

15 September 2009

Statement of Government Policy



REGERINGEN

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

A year ago we could make out thickening clouds on the horizon. Dark clouds that were a sign of a storm brewing. It was coming from the other side of the Atlantic. Caused by irresponsible management, risky deals or sheer greed. Intensified by inadequate regulatory frameworks and insufficient controls, it spread with a force and on a scale that few could have predicted.

It was on this very day, 15 September, one year ago that the United States' fourth largest investment bank, Lehman Brothers, filed for bankruptcy. That was not the end. It was not even the beginning of the end. But it was the end of the beginning of what we now call the financial crisis.

The storm that was created in the name of speculation dragged the whole world into the worst crisis we have seen since the Great Depression of the 1930s. It set the global economy rocking and brought whole countries to collapse. It hit international banks in New York, but also small companies in Nybro and local shops in Nyköping.

We knew that Sweden would not be able to escape unscathed from developments. Difficult as it is for us to isolate ourselves from crises, it is equally difficult for us to avoid the ups and downs of the economic cycle.

Sweden is a small country. Our economy is strongly linked to the rest of the world and we are highly dependent on foreign trade. This meant that we were facing tougher times here as well. With less demand for Swedish goods and services, and growing unemployment. It meant that, here too, we were worried about jobs and the household economy.

But Sweden was in a stronger position than many other countries when the backwash of the crisis swept over our shores.

We had laid a strong foundation and we met the downturn with an historically high level of employment and considerable success in combating exclusion. The Alliance Government's work-first principle – lower income tax for low and middle income earners, better conditions for running a business and employing people, and the safeguarding of public finances – meant that our initial position was better than it has previously been when we have faced difficult times in the past.

The world was also in a position to take action in a strong and unified way, something we have not seen in previous crises. Together with a number of other governments, Sweden has taken forceful action to prevent an economic collapse. Thanks to joint efforts to rebuild trust and normalise lending to households and companies, it was possible to avert a financial meltdown.

Just as the world quickly united in the fight to meet the crisis, our energies are now directed towards drawing the right conclusions and minimising the risks of something similar happening again.

I cannot stress the importance of this work enough. We need common international rules for the financial markets. More stringent demands may be needed concerning bank liquidity. Financial companies and products, which have previously not been subject to regulation, need to be regulated and monitored so as to guarantee financial stability. More stringent rules are needed to restrict over-generous bonuses and compensation systems.

In its role as Presidency of the EU, Sweden intends to continue the historic work of creating better conditions for sustainable growth, based on the principles of transparency and responsibility. The bonus culture that has emerged must come to an end. We have a unique opportunity to make progress on this issue when world leaders meet in Pittsburgh next week.

It was already clear last autumn that the financial crisis would affect jobs and the Swedish labour market. We saw this in a dramatic drop in demand and a wave of redundancy notices. This is why the Government also took several initiatives to curb the effects of the crisis in Sweden.

Compared to other countries in the OECD area, Sweden's economic policy is one of the most expansive. At the same time as this reorientation of fiscal policy was occurring, we were prepared to deal with a potentially deeper and longer lasting crisis due to continued problems in the financial system.

In situations like these, a government's ability to assume responsibility is put to the test. The Alliance Government has chosen a path that involves taking responsibility for public finances, for jobs and for the core activities of the welfare system.

However, there are no shortcuts out of the crisis. No miracle cures to solve the problems. Only with continued preparedness and responsible action can we recover. This is why we will not be making the mistake that governments all too often make in times of crisis. We will not drag Sweden's finances into uncontrollable deficits. We are taking responsibility for Sweden.

Sound public finances are, and will remain, a fundamental prerequisite for long-term, sustainable economic policy. This is a principle we want to honour in good times and bad.

For a small and open economy like Sweden's, calling into question the sustainability of public finances is associated with serious risks and substantial costs. A fiscal policy that is not sustainable in the long term leads to debts that threaten growth, welfare and employment. A fiscal policy that is not sustainable in the long term affects the whole of Swedish society – but hardest hit are those who are most in need of security and welfare for their everyday lives to function.

