

EMU CHOICES

THE CHOICE FOR EUROPE SINCE MAASTRICHT
SALZBURG CENTRE OF EUROPEAN UNION STUDIES

Fact sheet on legal foundations for fiscal, economic, and monetary integration

SWEDEN

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Introduction

This country fact sheet provides concise information on the main characteristics of the national constitutional systems, including the system and role of national jurisprudence, parliaments and governments. Further, it briefs on the constitutional foundations and limits in the field of Economic and Monetary Union. It outlines on the existence of specific constitutional provisions on EMU membership, accession, treaty amendments, or limits to the (further) transfer of powers through Treaty amendments.

Among others, the overview informs about the principal actors in the field of fiscal and economic policies, the relevant findings of the judicial and parliamentary branches on EMU related actions, implementation measures of supranational and international rules, and respective constitutional amendments.

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SWEDEN (Eleonor Kristoffersson / Joakim Nergelius)

1) Main characteristics of the national constitutional system

The Swedish constitution consists of four laws - the Instrument of Government (IG), the Act of Succession, the Freedom of the Press Act and the Fundamental Law on Freedom of Expression. Sweden is a monarchy and a parliamentary democracy. Elections take place every fourth year. It takes at least 4 percent of the votes for a political party to be represented in the parliament.

Sweden is a non-federal state and is divided into 20 counties (regional level) and 290 municipalities (local level). The local self-government is extensive.

To change the constitution, the parliament has to pass the amendment in two separate occasions separated by a parliamentary election. As a rule, changing the constitution merely requires the presence of at least half of the members of the National Council and the majority of two thirds of the votes cast.

Sweden does not have a constitutional court. Instead, the ordinary courts are obliged to take the constitution in consideration in specific cases. There are 55 district courts, 6 courts of appeal and one Supreme Court. These courts deal with contentions cases, criminal cases and matters. Many disputes concern matters regarding different kinds of economic relations. For example, they may deal with demands for money or interpretation of contracts. Another large group of contentions cases are family law disputes, such as divorce cases or custody and residence cases regarding children. There are also administrative courts in Sweden: 12 administrative courts of first instance, four courts of appeal and one Supreme Administrative Court. The administrative courts deal with disputes between private persons and authorities.

The constitutional committee checks the constitutionality of all draft laws (pre-view). The constitutional committee is not a court, but it consists of judges from the Supreme Court and the Supreme Administrative Court.

Sweden accessed the EU in 1995 after a referendum. 83.3 percent of the persons who were entitled to vote participated in the referendum. The outcome of the referendum was 52.3 percent in favour and 46.8 percent against the accession to the EU. 0.9 percent voted blank. The accession to the EU required changes in the constitution.

2) Constitutional foundations of EMU membership

Sweden is not a member of the EMU. Sweden had a referendum regarding the euro 2003. 55.9 percent voted against introducing the euro as currency, whereas 42 percent voted in favour. During the period 2003 and 2008 the public support of introducing the euro was negative. Only a short period of time in the end of 2009 a poll showed that 47 percent of the Swedish people was in favour of introducing the euro and 42 percent were against. The reason for this was most likely that the Swedish Krona had been weekend against the euro. In the beginning of 2010 the Swedish Krona hade strengthened the public opinion was again

negative and has been so ever since.¹ In May 2015 the public opinion was 75 percent against and 15 percent in favour if the euro.²

The Swedish constitution (the IG) was already in 1998 changed in order to make a membership in the EMU possible. From a domestic Swedish constitutional perspective, EMU membership is thus fully possible.

Sweden has formally never been considered to fulfil the convergence requirement of a stable exchange rate. The reason for this is that Sweden has chosen not to participate in the voluntary exchange rate mechanism, ERM 2. Except this, Sweden has always met and meets all relevant convergence criteria and has never had a solid binding right to stay outside the EMU, of the kind that Denmark and UK enjoy. In our opinion, the wording of article 139 of the Treaty of the Functioning of the European Union (TFEU) has changed Sweden's position to the better in this respect.

3) Constitutional limits for EMU membership

Under Chap. 9 Art. 12 and 13 of the Instrument of Governance the *Riksbank* (the Swedish Central Bank) is responsible for the monetary policy. No public authority may intervene in how the *Riksbank* decides in matters of monetary policy. Since 1992 Sweden applies a floating exchange rate. The exchange rate is hence set by demand and supply. The *Riksbank* only intervenes indirectly, by raising and lowering the national interest rate.

4) Crisis Management Measures

There have not been any constitutional amendments due to the financial crisis. There is a possibility for the parliament to enact retroactive tax law in case of severe financial crisis (Chap. 2 Sec. 10 Instrument of Governance). This opportunity has however never been used. The changes that have been made to tackle the financial crisis have been made in ordinary law.

Sweden has met the requirements of the Growth Pact each year.

The Swedish parliament approved Directive 2011/85/EU 18 December 2013.

The Budget Process Committee has found out that Sweden fulfils the requirements of Regulation 1175/2011. The committee especially scrutinized the medium-term perspective and the European Semester in relation to the national budget process.³

The Regulations 1177/2011, 1173/2011 and 1174/2011 are not relevant for Sweden, since Sweden is not a member of the EMU.

Sweden does not participate in the Euro-Plus Pact.

¹ See eurocrisislaw.eu.eu/sweden/#political-context.

² http://www.scb.se/sv/_/Hitta-statistik/Statistik-efter-amne/Demokrati/Partisymptier/Partisymptiundersokningen-PSU/12436/12443/Behallare-for-Press/391715/.

³ See the English Summary of the Budget Process Committee's interim report on the Swedish implementation of Council Directive 2011/85/EU page 21.

In the Commission's country specific recommendations under the Europe 2020 Strategy regarding Sweden, the Commission regards the Swedish economy one of the most competitive in the EU. Nevertheless, Sweden faces major challenges with regard to private sector debt, housing market uncertainties and the integration of vulnerable groups in the labor market.

The housing market and the private indebtedness are problems that are discussed a lot in the public debate in Sweden. The public authority the Swedish institute of economic situation (*Konkunkturinstitutet*) warns about a housing bubble that may burst any time. Also IMF and OECD have warned for a coming housing crisis. The *Riksbank* is aware of the problem. There is a draft law proposing an amortization requirement on debts.

The current social democrat/green government has unemployment and integration on its agenda. The actual refugee crisis has put additional focus on integration of immigrants in the labor market.

Sweden is not a member of the ESM Treaty.

The Fiscal Compact Treaty was debated in the chamber of the parliament 6 March 2012 and approved 7 March 2012, but the rules therein regarding fiscal and economic coordination are not binding until Sweden has introduced the euro.

5) Constitutional law scrutiny of EMU reform scenarios

Constitutional law scrutiny of EMU reform scenarios has not been discussed at all in Sweden.

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