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CONSEIL AU NIVEAU DES MINISTRES

26-27 MAI 1999

POINT 3

***CROISSANCE, EMPLOI ET COHESION SOCIALE –
PRIORITES POUR LES GOUVERNEMENTS DES PAYS DE L'OCDE***

SUEDE

Déclaration

**Mr. Bosse RINGHOLM
Minister for Finance, Ministry of Finance**

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COUNCIL AT MINISTERIAL LEVEL

26-27 MAY 1999

ITEM 3

***GROWTH, EMPLOYMENT AND SOCIAL COHESION –
POLICY PRIORITIES FOR OECD GOVERNMENTS***

SWEDEN

Statement

**Mr. Bosse RINGHOLM
Minister for Finance, Ministry of Finance**



Speech by Mr Bosse Ringholm, Finance Minister of Sweden, at
OECD Ministerial Meeting, 26 May 1999

Mr Chairman,

Economic prospects for the OECD area broadly appear encouraging. Sound fiscal and monetary policies have laid the foundation for a recovery of economic growth in the area as a whole, after the turbulence that hit us last fall.

Downside risks should not be ignored, however, and developments in Japan remain uncertain. Growth has faltered for most of this decade and we cannot as yet be sure that the economy has stabilised. It is vital - for the Asian region as well as for the global economy - that the long-awaited recovery materialises. Macro-economic policy must remain as supportive as possible of domestic demand at the same time as structural reform is carried out vigorously. Further deregulation and greater transparency are encouraged.

The fact that prospects for the OECD - apart from my lingering doubts about the outlook for Japan - generally look favourable, has very much to do with the stability oriented macroeconomic policies that have been pursued lately. Fiscal consolidation throughout most of the OECD area has undoubtedly contributed to lower inflation and inflation prospects, thus allowing interest rates to come down to almost unprecedented levels. This success must now be "locked in". The Swedish government has set an ambitious fiscal target - a surplus of two per cent of GDP over the business cycle - which will be achieved with the fiscal measures that have already been decided upon.

I would then briefly like discuss two areas where I see particular need for further progress: unemployment and sustainable development. These are two areas in which the OECD has provided - and I expect will continue to provide - important analysis and advice.

Unemployment remains alarmingly high in most countries and the response to the unemployment problem must comprise a comprehensive set of policies, both macroeconomic and structural. The work carried out within the *Jobs Strategy* has in this respect provided us with a valuable analytical tool.

Among the *structural* measures, the importance of education deserves to be highlighted. Efficient systems for education and learning are needed to create a flexible and competitive supply of skilled labour. The position of low-skill groups needs to be strengthened. Life long-learning, through continuing skills and competence developments in working life, is another building block.

Furthermore, I want to emphasise the significance of *consensus* for reducing unemployment. A *permanent dialogue* between the government and social partners is desirable for reaching agreements on widely accepted measures that promote employment.

Finally, promoting *sustainable development* is a priority for the Swedish government and we therefore particularly welcome the work on this subject that the OECD plans to carry out. The Swedish government is making efforts towards achieving an *ecologically sustainable development*, in a way that is compatible with the achievement of other goals, economic, social and cultural. I expect that the OECD will be able to provide thoughtful analysis and advice on how sustainable development can be achieved in the most *cost-effective* way.