



European Council: Sweden

Ferdinand Baune

E-mail: ferdi@ethmun.org

1 Introduction and Executive Summary

Having lost the majority in parliament, the re-elected Swedish government now not only faces pressure from far-right populists, but must also break bread with the opposition.

In talks with other European leaders, the Swedish prime minister should

- reaffirm Sweden's commitment to the EU,
- look favourably into PESCO advancements, and
- scrutinize over motions for a more federal Europe.

This document provides a quick glance at Swedish policy in Europe and should serve as a starting point for research. Please especially take a look at the references, as they include a number of very comprehensive articles, data collections and reports.

2 Societal and Economic History

Historically, the Swedish economy has not been as stable and affluent, as one might expect. After decades of economic mediocrity, in the early 1990's, Sweden experienced a severe financial crisis, resulting in rising unemployment, soaring government spending and with it the national debt and finally the nationalisation of two banks. The return to stability and success was driven by inventive and strict reform plans, transforming the Swedish economy and paving the way for robust growth in the face of global economic uncertainty. [5]

In 1994, the Swedish public voted to join the expanding European Union in a national referendum. After approval by the parliament, the Swedes joined the EU in 1995. Joining the EU, its single market and customs union has been very profitable for Sweden. Trade with other EU members has increased since, as did the number of citizens from EU member states living in Sweden. [3]

While eurosceptic parties across the continent saw rises in their votes during the last European and national elections, a poll from September 2018 found that 77% of Swedes now think the EU membership is a "good" thing, compared with 7% who say it's bad and 16% of undecided. The main reason for this strong boost in EU support is the possibility of a unregulated Brexit with its potentially negative effects. [4]

Sweden's economy is run by the Nordic Model, featuring a number of socialist and social democratic traits, such as a comprehensive welfare-state and high government spending, paired with the principles of free market capitalism. The model aims to combine economic efficiency and growth with a peaceful labour market, a fair distribution of income and social cohesion, by many economists regarded as a "bumblebee" that shouldn't actually be able to fly. The principal features of the Nordic Model are:

- A comprehensive welfare state funded by high taxation,
- high public and private investments in human capital, such as child care, education, and research and development; and
- strong employer rights, high minimum wages and unemployment benefits, and active labour market policies.

As far as these aspects can be measured, there are no statistical outliers among the Scandinavian EU members (Sweden, Finland, Denmark), whereas Norway and Iceland only differ in their dependence on oil and fishing respectively. [6]

3 Political Position

After more than four months of gridlock among Swedish political parties, Stefan Löfven was confirmed for a second term as prime minister in January. Elections in September 2018 had resulted in a hung parliament, so that Löfven and his centre-left alliance were forced to collaborate with the Centre and Liberal parties to stay in power as a minority administration. The hung parliament was produced by the newly third-biggest party, the far-right, anti-immigration Sweden Democrats, with whom all other parties have refused to cooperate at national level. [7]

Stefan Löfven is the leader of the Swedish Social Democratic Party (SAP). He started his career as a welder, became union representative and later vice-chairman and chairman of different metal worker's trade unions, before joining the executive board of the SAP.

In his statement of government the prime minister reaffirmed Sweden's commitment towards the EU. He further advocated for a planned Brexit in an orderly way. The right of asylum—an embattled issue with the far-right Sweden Democrats in parliament—remains unquestionable, however, Löfven wants to extend the Act Temporarily Restricting the Possibility to Obtain Residence Permits (read [here](#)), an attempt to calm immigration-related fears. [8]

4 Foreign Policy [9]

Historically, Sweden has adopted a neutral foreign and security policy. Swedish neutrality was in effect until Sweden signed the Treaty of Lisbon in 2009, thereby joining other EU members in the PESCO military cooperation. Sweden also became a NATO affiliate, allowing NATO operations to take place in Sweden.

In its 2018 outlook, the Swedish Government advocated for an "active neighbourhood policy" among EU members. Part of such a strategy are the implementation and advancement of the permanent structured command (PESCO), but also a clear and principled dialogue with Russia, as well as comprehensive crisis management in the Middle East and Africa. To ensure the EU's internal security against terrorism, IT and other cross-border crime, preventive action based on close and effective cooperation is required.

Further, the EU promote strong and united action for human rights, democracy and the rule of law both in Europe and the world. It should also act as a united voice for rules-based and predictable multilateral trade.

Sweden has a strong interest in a well-functioning Economic and Monetary Union and therefore takes a positive view of the Commission's proposal to establish further stability measures. At the same time, the Government takes a sceptical view of proposals that move

in a strongly federal direction. Cohesion between all EU Member States should be safeguarded.

Sweden also supports efforts against cross-border tax avoidance and evasion, as well as efforts for administrative cooperation in the area of value added tax.

5 Domestic Policy

Just as other Nordic countries, Sweden has a comparably high percentage of non-believers. The Swedes are also considered quite liberal, having adopted same-sex marriage already in 2009. Gender equality is another cornerstone of the Swedish society, resulting in the highest representation of women in parliament and the first female Archbishop of the Church of Sweden in 2014.

6 Recent Developments

After four months of gridlock, the Swedish Parliament reconfirmed Stefan Löfven as Prime Minister of a centre-left now minority administration (see Section 3).

7 References

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