

# WALL STREET JOURNAL

## Sweden's 61-Day Government

*This may be a chance for the country to move back to the center.*

Johan Norberg  
Dec. 4, 2014

In the mid-1980s an American journalist noticed that all successful Swedish tennis players were the same—blond and bland, with mild, polite manners, but no charisma or sense of adventure. “If they had a banquet for the Swedes,” he wrote, “and some prankster switched the placecards between salad and coffee, not even the relatives would know.” For a long time, Swedish politics has been the same—calm, polite and consensus-oriented. The left talks about the importance of growth and free trade and the right praises the welfare state.

Until Wednesday afternoon, that is. An unusually bad-tempered Social Democratic prime minister who had been in power for merely two months scolded the opposition for blocking his budget, and angrily called an early election to be held on March 22. Such turmoil has happened only once before in Sweden, more than half a century ago.

In one sense, at least, this situation is vintage Sweden. Even though the budget debate and snap election threw the country into political uncertainty, the Stockholm stock exchange gained 1%. The pillars of the economy are sound and no one expects chaos.

One reason for that sense of stability is that Prime Minister Stefan Löfven took over after eight years of government by the four-party center-right “Alliance” under [Fredrik Reinfeldt](#) that turned Sweden into the “rockstar of the recovery,” as the Washington Post put it. The government liberalized an already open economy further and cut taxes to keep employment up. The disposable income of the average Swede has increased by 18% since 2006 and public debt has been reduced in the same period to 35% of gross domestic product from 44%. In seven of the 10 categories in The Wall Street Journal’s and Heritage Foundation’s Index of Economic Freedom, Sweden is now freer than the U.S.

The Alliance lost power in September because voters sensed it was running low on ideas, but the Social Democrats and their reluctant allies, the Green and the Left Party, didn’t win. They improved on their awful 2010 result by only 0.02 percentage points of the popular vote, to a combined 43.6%. That was still higher than the total for the center-right, so Mr. Löfven got the first shot at forming a government—but the coalition’s inability to pass legislation on its own created an unstable situation.

The only real winner in the latest election was the Sweden Democrats (SD), an anti-immigration protest party that doubled its vote share to almost 13%. But size hasn't brought them influence for two reasons. SD wants to cut taxes like the right and hike spending like the left, so they wouldn't be reliable partners to either side. More importantly, the SD doesn't care too much about those issues anyway, but focuses almost exclusively on immigration, and in an ugly way. SD was created in 1988 by people from Sweden's neo-Nazi movement. They are trying to clean up their act, but no other political force dares work with them.

In this environment, Mr. Löfven, who is at heart a moderate, business-friendly former trade-unionist, made what turns out to have been a serious political miscalculation. He could have reached across the aisle to the Alliance for support for a cautious budget that would have appealed to Sweden's generally centrist instincts.

Instead, he decided he needed to shore up support for his uneasy coalition from the left. So he followed the wishes of his left-wing partners by proposing a reduction in tax credits for higher earners that would have increased the top effective rate to 60%, and beginning to dismantle choice in education and health care.

The theory was that the SD, whose own budget proposal had earlier been rejected by Parliament, would abstain from voting on the government's plan, an unwritten tradition in Swedish politics. That would have allowed Mr. Löfven's plurality coalition to pass its own left-leaning budget over the Alliance's objections. But the SD broke with tradition and voted with the opposition. This wasn't out of fiscal principle—the SD leadership said the party would have voted against an Alliance budget, too—but to punish the government for not bowing to immigration restrictionism.

The Social Democrats are understandably frustrated. After having been the country's dominant party, once governing for a stretch of 44 years, they didn't get more than 61 days this time. The prime minister blamed the Alliance for the greatest irresponsibility in Sweden's "modern political history," which is bizarre since the opposition merely acted like an opposition in opposing a government program for which there is not obviously broad support.

Now there will be a hotly contested election, which might again result in an inconclusive balance in parliament. But that might also be the moment the Social Democrats could return to Sweden's tradition of consensus-building. Mr. Löfven can tell his left flank that he attempted a turn for the left and it failed, and now the left will have to settle for the kind of moderate platform that has assured Sweden's modern success. It's hard to see what other choice he will have if he hopes to govern effectively should he win the March election.

*Mr. Norberg is a Swedish writer and a senior fellow at the Cato Institute.*