There are ever more signs now indicating that both the global and the Swedish economies are beginning to stabilise. We seem to have weathered the worst of the storms. The risks of a substantial economic downturn have abated.

The costs of ill health have dropped more quickly than anticipated. Fewer people are being put on long-term sick leave, and more are returning from long-term sick leave. The costs of early retirement have been reduced as fewer people are becoming early retirement pensioners.

Public finances are developing better now than was anticipated in the spring. Spending for 2010 has dropped by SEK 15 billion, and incomes will be SEK 27 billion higher. Therefore, we can implement necessary crisis measures and at the same time strengthen public finances. On the whole, public finances will have improved by almost SEK 10 billion in 2010, and by over SEK 30 billion in 2011 and 2012.

However, the picture on the labour market remains a very gloomy one. Redundancy notices and rising unemployment have caused concern among many people. A lot of people are being forced to make major sacrifices in the shadow of unemployment.

This is why it is important that the burden of the crisis be distributed fairly. And that we continue our efforts for national cohesion in Sweden.

The Swedish people have entrusted the Alliance for Sweden – the Moderate Party, the Centre Party, the Liberal Party and the Swedish Christian Democrats – with the responsibility of government. We are united in our will to take responsibility for Sweden at a difficult time. We take this responsibility with the individual in focus and with the will to make Sweden a better country.

In its statement of government policy three years 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.

More people in work, more jobs and fewer people living in exclusion – these are the most important goals of the Alliance Government. Therefore, it is worrying that Sweden, together with a number of other countries, is facing the threat of the rising unemployment turning into growing exclusion.

Unemployment quickly eats away at people's souls. When the company around which your life has centred closes down or moves away. When the clock radio no longer marks the start of a new working day. When the telephone does not ring. When the mirror on the wall is your only company and your social network is in tatters. And then if the days turn into months and the months turn into years. If your own education feels outdated and you no longer feel that you are seen or needed. Then it is easy to give up.

We do not want to return to a situation where unemployment rises in bad times to then gain a foothold in good times. This was the mistake that governments made following the crisis of the 1990s. A mistake that laid the foundation for widespread exclusion.

The Government is meeting the threat of unemployment levels that risk gaining a foothold by means of a vigorous policy for jobs and enterprise. By means of active support to people affected by unemployment. We do not intend to return to a policy of people being consigned to passive systems and hidden away in statistics. Instead, we will create good conditions to enable people to get back to work and security, to colleagues and a community.

Politics is about making choices. We choose to put jobs first. This is why we now want to use some of the scope available to further strengthen measures to curb rising unemployment, so as to prevent people from getting stuck in unemployment and to safeguard the core of the welfare system.

The Government wants to work to bring Sweden out of the crisis. The people of Sweden are conscientious, skilled and hard-working. They want to contribute to the common good. A deep recession brought about by greed and irresponsible actions in the financial quarters of New York and London should not change this.

When the economy eventually starts to improve, it is important for there to be a strong incentive to return to the labour market. Otherwise there is the risk that the economic recovery will fail to materialise due to a lack of workers and companies not being able to find the right expertise. We want to create security, faith

in the future and the conditions for Sweden to stand strong when things start to improve around the world.

The Government's measures against unemployment are aimed at everyone who is excluded from the labour market. In total, the number of training places is being extended by approximately 23 000, and labour market policy measures will be reinforced with the addition of 54 000 places. A number of measures are being taken to reduce unemployment, in particular among young people.

In our strengthened policy for training and adjustment in the labour market, we will propose measures in higher education institutions, vocational higher education, adult vocational education programmes and local authority adult education. We will continue to move away from passivity, towards a greater focus on coaching, work placement schemes, practical continual professional development and employment training.

In addition, the Government is paving the way for a new activation initiative (skills enhancement) in the central and local government sectors, as well as in some areas of the non-profit sector. This initiative is aimed at activating people who do not have work. The focus of the activation initiative will be employment in areas such as the environment, forest management, cultural heritage, welfare services and schools. The idea of the initiative is to maintain people's contact with working life, and it can also be seen as an investment in our environment and welfare services.

