

*18 September 2012*

# Statement of Government Policy



REGERINGEN

Swedish Government

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

Our world is changing. Our map is being transformed – politically, economically, socially, technologically, ecologically. New powers, new companies and new technologies are emerging. The economic structures are being redrawn over and over again, most recently since the financial crisis in 2008. The technological and scientific achievements of our time – but also the democratic and economic achievements – are historically unprecedented. Computer power that previously required whole rooms can now be carried around in our pockets. Information that previously required access to university libraries and lecture theatres is now available to anyone with an internet connection.

In this new world, with increasing competition and pressure for change, parts of Europe are struggling to hold their own. The financial crisis is now into its fifth year. Five years of cutbacks and tax increases that have plagued the people of many European countries. Five years of high unemployment, poor growth, rising debts and growing exclusion. Five years that have challenged the very ideas of openness, community and solidarity.

In countries close to our own, people wake up every day with a gnawing sense of anxiety. An anxiety about the future, about whether they will still have a job, or whether their children will be able to find work when they grow up. There is anxiety that pay will be cut again, and taxes raised again. There is anxiety that new fees may be introduced for health care and schooling.

Despite all the crisis meetings and all the joint efforts, we cannot yet see an end to the crisis. The only thing that is certain is that further years of efforts will be needed to pull Europe out of the current difficult situation.

Mr Speaker,

Sweden is not an island. We are part of Europe. We are also affected by the crisis. When recession hits our neighbours, we are caught in the wake. At the same time, the reality for many countries in Europe is not the reality we are experiencing in Sweden. A responsible and reform-oriented economic policy, pursued by both the previous and current governments, has enabled Sweden to come through the crisis years relatively well. Thanks to a work-first principle that has strengthened incentives to work and responsible policies that have safeguarded public finances, Sweden can stand on solid ground and deal with the financial crisis. We have been able to invest in jobs and welfare. We have been able to inject resources into the municipal sector. We have safeguarded financial stability without taxpayers having to suffer.

Sweden has already implemented many of the reforms now needed in the countries of Europe. Reforms such as fiscal policy frameworks, with expenditure ceilings and surplus targets that bring order to our public finances. A sustainable pension system. Structural reforms that boost our competitiveness. A jobs policy that makes work more financially worthwhile.

Growth and employment have developed more positively in Sweden than in most other EU Member States. Sweden's public finances are among the strongest in the EU. While debt has grown in Europe, in Sweden it has shrunk.

Our economy has shown resilience. In these unsettled times, Sweden is therefore able to choose a different path from many other European countries. We can invest in Sweden – in knowledge and development. We can invest in social cohesion – in welfare and full employment. We can invest in confidence in the future – in hope and engagement. We can invest in people. This is how we will build a stronger Sweden.

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In the 2010 election, the Alliance – the Moderate Party, the Liberal Party, the Centre Party and the Swedish Christian Democrats – once again won the trust of the Swedish people to bear the responsibility of government. A trust in policies that are based on people's ability to develop and grow. At the same time, we are aware of people's vulnerability and need for support at various stages of life. People need freedom as well as security.

We believe in a society based on work, good welfare and cohesion. A gender-equal society that does not restrict people's freedom. A society in which democratic institutions – freedom of expression, the free press, independent authorities, agencies and courts, local self-government, families and civil society – are strong.

In the 2010 Statement of Government Policy, the Government presented the direction of policy and forms of cooperation in the Riksdag for this electoral period. What we said then still applies.

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Mr Speaker,

Our world is changing. Sweden is increasingly integrated with the rest of the world. This creates opportunities for increased trade, productivity and growth. At the same time, international competition is constantly growing. This places demands on our ability to adapt. Many people have to change job, industry, career – sometimes not just once, but several times.

New competitors in countries such as China, India, Brazil and parts of Africa require the Swedish business sector to be dynamic and highly adaptable. Our prosperity is built on the

ability of our export industry to keep up with global competition. On the world market, Swedish enterprises must compete on knowledge and quality, not low pay and poor conditions.

In these unsettled times, Sweden, unlike many other countries, is able to invest in the future. We have resources that other countries lack. We have opportunities to do things that other countries would like to but cannot. We can see the everyday problems. We can take a longer view. We can invest in infrastructure, research and innovation, enterprise, education and housing. We can equip Sweden to deal with tough competition. We can equip Sweden not only to safeguard the jobs we have, but also to create the jobs of the future.

Sweden must have a strong and sustainable transport system. A transport system that makes it easier to travel between home and work or school, and easier for companies to deliver their products. A transport system that makes everyday life easier. A transport system that links the entire country. This is why the Alliance Government is substantially increasing the financial appropriations for infrastructure measures. The construction of a new main high-speed train line will begin with the Stockholm–Linköping route and the first stage of Gothenburg–Borås.

