

A stylized world map composed of a grid of grey dots. Several dots are highlighted in red, representing specific countries or regions. The title 'Sweden after the Election' is overlaid on the map in a large, blue, sans-serif font.

# Sweden after the Election

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- An anti-immigration party in Parliament. A weakened Social Democracy, in search of its lost identity. Is Sweden now just another Country?
- The national elections on 19 September kept Prime Minister Fredrik Reinfeldt and his centre-right four-party Alliance for Sweden in power, with 49.4 per cent of the votes.
- Social Democratic Party leader Mona Sahlin was unable to lead her red-red-green block – which received 43.6 per cent – to election victory. Indeed, the Social Democrats recorded their worst result since the First World War, with only 30.7 per cent of the votes.
- The anti-immigration Sweden Democrats cleared the 4 per cent-hurdle to obtain representation in Parliament by a large margin, receiving 5.7 per cent of votes. In the new Parliament, the Sweden Democrats hold the balance of power, since the centre-right alliance fell short of an absolute majority.

The election results fit into a European pattern, but there are also elements specific to Sweden.

## A Social Democratic Paradox

Unemployment in Sweden has not been as high as it is today since the early 1990s, reaching 9 per cent in 2009 and likely to remain above 8 per cent for the foreseeable future. Historically, voters have trusted the Social Democrats to promote high levels of employment. This changed in the run-up to the 2006 elections, when Party leader Göran Persson famously stated that unemployment was not a major issue and, indeed, that soon the main problem would be labour shortages. The voters, apparently, saw things differently, turning to the rebranded Moderate Party, which put jobs high on its agenda.

After the shift of power in 2006, the economy continued to grow rapidly. Göran Persson was both wrong and right. There was a shortage of skilled labour, which began to manifest itself in 2007, but at the same time, many remained outside the labour market, for example in areas inhabited by many immigrants.

In government, the Moderates, the Centre Party, the Liberals and the Christian Democrats strongly emphasised increasing the labour supply. By lowering income taxes and cutting social and unemployment benefits, they increased the economic incentives to get a job.

After the 2006 election defeat, the Social Democrats launched a process of renewal. Employment policy was an area of particular concern. The traditional emphasis on lifelong learning was combined with a more positive attitude towards small and medium-sized enterprises. Green investment programmes and increased research funding were also part of the new Social Democratic employment policy.

When the financial crisis hit in 2008, the centre-right was slow to respond. GDP fell by more than 5 per cent and unemployment rose to above 9 per cent. By cutting down on education programmes and focusing on economic incentives, the government had significantly reduced the means at its disposal for fighting rising unemployment. This was heavily criticised by the Social Democrats, who presented a package of proposals for a more active policy against unemployment, focusing particularly on young people. In this area, it is fair to say that the Social Democrats had a more detailed policy than the government, to a large extent the result of the renewal process led by MPs Sven-Erik Österberg and Luciano Astudillo.

However, the voters were not convinced. As in 2006, public confidence was clearly higher in the Moderate Party's ability to create jobs than in that of the Social Democrats. The Moderates have skillfully attracted voters who are concerned about high levels of social benefits, deliberately stressing such old-fashioned values as the importance of working for a living.

Labeling themselves »Sweden's only workers' party« was also part of the strategy, and to some extent it has been successful. The Social Democrats have lost votes among blue-collar workers and the Moderates have gained. It was not a major shift, but it was decisive, and somewhat unexpected at a time of high unemployment and after significant government cuts in unemployment benefits.

This paradox, losing voters' confidence on the jobs issue at a time of high unemployment, must worry the Social Democratic leadership even more now than it did in 2006.

## Losing Their Identity in a Love Affair

Another reason for the bad election result seems to have been the Social Democrats' entry into more organised cooperation with the Green Party and the Left Party (former Communists). In the post-election debate that has just started, many Social Democrats are complaining that their party lost its identity in this process. The three parties had cooperated before, particularly on the budget, but the Green Party and the Left Party have never held government posts. This time, Mona Sahlin led an opposition with the clear goal of forming a three-party coalition government. She explained that this was necessary because the centre-right had formed its Alliance for Sweden, and the opposition needed to counter it. The red-red-green alliance was presented almost like a love affair, with many photo opportunities and much talk of close friendship. But Sahlin was criticised, both internally and externally, particularly for first choosing to cooperate only with the Greens, and then being forced by opposition within the party to include the Left Party.

