

17 September 2013

Statement of Government Policy



REGERINGEN

Swedish Government

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

The end of the summer and beginning of the autumn have regrettably seen an escalation in the level of conflict in the world. A war-torn Syria and violence in Egypt are powerful reminders of human vulnerability to evil and harmful forces. Here in Sweden, a country that has enjoyed peace for so long, it is difficult to take in the brutality brought by war. We hear what is said and we see the images, but for many of us, it is virtually impossible to fully comprehend the suffering. For other Swedes, it is a fundamental part of their lives; it was the reason they made their way to this country as refugees and became one of us. Sweden and solidarity must go hand in hand, now as always.

When we look at the world around us, we are reminded of Sweden's advantages. The opportunities offered by growing up in a country that enjoys peace, a well-developed democracy and a good level of welfare. Where all people, regardless of origin, religion, disability, gender, sexual orientation or transgender identity are seen as human beings with equal rights and inviolable dignity.

There is also reason to reflect on how we are perceived by others. Although we are a small country, many look our way. When US President Barack Obama visited us recently, we discussed Sweden's economy and how we have withstood the crisis. How more openness and trade are good for growth throughout the world and often strengthen resilience to crises.

Our ability to combine a competitive growing economy, successful businesses and high welfare ambitions with reduced climate impact is attracting interest.

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In the 2010 election, the Alliance – the Moderate Party, the Liberal Party, the Centre Party and the Swedish Christian Democrats –

won the trust of the Swedish people to continue to bear the responsibility of government. Our promises and ambitions remain unchanged. We will continue to make the whole of Sweden a better country for everyone. We will continue to put jobs first. We want to restore the value of work and combat exclusion. The objective is full employment.

Our country has been built up with a broad set of values such as freedom, security, solidarity, gender equality, openness, community and diligence.

The Government upholds these values and their components. Moreover, we are adding new pieces to the picture. We want to make a good country even better.

The Government is taking responsibility for Sweden's economy. By safeguarding the public finances. By pursuing active policies to mitigate the impact of crises and trouble spots on jobs, on core welfare services and on household finances. By exercising responsibility and moderation in good times so as to prevent overheating and inflation. Always with a humble regard for the limits of politics in a globalised world.

The Government is restoring the work-first principle and the primacy of knowledge in school, we are improving conditions for business and entrepreneurship, and we are developing and safeguarding the health and social care our welfare system provides. The Government is ensuring that Sweden is a country that stands united, even though we are not without our challenges; the events in parts of our metropolitan regions in late spring strengthen our conviction that more cohesion is needed.

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,

The global financial and debt crisis and its consequences have weighed on the world economy for five years. For just as long, this has slowed down the Swedish economy and labour market.

The international economic outlook remains uncertain. It is proving difficult for a recovery to take root.

Sweden's economy enjoys great confidence. This is thanks to our maintaining good order in our public finances. Our public sector debt is low, just over half the average EU level. Sweden's public finances are among the strongest in Europe.

Our strong position must be used to support recovery. At the same time, continued efforts must be made to counter the impact of the crisis. This should be done by means of a well-considered and well-aimed fiscal policy. And with an emphasis on measures that improve the long-term prospects for jobs and growth.

The purpose of the fiscal policy framework is to help maintain confidence in sound public finances. Expenditure ceilings and surplus targets must be safeguarded.

When unemployment is high and resource use low, fiscal policy should provide support to jobs and recovery. An excessively rapid return to surplus could jeopardise recovery, with poorer developments in the labour market as a result.

To secure stable development and lower unemployment, it is reasonable to return to net lending of 1 per cent of GDP only when resource use has approached a balanced level. According to our forecasts, this is not expected until 2017.

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Mr Speaker,

In a protracted recession with weak demand, we are moving forward with expansionary policies. Our measures bolster the economy and jobs while making our economy more competitive and more sustainable. We will not sit twiddling our thumbs, waiting for the jobs to come, or build our policies on short-term, ill-considered measures that risk worsening the prospects for strong and sustainable growth.

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During the crisis years, the Government has made investments that few other countries in Europe have been in a position to make. We have invested in research and innovation. We have invested in infrastructure. We have injected additional resources in welfare and improved welfare services. We have strengthened the justice system. We have acted to strengthen the safety net for individuals and families in a weak financial position.

At the same time, expenditure on short periods of sick leave has increased. As a result, the scope for expenditure reforms under the expenditure ceiling is very limited in 2014. Most of the initiatives to support the economy and jobs should therefore lie on the income side.

