increased diversity will therefore be strengthened with the aim of giving the individual the right to choose, but also the right to opt out of services that are not working.

Alongside this, the Government's reform efforts to increase the quality of health care and social services are continuing. People

must have the right to good health care that is given in time and meets the needs of every individual.

The health care guarantee will be further enhanced and the quality of the psychiatric services and health care as a whole will be improved. A proposal on free choice in care of the elderly and a dignity guarantee will be presented so as to ensure that even the most frail older people receive dignified treatment. The Government will propose a dental reform to give greater protection against high costs and create good conditions for dental services.

During the coming year, the Government will also implement a renewed initiative on public health. Particular focus will be given to alcohol and drug policy measures, and to children's health and support to parents.

Our idea of a welfare society is based on the insight that no one is an isolated island. We are dependent on others for our lives to function. We need to be able to feel the security that comes from being needed or from the occasional comforting hand. We build a secure society from the bottom up, based on the consideration we show one another. It is best done in civil society, in a dynamic cultural life and in our encounters with other people. The moment we forget that, many other things lose their significance.

No one today can remain undisturbed about what lies ahead for our planet and future generations if we do not succeed better in formulating a policy that can deal with the climate change that follows from global warming. We have a responsibility to manage our common resources and not jeopardise the living conditions of coming generations.

Sweden has a long tradition of taking an active and assertive role where environment policy is concerned. We are a country that has made it a point of honour for our children and grandchildren to be able to experience a good environment, breathe clean air and drink fresh water. This is a tradition that the Government intends to live up to and to do so with renewed vigour. At the same time, we are clear about the fact that climate change requires a broader political approach.

Climate change is disturbing. It gives rise to many questions, but also inspires a will to seek answers. There is a sense of commitment here that we need to harness and a strong will in the business world to join in the work. If we can draw on all this, much will be won. By being at the forefront we not only solve our own environmental problems, we also contribute to technological development and solve environmental problems in the world around us, while creating jobs at home.

Environmental taxes and other economic policy instruments have a central role to play in climate efforts. An essential requirement is better coordination between energy taxation and other economic instruments in environmental and energy policy. One fundamental principle in the work of reform is that polluters must pay for their impact on the environment. Special emphasis will be given to carbon dioxide taxation and other energy taxes.

A comprehensive approach to climate change is essential. The Government intends to present a bill on climate policy in 2008. Given the long-term nature of climate change, the Government wishes to secure as broad support as possible for the future climate policy. The Government has therefore set up the Scientific Council on Climate Issues, which recently delivered its

final report, and appointed the all-party Climate Committee and the Commission on Sustainable Development. The Government will also shortly present proposals for the 'climate billion'. This will pave the way for the broad and long-term approach that climate change demands.

The energy issue is closely linked with climate change and here, too, the Government recognises the value of broad parliamentary support. The Government therefore intends to hold talks with the parliamentary parties in the Climate Committee on the conditions for a broad, long-term, modern and market-oriented energy policy. After decades of political schisms and shifts of direction, we want to give Sweden an energy policy that will stand the test of time and meet the demands of the future.

In addition to our national initiatives, the Government also strives for increased international cooperation in response to climate and environmental challenges. In this context, the negotiations that are to result in a new climate regime after 2012 are crucial. Intensive final negotiations are expected in 2009. EU cooperation will play an important role during these negotiations and environmental work will therefore be a key issue ahead of the Swedish Presidency of the EU in 2009. The EU also has high ambitions in the energy area, which means stronger commitments for Sweden as well.

Common challenges are best tackled through cooperation and this applies not only to climate policy. Within the framework of European cooperation, our country can also promote Swedish interests such as increased free trade, an efficient internal market and cooperation against international crime. Sweden will

combine a clear voice for human rights with commitment to international cooperation. Sweden will therefore be an active and constructive force in the European Union.

The future security of our country is based on community and cooperation with other countries, but also requires Sweden to pursue a more active foreign policy for freedom, security, democracy, prosperity and sustainable development in the world. We must be a country with the will and the ability to see beyond our own borders and beyond our part of the world, to stand ready to provide support in the most vulnerable parts of our world. Sweden must continue to be a leader in international development cooperation. We are therefore raising our level of ambition in the fight against poverty and sharpening our focus on Africa.

Sweden will also continue to be a place of refuge for those who seek protection from persecution and oppression. At the same time, the Government intends to work within the EU to get more countries to take greater responsibility for receiving asylum seekers. In the coming year, the Government will return to the Riksdag with proposals for facilitating labour immigration.

Sweden's capacity for international operations must be improved. The Government therefore intends to appoint a working group to review the material costs of the Swedish Armed Forces. The purpose of this is, among other things, to strengthen Sweden's capacity for international peace missions. This is a step towards completing the transformation from a system designed for defence against invasion to a missions-oriented defence system, and realising the Government's ambition to carefully weigh each krona of tax money spent in relation to its benefits to Sweden.

Sweden's capacity for analysis and crisis management must also be strengthened. An inquiry proposal concerning the establishment of a national crisis management function at the Government Offices is soon to be presented. The Government intends for this to be a starting point for developing our capacity to act in the event of a crisis.

Mr Speaker,

The Government wants to implement, step by step, a policy that is well considered and designed to answer the questions that people throughout our country ask themselves in their daily lives.

We want our work to stand for clear values, which have been shown to enjoy broad support among the Swedish people. Values that are about people's control over their daily lives, about the work-first principle and the goal of full employment. About effective and tax-financed welfare services. These are all important dimensions of what we want Sweden to be.

Tolerance and openness are other values we want Sweden to rest on. In our country people must be able to live side by side and shape their own lives, regardless of background, religion, sex or the colour of their skin. Here, all must be equal before the law. In a world where differences are often used to incite conflicts and confrontations, Sweden must demonstrate the strength of diversity. We must have an inclusive society where the inviolable dignity of each individual person is respected.

The basis of our Government's policy is, and will remain, the fight for full employment. By reasserting the work-first principle

and the value of work, more people will have the opportunity to take part in building Sweden. It is a policy that provides resources for good welfare, and hence security, for all of us when we need it. It is a policy that in the long term reduces the gaps and combats exclusion.

We do not want our policy to have any blind spots. People we do not want to see. Social problems so big we would prefer to hide them rather than tackle them. The Government's ambition is to keep Sweden together and give everyone the opportunity to take part in the working community and in society.

This leads to a more secure, freer and more humane society. This is the foundation that will allow the people living in our country to wake up tomorrow to a new day. A better day.