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**„TOWARDS A MODERN WELFARE SOCIETY –
THE SWEDISH EXPERIENCE“**

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TOWARDS A MODERN WELFARE SOCIETY – THE SWEDISH EXPERIENCE

Ladies and Gentlemen,

Sweden is - just like Austria - a country with a population smaller than that of London. The Swedish population is also spread over an area larger than that of Austria and Britain together. Less than a hundred years ago, Sweden was one of the poorest countries in Europe.

Sweden is a country that is heavily dependent on the rest of the world. To reach the production that our level of welfare demands we need to have access to a larger market than our own. Our welfare is based on a larger economic community than our limited Swedish one.

Despite being few, our companies are successful on an international market in fierce competition. Despite an awkward geographical position, Sweden is seen and heard of internationally.

Our demands for equality, care for the environment and international solidarity have, in combination with ground-breaking research and a high degree of new technology placed Sweden in the forefront of development. Sweden is no longer a poor country.

The Swedish example shows how closely linked equality and development are. It is secure people that dare try their wings. It is then that people step out and embark upon a new course of training, increasing their fund of knowledge and skills. It is in this situation that people look for a change of scene and apply for new jobs or start their own companies.

It is really quite simple. All of us will be richer if everyone contributes. We will all be stronger when everyone is given an opportunity to contribute to development - and when all partake of its fruits.

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Throughout Europe, Social Democrats have created models of welfare.

The goal is to increase the opportunity for everyone to live their lives to their full potential. It is a model that provides child benefits to improve the economic conditions for children and parents.

Good and generally accessible schools, so that every youngster gets the best knowledge base possible. Health care based on need – not the ability to pay for it. Rules for housing and social benefits to ensure a life in dignity. An economic policy that puts priority on full employment as well as workers' rights. Pension systems that reduce poverty among the elderly.

A public sector that works well gives security to everyone. The welfare state has created an open and dynamic society. We quickly adopt the innovations of technology and research. We have learned new languages and been open to the world. We have allowed ourselves to be curious and creative, venturing for new jobs and education.

A public sector that does not work brings insecurity to people. A feeling that a turn of bad luck may have irreversible consequences. Maybe you will become one of those who fall

through the net and is put aside. Insecurity makes people less open, they stop taking chances, and become less generous.

Over the past 25 years, the welfare state has been threatened in Sweden - and I dare say - in the rest of Europe. Not by a change in the values of our people. The support for the welfare state has always been strong among the population. That is at least the Swedish experience.

No, the threats have different origins. I will focus on two: growing budget deficits and unemployment.

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The basis of the welfare state is sound public finances. Public deficit is a huge threat to a just and equal society.

Let me share with you the Swedish experience.

Eight years ago the Social Democrats regained power after merely three years of right-wing government.

Sweden's public debt had doubled. Our public finances were in worse shape than those of any other OECD country. Deficits were up to over ten percent of GDP - meaning that 25 per cent of public expenditure was financed by bonds. Every fourth nurse salary was borrowed.

The threat to the Swedish welfare system was acute. Swedish democracy was dependent for its existence on money borrowed from the capital markets. Our political agenda was controlled by the economic pages of the newspapers.

It took us four years to re-balance the budget. It was the toughest budget strengthening programme by any OECD-country at any time.

We knew it would be painful and that it would lessen our chances of re-election. No one - not the pensioners, not the business community, not the low income earners - could be exempted from carrying the burdens of earlier mismanagement.

But we went ahead. The whole concept of a decent welfare nation is based on sound finances. Confidence in welfare will erode if people start to question whether we can afford it.

Today Sweden is well equipped to meet the economic challenges of a downturn in the international economy. Public finances are healthy and show surpluses. Inflation is low and the employment rate high.

We can meet a recession with offensive action, such as increasing purchasing power of the households by lowering the income tax, reducing the costs of child-care and increasing the pensions. Thus easing the economic pressure and strengthening the purchasing power of families as well as pensioners.

Indeed, this has been the aim of economic policy in recent years. To build security so that economic fluctuations would not lead to the Swedish people being obliged to bear the brunt of major savings packages and welfare cuts. Not again.

Today the Swedish people move freely forward along the way of their own choosing. Today we can aim our reforms towards increased justice.

The lesson must be: If you have ambitious welfare goals in a global world – then you must be free in relation to the unpredictable financial markets.

It can never be Social Democratic policy to place the public sector in debt.

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Unemployment is a tragedy for the individual. Social exclusion, low self-esteem and economic difficulties follow in its foot-steps. The feeling of not being a part of society, of not contributing – by some accused of being a burden.

Unemployment is also a tremendous waste of human knowledge, creativity and people's will to work and participate. Take into account the demographic development, and the way we handle our labour force will be absolutely essential for future development.

We will not be able to afford to build socially decent societies in the future unless we take full advantage of the resources of all our citizens.

The new economy taking shape before us is not sustained by muscle-power. It is sustained by brain-power. New technology is transforming our labour markets at high speed, increasing the demands on the labour force to gain new knowledge and skills.

The only way to meet these changes is to build educational systems that make education a reality for all - not only a few.

For Social Democrats the goal can only be to compete on the global market with high competence and productivity - not through lower wages and worse working conditions.

For the past several years, we have made a huge investment in education in Sweden.

Government grants to compulsory schools have been increased by 5 billion Swedish crowns over a five-year period. This will enable the employment of some 15,000 more adults within the school system. More teachers with qualifications in special needs education will be trained, and in-service training will be extended to reach more teachers.