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The Government intends to propose an increase in the earned income tax credit. It lets people keep more of their pay and strengthens household finances, as well as boosting the consumption of goods and services. By doing so, it supports recovery while permanently strengthening incentives to work.

When individuals and families are able to keep more of their pay, they also enjoy greater freedom.

To strengthen incentives for education and encourage increased working hours and a willingness to take on more responsibility, a rise in the threshold for state income tax will be proposed. This will mean lower state income tax for more than one million people.

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Far too many young people find it difficult to enter the labour market. Young people need new and broader paths into working life.

Here, society as a whole has a responsibility. Therefore, in autumn 2011, the Government initiated tripartite talks with the social partners.

Decisive steps towards new and broader paths to jobs have been taken within the framework of these tripartite talks. The industry-specific vocational introduction agreements signed by the social partners involve a significant component of workplace-based learning. This will give more young people an opportunity to become established in the labour market. More agreements are expected.

To support this trend, the Government will propose economic support to employers. A major initiative targeting upper secondary apprenticeship programmes will also be introduced. Furthermore, the Government will strengthen the upper secondary vocational programmes.

The Government's measures are expected to shorten the path from education to work. This will increase the prospects for young people to find work.

Important steps have been taken by the social partners in the tripartite talks. The Government therefore intends to comply with the request to eliminate the differentiated fees paid by the unemployment insurance funds. In this way, the contributions paid by more than two million unemployment insurance fund members will be reduced, and more people will be able to join.

As a result of the tripartite talks, the Government also intends to propose government support for short-time work in the event of serious crises as well as measures that strengthen the labour market's ability to adapt. It must be easier for people in mid-life to top up their knowledge and skills.

The Government previously halved the social security contributions for young people under the age of 26 in order to lower thresholds into the labour market. This relief will be changed to more clearly target those under the age of 23. This is because many young people about to enter the labour market after finishing upper secondary school have a harder time finding a job.

Young people's prospects of entering the labour market vary greatly. It is therefore important that the employment service staff conduct individual needs assessments. Those considered most at risk of long-term unemployment can receive individual help from day one. The Government will invest in more employment officers for young people. This will provide better conditions to prevent young people from becoming stuck in prolonged unemployment.

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Many foreign-born people find it difficult to become established in the labour market. This particularly applies to those who have come to Sweden from countries outside Europe.

The introduction process must be further developed. The Government therefore proposes changes to enable newly arrived

immigrants to settle in a municipality more quickly and there receive the proper support to learn Swedish and become established in the labour market.

Compensation to municipalities will be changed to support municipalities that take responsibility by accepting newly arrived immigrants.

Newly arrived pupils' knowledge of Swedish must be improved. Initiatives mainly targeting shortage occupations should continue so as to facilitate the entry of foreign-born university graduates into the labour market at the right level.

New start zones are another tool for improving integration by reducing exclusion in those areas where the highest proportion of people lack employment, have limited education and are receiving long-term income support. International experience shows that new start zones, in combination with other measures, can produce positive effects. These effects lie primarily in economic activities pertaining to business start-ups.

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Mr Speaker,

Education is vital both for the individual and for society as a whole. Equitable and knowledge-based schooling paves the way for a competitive economy and a cohesive society. School must provide everyone with the knowledge and education necessary to enter the labour market, take part in further studies and participate in social life.

In many respects, the Swedish education system works well. But more needs to be done to increase knowledge and equity. The reading and writing skills of pupils must be improved. A school environment that is secure and conducive to learning is important.

We are allocating funds for optional summer school, primarily for pupils in years 6 to 9 who risk not meeting the knowledge requirements.

Sweden has good teachers. Being a good teacher and becoming a better teacher must pay off. The career development reform for teachers will be enhanced and the Boost for Teachers extended. The Government also wants to make it possible for teachers to devote more of their time to teaching.

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Maintaining and strengthening Sweden's competitiveness requires a dynamic business sector throughout the country. Obstacles to starting, running and developing a business must therefore be as few and as minor as possible.

Tax relief will be introduced for businesses in research and development. Self-employed social security contributions will be further reduced to continue improvements for small businesses.

More will be done to reduce administrative obstacles and burdens. It must be easy for companies to do the right thing.

It is important to support the potential for development throughout our country. The Government will present the scope and direction of Sweden's cohesion policy and rural development programme for the next seven years. Continued priority will be given to measures for the environment, jobs, entrepreneurship and sustainable growth.

An efficient housing market and well-functioning infrastructure are necessary to achieve good economic growth. This is a particular challenge in our major cities.

Work will continue on simplifying new housing production and planning processes. Regulations and requirements that hinder construction will be changed or removed.