With these initiatives, the Government wants to prevent people from becoming excluded and unemployment from remaining at high levels. They will provide people who have lost their jobs with better opportunities to quickly return to work when the

economy starts to recover. They will give people better chances of finding a job, and they will prepare them for new tasks. Because we know that this will be needed in the future.

The Government wants Sweden to stand strong when the economy recovers. We want to lay this foundation by continuing to restore the value of work, creating the basis for more jobs, and more and growing businesses. Not by returning to a policy where people are hidden away, forgotten about and condemned to long-term exclusion.

We will not return to a Sweden where over a million people, one in five Swedes of working age, are excluded. Where the work-first principle is dismantled and the benefits principle is expanded.

We do not want to once again witness a situation where, in the midst of an economic boom, we get growing social divides between those who have jobs and those who are outside the labour market.

We do not want to once again witness a development in which schools cannot give our children sufficient knowledge. Where people waiting for care stand in long queues outside our hospitals. Where we worry about elderly care having more to do with finding somewhere to put people than with the dignified treatment of our elderly.

We do not want to once again witness how expanded benefits systems and high income taxes create a situation where, for many people, it does not pay to work. And where this particularly applies to people with low or middle incomes.

Those who abandon the work-first principle also abandon the fight against exclusion, and the social divides that exclusion creates.

During its term of office, the Government has initiated reforms to re-establish the work-first principle and increase employment. This policy stands firm.

It has become more worthwhile to work. The in-work tax credit has given practically all those in full-time work tax relief of over SEK 1 000 a month. Nurses, upper secondary school teachers and metalworkers now have some SEK 1 500 more left after tax each month than before the elections in 2006. Nursing auxiliaries now have almost a whole month's salary left after tax each year.

The in-work tax credit increases incentives to work and leads to higher employment rates in both the short and the long term. It gives everyone who works more money to spend, and increases their independence and their opportunities to shape their own lives. It gives more people a chance to feel secure about the future. The Government will therefore try out more opportunities for further tax relief for low and middle wage earners in Sweden.

It has become simpler and less expensive to employ people. Particularly those furthest from the labour market. New start jobs and step-in jobs have given people – often young or older people, or people born abroad – a foothold on the labour market that they previously lacked. A system for guiding newly arrived immigrants to help them become established on the labour market will be presented shortly. The reduction in employers' contributions for everyone, especially the young, has provided new opportunities for jobs. With the reforms in sickness insurance, doors are being re-opened for people who were previously excluded.

All this, and much more, are important components in providing more people with the opportunity of a job and a salary of their own. Of feeling needed and being seen. These are important steps for a Sweden in which more people can achieve their potential. For this reason, the Government will continue its efforts to enable more people to return to the labour market.

It has become simpler and more profitable to run a business. Tax relief, reductions in statutory contributions for self-employed people and a reduced regulatory burden have enabled more companies to start and grow. Work in the area of competition has been stepped up. Reforms for domestic services, greater diversity in the welfare system and the 'Freedom of Choice in Care Act' have created new companies and jobs. Special initiatives are being taken to encourage women's and immigrants' enterprise, initiatives that will now be extended. In addition, initiatives will be taken to create innovation environments for young people.

More and growing companies are needed to pull Sweden out of the crisis. People must be encouraged to realise their potential and creativity by starting businesses of their own. New and growing companies throughout Sweden create new jobs, and these jobs promote prosperity. They will be one factor in bringing forward and strengthening the rise in employment.

The Government will continue its efforts to create a better, more vigorous business climate. This is a matter of a number of measures to improve social security for business operators, to make it simpler to move between employment and starting one's own business, to make it less risky to start new businesses and to further reduce companies' costs.

Good communications are essential for our ability to meet the challenges of the future regarding climate and environment,

employment, regional growth and development in the whole of our country. A well functioning transport system and a good IT infrastructure are prerequisites for sustainable growth in all parts of the country. The Government's unprecedented investments in our roads and railways – Sweden's future growth potential – will therefore continue with undiminished energy.

