

# Press release

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## Bright outlook for the Swedish economy

“There is no doubt that the labour market parties collectively support the Riksbank’s inflation target. This is very important with regard to the extensive wage negotiations due to commence this autumn.” This observation was made today by Villy Bergström, Deputy Governor of the Riksbank, at a meeting with Sparbankstiftelsen Upland in a speech which did not contain any monetary policy signals.

“One area of concern still remains, however, and that is that imbalances and erroneous wage relations are apparent in the labour market. It has previously been difficult to change relative wages without this leading to “wage-wage-spirals” and inflationary impulses as a result of various demands for compensation. It remains to be seen whether, now that Sweden is experiencing a boom, the low inflation regime has been established so well that relative wages can be changed without significant compensation and effects on inflation. There is much to suggest that the “industrial agreement” and similar agreements concluded in large parts of the labour market have increased wages’ covariance with productivity growth in individual companies and organisations and have reduced the risk of wage drift.”

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