The three-party alliance was tricky for the Social Democrats from the start. Its traditional supporters and members were used to the Party forming a government by itself. While their membership of the alliance boosted the legitimacy of the Green Party and the Left Party as potential parties of government, the Social Democrats lost profile.

The Green Party seems to have benefitted most from the collaboration, increasing their national share of the votes by 2 per cent (to 7.2 per cent), and even more in urban areas, for example, in parts of Stockholm. Although the success of Green parties seems to be a European trend, some Social Democrats think their party lost voters to the Greens because of the formalised cooperation. At the same time, red-green proposals on higher petrol taxes may well have turned working-class voters away from the Social Democrats. Others point to the inclusion of the former Communist Party in the alliance, suggesting that this may have driven middle-class voters away. Although no scientific studies are yet available on the impact of the red-red-green alliance, it will certainly be one of the most important themes in the Social Democratic post-election debate. Already, there are voices calling for dissolution. However, it is not clear what the alternative

would be, especially since the centre-right parties are keen on attracting the Green Party over to their side.

## Success of the Moderates

The election result is not only a defeat for the Social Democrats, but also a victory for the Moderates. Prime Minister Fredrik Reinfeldt has kept his four-party government together through a deep economic crisis, in sharp contrast to the centre-right governments in 1976–82 and 1991–94. Reinfeldt took over the leadership of the Moderate Party after a crushing election defeat in 2002, when the party received only 15 per cent of the votes. This time, the Moderates secured 30 per cent.

Forming the Alliance for Sweden was a winning strategy. Voters in 2006 and again in 2010 seem to have been convinced by this umbrella for closer cooperation between the Moderate Party (Moderaterna), the Liberal Party (Folkpartiet), the Christian Democrats (Kristdemokraterna) and the Centre Party (Centerpartiet). Earlier, there were more open conflicts and competition between these parties.

Apparently, the big tax cuts implemented by the government (10 billion euros per year) have also attracted voters. In contrast to 2002, the Moderates did not make tax cuts a major issue in the election campaigns of 2006 and 2010. Most Swedes sympathise with the traditional Social Democratic values of high-quality welfare and jobs for all. Instead, the strategy designed in particular by Moderate Party secretary Per Schlingmann has been to co-opt Social Democratic slogans, such as investing in health care. Although further significant tax cuts are planned for the period leading up to the next election in 2014, the party profile presented by the media this time round is not that the Moderates are a party which puts tax cuts before social welfare. The counter-attacks by the red-green block have not been very successful, partly because they themselves have accepted most of the tax cuts implemented during the last election period. The Social Democrats also presented tax cuts for the elderly as a major issue in their campaign, making it more difficult to convince voters that the big issue for the elections was a choice between tax cuts or social welfare. In 2006, the Moderates prevailed by sounding like Social Democrats. Apparently, it does not work the other way around.

Finally, Prime Minister Fredrik Reinfeldt has enjoyed much higher public confidence than his rival Mona Sahlin. Finance Minister Anders Borg and Foreign Minister Carl Bildt also have high ratings among voters.

However, not everything in the garden is rosy for the Prime Minister. The parliamentary situation is unclear, with the Sweden Democrats holding the balance of power, as already mentioned. The smaller parties in government did not do very well. They all cleared the 4 per cent threshold, but their shares of the votes were reduced. In the long run, they are clearly at risk of losing parliamentary representation. Fredrik Reinfeldt is also starting to resemble Göran Persson who, after

many successes, came to be perceived towards the end of his time as Prime Minister as more arrogant and increasingly out of touch with the voters.

## Success of the Sweden Democrats

The anti-immigration Sweden Democrats have finally achieved their goal of entering Parliament. Apparently, the established parties' strategy of not talking about immigration and integration in the election campaign did not pay off. According to an early study (»Sveriges Televisions vallokalsundersökning«), the Sweden Democrats attracted voters from all parties, especially the Moderates and the Social Democrats.

During the past four years, Sweden's population has increased by 300,000, quite a lot for a small country with a little over 9 million inhabitants. Many of the new Swedes are refugees from other parts of the world. The population is projected to increase by another 300,000 by 2014. Without immigration, however, Sweden would be in trouble because of its ageing population. Immigrants make up much of the low-paid work force in health care, transport and industrial production. However, many are outside the labour market, and school results in poor areas with many immigrants are declining.