This is a historic investment. The existing main lines were begun in the second half of the 19th century. We are also providing SEK 36 billion for operation and maintenance of roads and railways. This will increase the capacity of, and reduce disruptions in, our road and rail networks. Overall, we are investing a further SEK 100 billion in infrastructure measures over the coming planning period. We are also providing additional funds to help build up broadband coverage in Swedish rural areas. This is how we are investing in Sweden.

Research and innovation lay the foundation for a knowledge-intensive society, in which people and enterprise can develop and create high growth. Sweden must continue to be a leading research nation. We will safeguard the strong research environments that have emerged in collaboration between higher education and the business sector.

To enable Sweden to maintain its position as a successful research nation in the future, the Government proposes a vigorous investment in research and innovation within the framework of the Research and Innovation Bill. We are making major investments in higher education institutions, and targeted investments in research in areas such as life sciences and sustainable urban planning. This is how we are investing in Sweden.

Sweden must have a world-class business climate and entrepreneurship. To make it more attractive to invest in Sweden, the Government intends to propose lower corporate tax. This will provide strong incentives to increase business investments, which will lead to increased productivity, higher real wages and higher employment. The process of reviewing corporate taxation is ongoing. It should be easy and profitable to run a business in Sweden. To stimulate access to capital in new and small but expanding enterprises, we want to introduce a tax credit for investors. This is how we are supporting entrepreneurs. This is how we are investing in Sweden.

Sweden must have a top-class education system. Knowledge-based education that equips every pupil, regardless of background, for life and the labour market. Schools that give young people the tools to shape their own futures.

The Government has implemented a wide range of reforms to strengthen education. A new grading system, a new upper secondary school, a new Education Act, new syllabuses and

curricula, and a new teacher education programme have been introduced. Important steps have been taken, but we must be aware that it will take time before the reforms have their full impact, and that much remains to be done. We will now enhance unemployed young people's opportunities to complete their upper secondary school studies. We also want to improve upper secondary school vocational programmes. We are providing 18 000 additional places in the education system over the next year. This is how we are investing in Sweden.

Sweden must have an efficient housing market. This increases people's freedom of choice in life and their opportunities to move to study or work. This is why we want to increase access to housing. We will make it easier to sublet property. This will increase mobility and give young people and others a greater chance of finding housing. The real estate charge for rented and tenant-owner housing will be reduced. Planning processes will be streamlined. To provide more student housing, we want to stimulate construction of temporary student housing in the short term, while at the same time reviewing the current building regulations and promoting new, innovative solutions to ensure increased construction in the long term. This is how we are investing in Sweden.

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Mr Speaker,

Work is the foundation of our welfare and our social cohesion. Our prosperity rests on the efforts of everyone. Everyone is needed. And for this reason, every job, throughout the country, is needed. Work offers community and security, and bolsters self-esteem and identity. The ultimate aim of Government policy is full employment. The work-first principle means that it must be worthwhile to work, study and take responsibility. The social

security systems must be designed to promote a return to work. We must have an active and effective labour market policy.

The Alliance Government has made it more worthwhile to work by reducing income taxes for low and middle income earners and making changes to remuneration systems, among other measures. We have also reformed Swedish labour market policy to create better and clearer paths into the labour market.

Our job-creation policies have had an impact, with increased employment and reduced exclusion despite a drawn-out financial crisis that has affected unemployment. But important challenges remain. The work-first principle must be further strengthened, and thresholds that hinder labour market participation lowered, for instance through targeted measures for unemployed people on social assistance.

It must be easier for young people to enter the labour market. Young people without complete upper secondary grades and young people from foreign backgrounds need special support to establish themselves in the labour market.

We must smooth the transition from school to working life, increase the demand for, and strengthen the supply of, young people's labour and improve labour market matching. Apprenticeship training will be strengthened, new start jobs reinforced and initiatives to encourage studies promoted. This is how we are investing in Sweden.

The Government is also working to lower thresholds into the labour market in collaboration with trade unions and employers within the framework of an employment pact. Such a pact would make the parties responsible for ensuring that substantially more young people are recruited via vocational introduction agreements, while the state could contribute to supporting recruitment under these agreements.



To create a more inclusive labour market, several initiatives are being implemented to increase employment opportunities for people with disabilities that impair their capacity to work.

