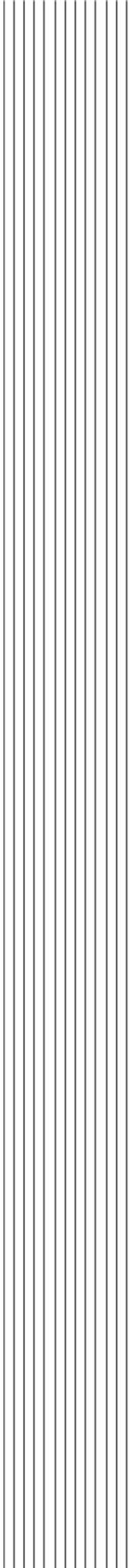


Guidelines for economic and budget policy



1 Guidelines for economic and budget policy

1.1 Building our society – a secure and sustainable Sweden

The task of politics is to find solutions to social problems and lay the foundation for a better future. During this electoral period, reforms have been implemented to increase security, sustainability and equality throughout the country. The Government is now concluding the work of this electoral period with further proactive investments. Equality must increase. The welfare system must be expanded throughout the country. Sweden will be the world's first fossil-free welfare nation. The introduction of newly arrived immigrants needs to proceed at an even faster pace. Concerted national efforts are needed to deter and prevent crime, and strengthen our democracy.

The past years have shown that a better Sweden is possible when we stand together and solve problems collectively. Firm political will can help ensure that our growing prosperity benefits everyone in the country. Sweden's collective strength can increase by prioritising joint investments for our future over major tax cuts. Policies that reduce economic disparities between different groups provide the conditions needed for a free and equal society. This is how our security and confidence in the future can grow.

When the Government took office, the general government deficit amounted to a total of SEK 60 billion. Youth unemployment was very high and learning outcomes in schools were deteriorating. Growing gaps, a housing shortage and a lack of investment in education were hampering growth. For many years, jobs, welfare and the climate had

to take a back seat in favour of unfair and unfunded tax cuts.

Since 2014, this Government has taken Sweden in a different direction. Tax cuts have been replaced by investments in building our society. Reform policies have been characterised by responsibility for central government finances. Major deficits have been turned into a surplus of more than SEK 50 billion. The central government debt-to-GDP ratio in 2018 is expected to be at its lowest level since 1977. Migration policy has been changed. School performance has been turned around. An additional quarter of a million people in Sweden now have a job to go to. Youth unemployment is at its lowest level since 2003. Sweden is leading climate adaptation. Developments are now moving in the right direction. The prospects are good for solving today's social problems and bolstering the welfare system ahead of any future economic downturns. With the Swedish model as a foundation and modernisation as a tool, we can build a secure and sustainable society.

During this electoral period, a number of redistribution reforms have been implemented. These efforts must continue, and Sweden must be a nation of equality. Investments and reforms that strengthen redistribution and give everyone opportunities to take part in the labour market reduce gaps, increase trust among citizens and strengthen the economy. Equality and development are mutually reinforcing.

More people must get into work. The Government's objective that Sweden will have the lowest unemployment rate in the EU by 2020 guides our economic policy. Swedish employers

stand ready to employ 100 000 people if they can find people with the right skills. This is why the Government is expanding the Adult Education Initiative by adding more places in vocational municipal adult education, folk high schools, vocational higher education institutions, and universities and higher education institutions. The Government is also creating opportunities for more extra jobs and is introducing an education and training obligation for newly arrived immigrants. All women and men must have the opportunity to enjoy the freedom and self-determination afforded by an earned income of their own. Knowledge, not low wages, is the way forward. Fair competition and fair working conditions in the labour market, including good working conditions and job security, are a prerequisite for the Swedish model. The Government supports the social partners' ambition to jointly develop the labour market through entry agreements. Investments in roads and railways, housing construction and broadband will enable companies to grow and people to live and work throughout the country.