The Social Democrats' strategy for countering the anti-immigration party has mainly been to advocate a general policy for jobs and better welfare. Proposals have also been made to do more to introduce new immigrants into the labour market when they arrive in Sweden. However, in a shift from earlier policies, the Social Democrats have decided not to develop a specific integration policy. Earlier proposals by Mona Sahlin for large-scale investment programmes in poor areas have been watered down in budget discussions. The Green Party, however, is not keen either on this kind of investment or on increasing state support for the introduction of immigrants. On the other hand, in the run-up to the election the Green Party and the Left Party convinced the Social Democrats to advocate a more generous policy on granting residence permits in Sweden.

Early post-election comments by leading Social Democrats seem to indicate that the party is not going to change its approach and will continue to advocate general measures for jobs and better welfare as the main strategy against the Sweden Democrats.

The centre-right, for their part, have also lost votes to the anti-immigration party. Prime Minister Fredrik Reinfeldt has said that the Moderates will not cooperate with the Sweden Democrats. However, when Carl Bildt was Prime Minister in 1991–94, the Moderates cooperated with another anti-immigration party, New Democracy. It remains to be seen what the long-term strategy of the centre-right parties will be towards the Sweden Democrats. So far, the government has maintained a less restrictive migration policy than in many other parts of Europe. Although not as generous as that of the red-green parties, the government's attitude towards refugees differs

significantly from the hard-line approach taken in Denmark, for example. However, the Liberal Party has been accused for playing on fears of Islam by advocating bans on the burqa' in public schools and similar measures.

## Other Factors

A number of other factors also contributed to the election result. The financial crisis hit Sweden hard, but the economy is now recovering, with GDP growth projected at 4 per cent in 2010. The public finances are in good shape, in sharp contrast to other parts of Europe. The banking system is perceived to be stable (although household debt is high, forming a dark cloud on the horizon). It seems as if the voters rewarded the Moderates for taking Sweden through the crisis. The Social Democrats tried to put the case that the strength of public finances is founded on the reforms of Ingvar Carlsson and Göran Persson during the 1990s, but that is too long ago for most voters to remember.

The environment did not play as important a role on the public agenda in 2010 as in 2009, with the climate summit in Copenhagen. This is likely to have adversely affected the red-green parties, who enjoy much higher confidence than the government on the environment (especially the Green Party). On the other hand, the centre-right party successfully exploited negative reactions outside the big cities to the red-green parties' proposals on higher green taxes and the phasing-out of nuclear power.

Some mention must be made of the role of the media. In a major study published the day before the election, professor Kent Asp wrote that media coverage had favoured the centre-right parties at the expense of the Social Democrats. He mentioned in particular the tabloid *Expressen*, owned by the Bonniers media conglomerate, in which Mona Sahlin received very negative coverage.

Kent Asp also showed that issues such as health care and care for the elderly were given less media coverage despite having been shown to be voter priorities. With regard to taxes, the reverse was the case. Since the Social Democrats continue to enjoy high confidence on social welfare, and the Moderates score highly on taxes, this media bias is likely to have favoured the centre-right.

## What's Next?

The election result is not a defeat for the »Swedish model« as such. Social Democratic values such as high-quality welfare for all are still strong among the public. In this election, as well as in 2006, the Moderates had, to some extent, to rebrand themselves as another variety of Social Democrat to win votes.

The Social Democratic Party will now enter a period of intense debate on its future policies. The leadership may also be an issue, although Mona Sahlin has said that she has no plans to resign.

One crucial issue in the post-election debate will certainly be the future of the red-red-green alliance. Looking back, to many it seems more like a shotgun wedding than true love.

Another key issue for the Social Democrats is how to regain voters' trust on employment policy, in the face of rapid population growth and falling educational standards among young people. The trade unions have also been weakened by centre-right decisions and a labour market increasingly dominated by temporary jobs, and this trend is likely to continue.

The centre-right will continue its policy of income tax cuts. The government has already commissioned a major study on the future financing of the welfare system. It is likely that the result will be more private insurance in health care. In the long run, the combination of tax cuts and more private insurance is likely to undermine the Swedish model of welfare for all, which historically has brought together the middle class and lower paid workers.



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