All pupils have the right to the support they need to enable them to reach educational targets.

We have also dramatically expanded adult education. This is fundamental in combating long-term unemployment as well as in giving new opportunities to those that leave school early. Our adult education comprises over 100,000 annual study places – which equals one percent of the Swedish population.

We are expanding the number of universities all over Sweden – the goal is that 50 percent of young people shall move on to higher studies.

To invest in education is to invest in the future. To secure the right to knowledge is to secure the individual's freedom.

It is not possible to over-invest in education.

A society that encourages creative minds and dynamic thinking will prosper. Countries that exclude groups - whether in the educational system or at the work place - will lose ground in shaping the economy.

We need to create a climate where women and men alike can participate in the work force, where women and men alike are responsible for their families. We need to create a society that makes use of the fantastic asset of diversity.

It is not just a moral issue. It is also a modern way of stimulating growth and development.

The combat against unemployment must continue to be the number one issue on the Social Democratic political agenda.

Unemployment not only leads to human suffering and economic waste – it also represents a threat to democracy.

The failure of governments to spread prosperity and growth to all - their failure to reduce poverty and social gaps - make people turn their backs on democracy. It makes people look for scapegoats. Ask anyone living in long-term unemployment and poverty if they trust politics and politicians.

It shows in xenophobia, racism and anti-Semitism. It shows in the growth of anti-democratic forces.

The greatest asset of society is its people's will to work and to contribute.

It is the foundation of wealth and welfare.

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The nature of the Social Democratic movement is reform.

We believe in change, because change is the agent of progress, the means to achieve a better world.

We believe that society grows stronger when everyone contributes.

We now need clear national strategies to uphold our welfare model in a global community.

I believe that the development of increased international inter-dependence is basically a positive phenomenon.

Globalisation holds the possibility of putting an end to poverty and dictatorship. It contributes to political freedom and increases the strength of the individual.

But it does mean greater risks than before. The increased speed and mobility of finance and companies makes nations and people more vulnerable. We also know that the rift between people is growing. The world has never been richer – the number of poor has never been greater.

The forces of globalisation must be directed by the interests of people. The limits to the burdens that can be placed on people and ecosystems must be fixed by democratic institutions and fora. Not by the market.

The market will not provide good health-care to those in need.

The market will not build a school system that focuses on all children.

The market will not take in account the health and environment of future generations.

It is not in its interest.

The market needs to be counter-balanced by democracy.

Globalisation is not the end of politics. It is the change of the political and democratic tools.

Before the 11th of September, the UN warned that five million Afghans would starve this winter. This has not been the case. Here we have an important example of something which is currently more evident than ever. Politics makes a difference. Now the work to build democracy in Afghanistan has started. Almost the whole world is involved.

Politically it is an issue of our common security. But it is also a question of solidarity with a people that suffered and is still suffering immensely

It is the solidarity with those that go hungry, that lack water and health-care. Solidarity with those who live in war-stricken areas and debt-burdened countries also marks another important commitment:

We shall reduce the world's poverty by 50 per cent before the year 2015. Together with the progressive UN powers all over the world we shall work to lessen the burden of debt, to improve aid and to build democracy in poor nations.

In a globalised world we are more dependent on each other than ever.

We need to work together.

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I have a question to put before you. Allow me – just for a moment – to turn my own reasoning upside down.

What good will it do, if we provide our children with the best education in the world – if the sun has become a threat to our health?

What is the point of securing our pensions systems, if, at the same time, we are poisoned by water that is becoming toxic?

Of what use will increased wealth be, if the world is hit by floods, droughts and hurricanes in which millions of people die?

These are not hypothetical questions. The holes in the ozone layer are expanding. The green-house effect is changing our climate, threatening our very existence. Clean water is becoming a scarce resource.

As Social Democrats we must adopt yet another dimension of solidarity. We must acknowledge the rights of future generations.

We must never believe that the answer to this challenge is to be found in going backwards. We must never confuse ecological sustainability with nostalgic dreams of the past. We must rely on new technology and its ability to help us get more out of less.

Science is rapidly developing new insights and methods. People's awareness of the problem is increasing everywhere. The business community understands the need to meet the demands of the consumers.

Public investments, co-operation and local commitment can speed up development even more.

It is a vision of solidarity and equality.

It is a vision of development and new markets.

It is a vision of what mankind is capable of, when all sectors work together - science, consumers, politics and business.

Social democracy must take the lead.

Together we can build a society where ecological threats do not jeopardise further development and better standards of living.

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As Social Democrats we believe in the human being. In the curiosity and creativity of humankind, in the desire to learn, to work and to participate in solidarity with and respect for others.

On this belief we build equal and just societies. Societies where everyone can play a part – and move forward. Societies where everyone has the opportunity to strive for the fulfillment of their dreams.

Not everyone shares our beliefs. There are those who claim we have to choose. Choose between equality and development. Between growth and justice.

Neo-liberalism is not dead. The idea that the richer must get richer and the poorer poorer in order to obtain wealth has strong supporters.

Claiming that security imprisons people, makes them passive and dependent. Saying that development needs weak trade unions, bad working conditions and low wages.

That an unequal society is the only way to high economic growth.

They are mistaken.

The welfare state contributes to people's freedom and enterprise. It is people who are secure, that dare to try their wings.

As Social Democrats we know that society grows stronger when everyone contributes.

We will all be better off, if no-one is left out.

Thank you.

Es gilt das gesprochene Wort.