Sweden must make better use of everyone's abilities. Everyone should contribute to growth and welfare, to the extent that they are able, by earning their own living. We are now introducing a practical foundation year for newly arrived immigrants with less education. We are creating 6 000 work experience places to broaden the paths into the labour market. Parental benefit will be adjusted to improve opportunities for newly arrived foreign-born women to seek employment. We are investing in increased teaching time for newly arrived pupils in compulsory school. We are requiring newly arrived immigrants to accept job offers. The quality of Swedish for Immigrants education will be raised. The attitudes that prevent immigrants from achieving their full potential – racism, intolerance, discrimination – will be tackled vigorously.

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Mr Speaker,

In the world around us, the weak and the vulnerable are being hit by cutbacks and savings. That is not our way. That is not Sweden's way. Sweden can and will invest in social cohesion and welfare. In health care and social services. In reduced exclusion. In extra support to vulnerable groups. In gender equality. In a functioning justice system. In culture. In the environment and climate. In confidence in the future.

Sweden has one of the lowest income gaps of any country in the world. We will continue to pursue an ambitious redistribution policy. All Swedes must benefit from the growth and welfare created. A policy for full employment and reduced exclusion is

the best way to close the gaps. When more people work and fewer rely on social benefits for their support, the income disparities in society are reduced.

Publicly financed health care, social services and schools also help bring about more equitable living conditions and welfare for individuals. Since 2006, the Government has injected around SEK 25 billion into key welfare areas, and we are including additional reinforcements in the upcoming budget. This is how we are investing in social cohesion.

Health care and social services must be characterised by quality and accessibility. The needs of patients must take priority, their rights must be clear and they must have adequate freedom of choice. We are now tightening supervision of health care and elderly care. People staying in the country without a residence permit will be given extended access to health care.

Social cohesion is also safeguarded by the redistribution of economic resources through taxes and benefits. Since 2006, the Alliance Government has implemented significant reforms to strengthen cohesion in society. For example, we have raised housing allowances, raised student aid, raised the supplementary allowance for additional children and raised the basic income tax allowance for pensioners. We intend to do more. Our focus is on reducing taxation for pensioners, increasing the housing supplement for single pensioners, raising the basic level of parental benefit and increasing the child supplement for students with children. This is how we are taking responsibility for a society that stands together today, and tomorrow.

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In a society that stands together, everyone should feel secure in their everyday lives. Crime and violence cause insecurity and human suffering. Insecure people cannot participate fully in

society. Criminal activity is becoming increasingly serious, well organised and cross-border in nature. This is threatening the freedom of far too many Swedes, not least the financially vulnerable and those from foreign backgrounds. This can never be accepted. Society must react with clear and effective measures against crime and its causes. There must be an accessible and visible police service throughout the country.

Since 2006, the Government has implemented the biggest investment in the judicial system in modern times, with the aim of reducing crime and increasing people's sense of security. We have focused on people's security, with 2 500 more police officers, tougher penalties and an enhanced crime victim perspective. But more needs to be done. The sense of insecurity is still too great, and crime detection rates are too low.

For this reason, the Government will invest an additional SEK 1.5 billion in the judicial system next year. This means that the appropriations to the judicial system will be over SEK 10 billion higher than in 2006. This represents a very substantial increase in the capacity of the judicial system, and we expect significantly improved results.

We also want to go further and toughen the penalties for repeated assault, threats against close relatives and sexual offences. We are also reviewing the need and possibilities to toughen penalties for burglary and organised crime.

Intervention against young people who commit crimes must be clear and early. Substance abuse and other risk factors must be prevented. All parts of the judicial system must be more effective.

A cohesive society is also a gender-equal society. A society where men and women have the same opportunities to develop and grow as individuals. A society where women, sisters,

daughters and mothers have the same power as men, brothers, sons and fathers to shape society and their own lives.

Unfortunately, such a society is still some way off. The world's most gender-equal country is still too gender-unequal. Women are discriminated against, subjected to violence, paid less, do more unpaid work in the home and have fewer career opportunities. This is unacceptable. And this is why efforts to increase gender equality must be pursued relentlessly. Efforts to achieve a more equitable distribution of power and influence, and greater economic equality and to prevent men's violence against women will continue to receive priority.

A rich and varied cultural offering is important to making Sweden a good country to live in. From an early age, children and young people should have the right to experience culture and the arts. The Government's most important cultural policy reform, the Creative Schools initiative, aims to offer all children opportunities to experience culture and develop their own creativity.

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Our climate is changing. The challenges this poses are significant and require us to act in many different areas. Sweden is, and must continue to be, a leader in the fields of energy, climate and environment. Responsible policies focus on sustainable development. The Government will promote forward-looking, sustainable and cost-effective energy, climate and environmental policies that reduce harmful emissions and environmental impacts in Sweden and the rest of the world.