In times of economic crisis, it is important to unite around the values that keep Swedish society together. They are about the need for strong communities in the form of families and friends, but also in working life. About the equal value of all people. About gender equality. About freedom, responsibility, security and justice.

The power of individuals and families over their own lives, the work-first principle and endeavours to achieve full employment are all clear components of what we want Sweden to represent.

In a united Sweden, each and every person must feel secure that there is efficient, tax-funded welfare when we need it. Good childcare, pre-schools and schools that equip our children for life. Secure health, medical and elderly care that is there to support us if we become ill or too weak to look after ourselves.

Responsibility for the core of our welfare system is shared between the country's municipal and county council politicians. Safeguarding welfare is therefore a task that requires political responsibility – at national, regional and local level. A responsibility that means that together we must ensure that resources and extra funds are used where they are needed. A responsibility that means that together we must ensure that people can feel confident in the ability of the state, county councils and municipalities to fulfil their core tasks.

To safeguard the core of the welfare system, the Government has allocated considerable additional funds to the municipalities and county councils during its term of office. For greater accessibility and better quality. For more freedom of choice and diversity, and better reception. So that everyone – regardless of whether they are called children, pupils, elderly or patients – will be seen as individuals and can feel secure.

The Government wants further resources to be allocated to the municipal sector to meet the effects of the crisis. Government grants to municipalities and county councils will be temporarily raised by SEK 17 billion in 2010. In addition to this, government grants to county councils will be raised by SEK 1 billion in 2009 to facilitate the management of the current pandemic. From 2011, government grants in the municipal sector will be permanently raised by SEK 5 billion per year.

Together with other initiatives, this means that the Alliance Government will have strengthened the municipal sector by SEK 38 billion in 2010, compared with 2006. In this way, the Government will uphold the core of welfare and employment, and safeguard confidence between citizens and public services.

The economic crisis has also made it clear that the municipal sector's income needs to be made more stable so as to withstand fluctuations in the economy. In addition, we need to create more stable planning conditions for municipalities and county councils. The Government therefore intends, as soon as possible, to examine ways of ensuring greater stability for the municipal sector's income to withstand such fluctuations.

Work on renewing the Swedish school system will continue. For more knowledge. For calmer conditions. To enable each pupil to

develop on the basis of his or her own potential. Important reforms will be a new education act, initiatives to put in place a new upper secondary school and new teacher education. More initiatives will also be taken for Sweden's teachers, including a special initiative for vocational teachers and an extended continuing education initiative for unqualified teachers. So that more pupils can experience culture and be given the opportunity to be creative themselves, the Creative Schooling initiative will be expanded.

A rich and innovative cultural life coupled with a lively cultural heritage are important for the whole of our country. Based on the freedom and intrinsic value of culture, the Government wants to strengthen the importance of culture and creativity in society. An action plan for the creative sectors will be presented. In connection with the Budget Bill, the Government will be presenting a Culture Bill on the direction of future cultural policy. Particular focus will be given to the opportunities of children and young people to experience culture.

The Government will take further steps towards increased accessibility, effectiveness and quality in Swedish health and medical care services. Initiatives are being taken to ensure that care is more clearly based on patients' needs and their right to choose. These include initiatives to establish an independent, national monitoring body and the introduction of the possibility of a permanent care contact.

Additional resources will be allocated in the next few years to continue supporting municipalities and county councils in their work to develop modern, efficient health and elderly care services. This initiative will particularly strengthen scope for safer care and elderly care for the most seriously ill. The Government also wants to encourage the building of sheltered housing, strengthen management in elderly care and develop psychiatric support to older people.

We want Sweden to be a good country for our elderly. Several reforms have therefore been implemented to improve support to the elderly in Sweden. Housing allowances have been strengthened, initiatives have been taken to raise the standards of elderly care and to provide elderly people with access to housing that is adapted to their needs. In addition, at the beginning of this year, tax was reduced for pensioners by raising the basic income tax allowance. The Government can now present further tax relief for all pensioners in Sweden.

Tax will be reduced by a total of SEK 3.5 billion a year from 2010. This will increase pensioners' security and improve their margins, particularly for those with the lowest pensions, who in many cases are women.