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An effective justice system is an important prerequisite for people to feel secure. The Government has therefore substantially increased the capacity of the justice system through a significant injection of additional resources. Despite this, not all parts of the system are sufficiently effective. More crimes must be prevented and more crimes cleared up. This particularly applies to theft, fraud and other crimes that affect people in their everyday lives.

The Government sees a need for additional measures that make clear that society takes a serious view of violent crime.

The Government is continuously working to strengthen the efforts against domestic violence. As part of these efforts, the Government proposes permanently enhancing the resources provided to the country's women's shelters.

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A rich and varied range of cultural offerings is important. Preparations are under way for the renovation and remodelling of the Royal Opera in Stockholm. This will make the building more open and accessible to audiences and the public, and allow artistic development.

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Sweden will continue to pursue ambitious environmental, energy and climate action. Later in September, the UN Intergovernmental Panel on Climate Change will present the first part of its fifth research report in Stockholm. This will be an important reminder of

the seriousness of the climate threat and the need to reduce global emissions of climate gases. A crucial factor in achieving this is for the major emitting countries to reduce their emissions. Sweden will continue to work to move the climate negotiations forward. The EU must act forcefully and constructively to bring about a global climate agreement.

The Government intends to propose a number of new initiatives to protect our climate and our environment. To help achieve the environmental quality objective 'A non-toxic environment', the Government is allocating additional resources to the 'Toxin-free everyday environment' initiative.

The Government also intends to report back to the Riksdag on the future direction of Sweden's chemicals policy.

To stimulate the use of biofuels, the Government intends to introduce a quota obligation system for biofuels. The reduction in the taxable benefit value of certain green cars will be extended for three years as of 2014.

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In a welfare society, everyone is to be offered good access to health and medical care and to high-quality social services.

The Government's large-scale initiatives in patient safety, psychiatry and accessibility will continue. We will continue to invest in increased quality, effectiveness and efficiency in medical care, including a multi-year initiative for people suffering from chronic illnesses.

Sweden combines a competitive economy with a society that stands together. To safeguard this cohesion and to ensure that more people benefit from increased prosperity, the Government is proposing initiatives aimed at families and pensioners.

To reach families with children living on very tight budgets, the Government will raise the special allowance in the housing allowance. To help break exclusion, a recreational activity allowance will be introduced to give children in financially vulnerable households better access to regular recreational activities.

Government policy aims to make people feel that Sweden is a good and safe country to grow old in. Thanks to a responsible economic policy with a clear work-first principle, the Government can continue to reduce taxes for the country's pensioners, with particular emphasis on those living on tight budgets. Moreover, the additional resources available to pensioners will help energise the economy.

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Mr Speaker,

Sweden must be an active part of a strong, united and open Europe. A Europe that emerges from the economic crisis in a stronger position and that can better assert its interests in the international arena. This requires continued reforms to achieve healthier public finances, enhanced competitiveness and stricter banking supervision. The Government will continue to raise this in the discussions on the future banking union and deeper economic and fiscal integration.

The European Union is founded on democracy and respect for human rights. Next year we will be entering the twentieth year of Swedish EU membership. This is a good occasion to remind ourselves of the advantages that our EU membership entails. Access to the world's largest single market – as consumer or producer. The freedom to study, travel and work in any of the 28 EU Member States. But also a unique opportunity for Sweden to meet the

significant challenges ahead collectively with other European countries.

Our strongest ties are with our neighbours. The Nordic community has deep roots. In 2013 Sweden is holding the Presidency of the Nordic Council of Ministers. We are prioritising efforts to address youth exclusion, Nordic competitiveness, demographic change and the environment.

Sweden's foreign policy is based on broad consensus in the Swedish Riksdag on the values underlying the United Nations Declaration and the European Convention on Human Rights.

Our security policy is shaped in broad consensus. Our security policy principles remain steadfast. It is clear that Sweden will not remain passive should another EU Member State or another Nordic country be struck by disaster or come under attack. Inherent in this is an expectation that these countries will take similar action if this should happen to Sweden.

The situation in the Middle East continues to deteriorate. A brutal civil war is raging in Syria. We condemn in the strongest terms any use of chemical weapons. Those responsible must be held accountable.

The Government believes that serious international peace and security issues, such as the crisis in Syria, must be dealt with by the UN. A long-term solution to the crisis can only be achieved through political means.

Sweden will continue to contribute support to those affected through ambitious humanitarian aid but also when people flee to Sweden.

Swedish development assistance must be generous and effective. Sweden's development assistance for 2014 has been set at one per cent of GNI.