Welfare services must be available where people live, and must be reliable regardless of location in Sweden. More and more children are being born in Sweden and, thanks to better public health, we are living longer. For this reason, health care, schools, child care and elderly care need to be expanded throughout the country, working conditions improved and new smart solutions created to meet future staffing needs. At least 200 000 more people will therefore need to be employed in the welfare sector in the coming decade. This expansion has begun. There are already more than 100 000 more people working in the welfare sector than when this Government took office. The positive trend of improved learning outcomes for Swedish pupils must be reinforced. Elderly people who have contributed to building our country should not pay higher taxes than wage earners. The strength of Sweden's economy must benefit everyone. Publicly financed welfare has a strong redistributive power. Sweden must continue to be a leading welfare nation. Economic inequality must be combated through active redistributive policy.

The Government has made the largest investments in the environment and climate in Sweden's history. Emissions from industry, housing and the transport sector are falling. The

pace of investment in solar cells, wind, bioenergy and new technologies has increased to enable Sweden to achieve the goal of 100 per cent renewable electricity production by 2040. It is possible to combine reduced greenhouse gas emissions with economic development. Sustainability in trade must increase, and consumption-based emissions must fall. Sweden's valuable natural environment must be managed and protected for both outdoor activities and biodiversity. This is the right path to take. The Riksdag has adopted a climate act that forms the basis of the Government's climate policy efforts. Sweden is now leading climate adaptation. The environmental problems of today cannot be handed down to future generations to deal with.

Security is a cornerstone of the Swedish model, and a sustainable society is the path forward. Concerted efforts are also necessary to deter crime and uphold security and democracy. Total defence must be reinforced. Security must increase in residential areas, hospitals and schools, and at bus stations. The Swedish Police Authority and Swedish Customs will receive increased resources. Emergency services staff must be protected. Sweden's preparedness against terrorist attacks must be further strengthened. Drugs and weapons must be stopped at the border. The capacity to tackle organised crime must increase and penalties be made tougher. Police capability to investigate sexual offences must increase. Preventive efforts to combat sexual harassment, violence and abusive treatment must be strengthened through education and information initiatives in the judicial system, schools and social services, and through enhanced support to regional safety representatives. Society must become much better at preventing violence against women and honour-related violence.

In a new era when fake news, threats, hate, racism and intolerance are poisoning the democratic dialogue, we must jointly safeguard the infrastructure of government agencies, courts, journalists, teachers and librarians that safeguard our legal rights, factual knowledge and freedom of speech. Sweden must be a nation of social cohesion, where freedom of expression is strong.

The Government has introduced new indicators of wellbeing that complement GDP

and provide a broader measure of societal development.

Forecasts in this Spring Fiscal Policy Bill extend far into the next electoral period. They are based on policies the Government has pursued to date and choices ahead – that investments in building our society take precedence over major tax cuts. For any other government choosing a different policy approach, the outcome will be different. A secure and sustainable Sweden is the path this Government is choosing. Sweden is now well equipped. It is possible to solve social problems, if we do it together.

This Budget Bill is based on an agreement between the government parties and the Left Party.

Proposals in the Government Bill ‘Spring Amending Budget’ for 2018.

Table 1 presents the most important measures that the Government is proposing in the Spring Amending Budget for 2018 (Govt Bill 2017/18:99).

Proposals in the Government Bill ‘Spring Amending Budget’ for 2018

SEK million

	2018
More people in work	
More housing	110
Summer jobs for young people	100
Swedish language training (e.g. Swedish for Immigrants)	60
Other initiatives to get more people in work	81
Sweden will be a fossil-free welfare nation	
Methane reduction subsidies	270
Solar cell subsidies	170
Electric vehicle premium	45
Other environmental and climate investments	14
Strengthened welfare system	
Better access in health and medical care	600
Increased security for elderly people	350
Measures for better introduction of newly arrived immigrants	200
Measures to combat sexual harassment, violence and abusive treatment	125
Increased support to women’s shelters and refuges for girls	50
More books in preschool	50
Other welfare investments	120
Increased security and safety	
Swedish Police Authority	200
Swedish Customs and the Swedish Tax Agency	79
Total	2 624

Source: Own calculations