We aim to provide resources to reduce climate emissions and protect valuable natural environments. We will increase resources for energy research. In addition, we will invest in

energy efficiency and extended support to renewable energy sources.

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Mr Speaker,

Our world is changing. In the age of globalisation, economic and political power shifts rapidly. New actors emerge. Sustainable globalisation that opens doors to both economic and political freedom for more people around the world is in everyone's interest.

The basis of Swedish foreign policy remains unchanged. We believe in international cooperation and peaceful collaboration with other countries. This is how we safeguard our country's future security; this is how we take moral responsibility for contributing to a better world. We are committed to ensuring that the rights of the individual are respected in all countries, on all continents. Democratic institutions, a free press, free trade, respect for international law and human rights create the conditions for peaceful international relations. The arenas of Nordic, EU and UN cooperation are all important for our foreign policy collaboration.

Sweden will hold the Presidency of the Nordic Council of Ministers in 2013. We will give priority to efforts to address youth exclusion, but also the challenges associated with competitiveness, demographic change and the environment.

Our security policy will continue to be formulated on the basis of broad, national consensus. Our security policy remains firmly in place. It is clear that Sweden will not remain passive should another EU Member State or another Nordic country be struck by disaster or attack. This also implies an expectation that these countries will take similar action if Sweden were affected.

In times of economic crisis, it is easy to forget the advantages that our membership of the EU entails. Access to the world's largest single market – as consumer or producer. The freedom to study, travel and work in any of 27 EU Member States. Today we take much of this for granted.

At the same time, forceful measures must be taken in Europe to counteract the economic crisis. Structural reforms are necessary to create a more competitive and forward-looking Europe. Public finances must be put back on a sustainable footing and rules introduced to prevent irresponsible risk-taking in the financial sector. The Government will raise all of these issues in the discussions on a future banking union and a deeper economic and fiscal union.

It is in the interest of Sweden and Europe alike that the gap between euro area countries and other EU countries does not widen. The Government's fundamental position is that Sweden should participate in and influence the processes initiated to advance European cooperation. A key criterion is that Sweden's public finances, employment and growth must be safeguarded.

We also want to strengthen the EU Common Foreign and Security Policy. Many of the decisive global challenges we face can only be overcome if we join forces.

Respect for human rights must be upheld in all EU Member States and candidate countries.

Our Europe is an open Europe, also for new members. We support Iceland and Turkey in their membership negotiations.

The EU's Eastern Partnership is important in assisting the reform process in the eastern parts of Europe. Negative developments in certain countries, involving curtailed freedoms

for the political opposition, are cause for alarm. Sweden will continue, together with the EU, to promote democracy and respect for human rights in these countries.

Developments in North Africa and the Middle East have brought the winds of freedom to many millions of people for the very first time. The journey towards functioning democratic societies is still long and arduous, but the people of Egypt, Tunisia and Libya clearly have no intention of turning back. Together with the European Union, Sweden will continue to assist them on their journey and to contribute to this historic transition to democracy.

Developments in Syria, the accelerating civil war and thousands of civilian casualties, are completely unacceptable. The Assad regime must hand over power and pave the way for a peaceful transition. By providing humanitarian assistance, Sweden will play its part in supporting Syria's stricken population.

We will continue our commitment to enabling Israel and a Palestinian state to live side by side in peace and reconciliation.

In Afghanistan, Sweden has a broad and long-term commitment to peace and development, based on a broad agreement in the Riksdag.

Sweden must have an effective and generous development policy. Development assistance must strengthen poor people's ability to improve their living conditions and support their fight for democracy and human rights. Sweden will be playing a prominent role in the work of the UN on the Millennium Development Goals.

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Mr Speaker,

A new world is emerging. A world where increased competition places higher demands on Sweden's ability to adapt. For this reason, we are now taking important steps to build a stronger Sweden capable of meeting the challenges that lie ahead. We are investing in the conditions for growth: infrastructure, research and innovation, enterprise, education and housing.

And, at the same time, we are investing in social cohesion and welfare: in health care and social services, additional support to people in tight financial situations, integration and gender equality, and safety from crime.

We will also continue to take responsibility for Sweden's public finances. We see a Europe that is suffering, and struggling with large deficits and severe debt, unemployment and weak growth. This is not – and should not become – Sweden's reality.

In a troubled world, we believe in a better future. We can make important investments for Sweden and for social cohesion. Responsible economic policies for full employment create opportunities for us. We can take on the challenges of the future – with commitment, energy and clear policies for the jobs of tomorrow. In a changing world, the Alliance Government remains the guarantee for stable progress. Progress that offers hope for a better future for all, in all parts of our country. Together we will make a good Sweden better.





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