We will continue our engagement to enable Israel and a Palestinian state to live side by side in peace. We support the resumption of peace talks and urge both parties to refrain from provocations that could jeopardise the peace process.

The Government intends to return to the Riksdag during the autumn with proposals on the ongoing transition from combat to support operations in Afghanistan. Sweden's support to peace and development in Afghanistan is extensive and long-term. Afghanistan is currently the largest recipient of Swedish development assistance.

The challenges in our eastern neighbourhood remain. The restrictions hampering the opposition's activities in many of these countries are worrying, as is the external pressure on some of them because of their desire for closer relations with the EU. But the difficulties do not alter the fact that it is very much in Sweden's interest to develop and strengthen the European Union's policy for Eastern Partnership countries.

Sweden must be a strong voice for an open EU that is prepared to allow new countries to join. We welcome Croatia as the 28th Member State of the EU and support Turkey in its membership negotiations. We are also very pleased about the decision to open negotiations with Serbia and Montenegro.

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Mr Speaker,

Good societies are not built on laws alone but also on trust and confidence based on realistic expectations. Like our Nordic

neighbours, Sweden enjoys a high degree of trust and confidence compared with most other countries.

In civil society communities, bonds of trust are woven between individuals and groups. And our common welfare and democratic institutions also contribute to cohesion and trust.

We have traditions to be proud of, to value and to protect. That politicians, for example, largely deliver on their election promises. This means that people can expect that the policies voted for and endorsed will actually be implemented. Voters have to know what their choices are and get what they have chosen.

Here in the Riksdag, we have a tradition of negotiation, honest play and cooperation. We strive to ensure that the democratic process functions smoothly and that the will of the Swedish people as expressed by their vote is reflected when the Government is formed and policy is shaped. We seek broad agreement. And keep to the agreements we reach.

Parliamentary work and budget management are based on laws passed in broad consensus but also on traditions and practice. This is important. Trust and respect often mean just as much as enacted laws.

Confidence and trust also contribute to high voter turnout. And can lead voters to make choices for reasons other than dissatisfaction.

Confidence and trust are therefore among the most important pillars of Swedish democracy. And for this reason, it is our duty as politicians to be responsible and not to promise more than we can deliver. And to keep our promises.

In 2006 the Alliance Government was entrusted with implementing the policies that the four parties had jointly presented to the

electorate before the election. Ahead of the 2010 election, we could show that we had delivered what we had promised. In the 2010 election, our parties once again won a mandate to implement a broad reform agenda.

The Budget Bill to be tabled in the Riksdag tomorrow will enable further promises and ambitions to be ticked off the list.

And when next year's election comes around, citizens will be able to evaluate the Government's work and see whether we have delivered on our promises.

This is how we look after the trust and confidence that are among Sweden's greatest assets.

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Mr Speaker,

In two elections, the Alliance has sought and gained the electorate's trust to make the whole of Sweden a better place to live, for everyone. A great deal has been accomplished in the years we have shouldered the responsibility of government. But not everything in Sweden is good. There will be a lot left to do in the years ahead.

Fiscal policy will need to continue to ensure a stable recovery. The protracted recession risks exacerbating the challenges of getting more people into work, not least foreign-born and young people. And global competition for investments and jobs is growing. Although the number of people in employment is higher today than when the financial crisis hit and 200 000 more than in 2006, efforts to achieve full employment need to continue.

Jobs create prosperity, which in turn makes welfare possible. But the demographic challenges of an ageing population place demands on our welfare model, which is based on the number of people in

work not being too low in relation to the number of people not working.

And a longer life means more stages of life. It may become more common to keep working beyond the age when people were previously expected to be fully retired. But perhaps in a different occupation or with different responsibilities or for a different number of hours. However, a longer working life is not equally possible in all occupations.

And the pace of working life today is often very high. We should therefore be more open to changing jobs in mid-life. We need to make such changes easier. Here, society as a whole has a huge challenge to manage.

The world's most gender-equal country is still too gender-unequal. Women still earn less than men. Women still flee to women's refuges for protection and boys are still finishing school with less knowledge than girls. We have more to do to achieve equal opportunities for equal pay, equal freedom from violence and equal levels of knowledge for every pupil.

The global climate challenge will require continued action. We need to improve the environment for innovation and entrepreneurship. And education reforms need to be nurtured and developed.

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To meet these future challenges, responsible and future-oriented policies are required. We need to equip and prepare ourselves. The best way for us to do this is to continue modernising our Swedish model step by step, a model that builds on work, knowledge, entrepreneurship, welfare and cohesion.

This will enable us to view the future with confidence and hope.
This will enable us to make the whole of Sweden an even better
country for everyone.



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