Few things limit people's freedom so clearly as a life in the shadow of violence, crime and drugs. Being a victim of crime means having your life and property violated; this challenges some of the most fundamental values on which Swedish society is based. For others, the mere fear of being subjected to crime is sufficient to produce a sense of insecurity.

An efficient legal system lies at the core of a functioning democracy and a developed welfare society. The Government is therefore strengthening the entire judicial chain step by step, from police and prosecutors to courts and prisons.

Support to victims of crime has been improved. Earlier and clearer measures are being taken against young criminals, where parents have an important role. Penalties for violent offences are being made more stringent. Broad cooperation between authorities has been initiated with regard to the fight against serious organised crime.

Now the work will continue with initiatives within all components of the law enforcement system. We will achieve the target of 20 000 police officers by 2010. Sweden has never had so many police officers. Our efforts to make Sweden more secure are unparalleled in modern times.

If welfare is a part of our everyday lives that is easy for people to relate to, it is sometimes claimed that international policy is its opposite. Nevertheless, in the wake of the financial crisis, we have been reminded of how all of us on the planet are linked together. Of the way our actions also affect others. Of the way a nation state no longer represents the answer to the many challenges we face. One such challenge is also reflected in the issue of climate change.

We only have one Earth. What we know about global climate change and the problems we face is clear. We have a major responsibility to future generations to do our utmost to limit climate change and its harmful effects.

Sweden must show leadership in order to meet the challenge of climate change both internationally and through measures here in Sweden.

At present, Sweden has one of the most ambitious climate and energy policies in the world. We are one of the countries that can report reduced emissions at the same time as the economy is growing. We have shown that it is possible to create the conditions for new jobs and increased competitiveness at the same time as we contribute to a better environment and to curbing climate change. This is the result of wide-ranging and long-term activities, with efforts from all areas of Swedish society. Efforts that are still going on.

Sweden played a proactive role in the work of designing the EU climate and energy package. The fact that 27 countries agreed on common objectives meant that the EU could assume global leadership on one of the greatest challenges of our time. This agreement is also the starting point of the Swedish climate and energy policy.

The climate and energy agreement and the Government's Climate and Energy Bill mean that an important foundation has now been laid for future work. To achieve the objectives, the Government will now propose additional initiatives for energy efficiency measures and international climate investments.

Blinkered climate nationalism is not the way to respond to the challenge of climate change. Nor can the EU, which accounts for 14 per cent of the world's emissions, achieve results on its own. Global cooperation, based on trust between different parts of the world and between countries, is necessary, but this is not easy to achieve.

It is crucial that a new global climate agreement is put in place that can enter into force after 2012, when the Kyoto Protocol expires. As holder of the Presidency of the EU, it is Sweden's task to lead the EU in the face of this challenge. Therefore, the Government, together with other parties, will take forceful action to ensure that a new climate agreement can be adopted in Copenhagen in December.

We want to reach an agreement that includes all the major emitting countries. An agreement that, in a spirit of solidarity, takes responsibility for the poorest parts of our world. That gets through to the areas that are hit hardest by climate change.

Mr/Madam Speaker,

Sweden's safety and external security is based on community and cooperation with other countries. Our international actions are based on international law and the safeguarding of democracy and human rights.

In autumn 2009, Sweden belongs to the real core of Europe. We hold the Presidency of the European Union and this means that Sweden is part of global forums – such as the G20 and the G8 – to which we otherwise do not have access. Our task is to act in the interests of the whole of the Union. We have great responsibility to live up to. The eyes of Europe and the world are on Sweden. It is therefore important to remember that the Presidency is not carried out by a few people alone, but is shared by all Swedes.

Leading the EU's 27 Member States brings with it great responsibility, since every action has consequences for people throughout Europe, not just those in Sweden. A successful Swedish Presidency can strengthen Sweden's international position for many years to come, which will be of benefit to the entire country.

There is a whole catalogue of tasks for the Swedish Presidency to tackle alongside the financial crisis and the issue of climate change.

We want closer cooperation between EU Baltic Sea countries, not least to improve the environment of the Baltic Sea. The future of the Treaty of Lisbon must be determined. We hope this will enable a better and more efficient framework for how the European Union is to function in the future.

Sweden has always highlighted the advantages of enlargement and is now moving forward on the issue despite major challenges. The pace of EU enlargement will ultimately be determined by the progress of reform in each country.

Relations with the European Union's neighbours are of great strategic importance. Sweden will continue the work on developing the European Neighbourhood Policy.

Sweden must be a clear and distinct voice for freedom and democracy around the world. The Government will continue its work to fight poverty, and promote democracy and respect for human rights.

There is broad support for Sweden's international activities for peace. Sweden will continue to enhance its capability to take part in operations promoting peace and stability in different parts of the world.

Afghanistan faces difficult challenges. One key to success in the long term is the perseverance of the international community. Sweden's commitment is broad and long-term. Our operations not only mean that we are helping to build peace and security, we are helping the Afghan people build their country.

Ultimately, these and other kinds of operations are a moral issue of supporting vulnerable people. We want to take responsibility in order to contribute to peace, freedom and poverty reduction. We do not merely want to call attention to this during ceremonial speeches but also to take active measures for a better world in the policy areas where this is possible.

A new administration in place in the US means that the prospects of deeper transatlantic cooperation are excellent. There is new scope for cooperation to solve common challenges, such as the climate negotiations and dealing with regional conflicts.

In cooperation, primarily with the US, the EU must intensify its efforts for a comprehensive peace in the Middle East. Israel's occupation and settlement policy must cease, a contiguous and viable Palestinian state must be created, terrorism must cease and Israel's right to live within secure and recognised borders must be respected. The parties must live up to the commitments they have made. Iran must comply with UN Security Council resolutions.

Mr/Madam Speaker,

The policies of the four parties of the Alliance for Sweden – the Moderate Party, the Centre Party, the Liberal Party and the Swedish Christian Democrats – start and end with the individual and his or her personal situation.

In Sweden everyone is to have the opportunity to grow and develop, regardless of background. The human dignity that all people enjoy is absolute and equal, at the same time as each person is unique. Not everyone has to live the same way, but everyone must have the same opportunities to develop as independent people.

Our openness to the world around us is evident in the fact that Sweden is a country in which Christians, Jews and Muslims, those who believe in God and those who do not, can live side by side in mutual respect. We have a responsibility to ensure that

this can continue and to take initiatives to strengthen this reciprocity and respect. Freedom of worship and freedom of expression – these are self-evident in our society and protected by the Constitution. We want to defend this order.

We encourage and support people's ambitions to improve their lives through their own work and studies, entrepreneurship and initiatives for their own future and that of their families. Development of democracy and welfare is completely dependent on people making full use of their ambitions, life opportunities and abilities.

We want everyone to have the opportunity to support themselves through their own work. This produces income, self-esteem and a sense of community with others. More people finding work will help create a society where more people participate and where social divides are reduced. Where the necessary prosperity is created to maintain good public welfare for all people in our society, including those who cannot work.

Mr/Madam Speaker,

There are those who say that politics cannot make a difference. Others believe that they are in possession of miracle cures. We are convinced that both of these viewpoints are mistaken. By means of responsible policies and the necessary measures, not only can we counter the effects of the crisis, we can also ensure a stable, clear recovery.

Where we prevent unemployment from developing into exclusion. Where we make it possible for people to return to work. Where we make our way through the crisis and can continue the long-term efforts for a Sweden where people can achieve their potential.

The road to more jobs and lower unemployment will be long and arduous, but we will weather out the storm and disperse the clouds. The Alliance Government won the confidence of the Swedish people with a policy for more people in work and fewer people being excluded. The global crisis has strengthened our conviction that Sweden needs a policy that gives priority to jobs.

Politics is about making choices. We choose to safeguard Sweden's sound public finances. We choose to conduct a clear policy for full employment and reduced exclusion. We choose to protect welfare. We choose consideration for the climate and our environment. We choose the dream of a Sweden that gives everyone the opportunity to grow. These are the cornerstones of our policy as we now continue to take responsibility for Sweden.