

"From welfare state
to welfare society"
- reforming Sweden's social model

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Sweden early 1900's

- Small businesses – family businesses
- Farming, raw materials and processing
- Only a small number of exporting companies
- Local footprint – industrial communities
- Strong link between society and company



Unions and social democracy

- Industrialisation creates growing unrest among workers
- From the 1920's a labour movement is formed with Unions and the SDP
- Push for social rights, workers rights and equality
- Progressive but non-revolutionary agenda for social reforms

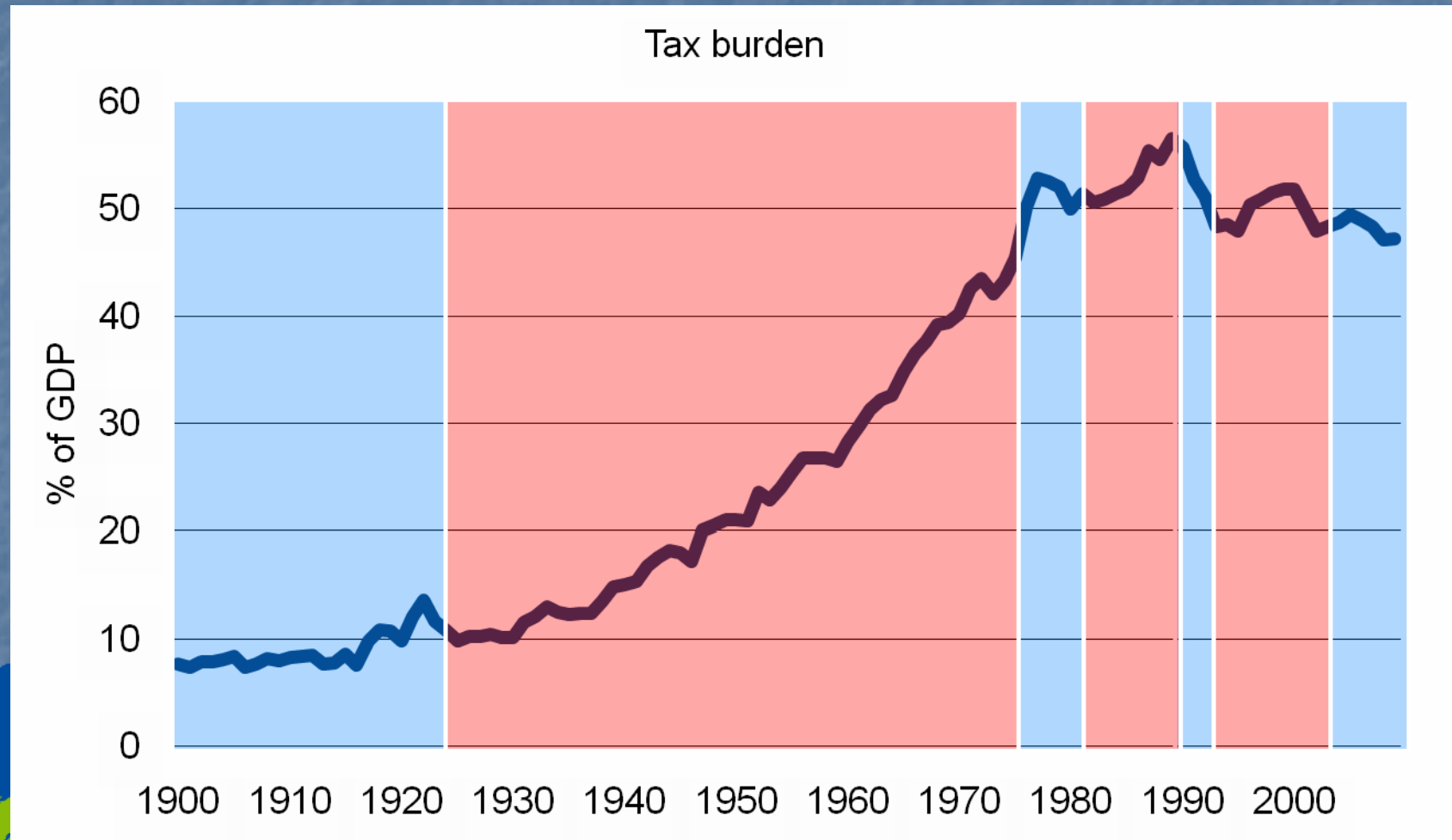


From 1950's; Growing political economy

- Strong growth after WWII
- SDP and the Unions push for a welfare state instead of social agreements
 - Social reforms = social democratic reforms
- Full employment, affordable housing and economic and social equality



Rapid expansion of public sector



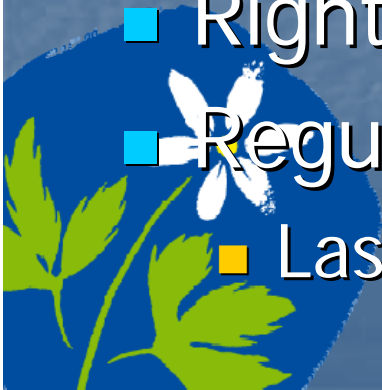
A Swedish social model

- Strong labour unions (75-85% union membership)
- Collective agreements on wages and benefits
- Emphasis on shared responsibility
 - for the economy as a whole
- Strong labour laws reduces the roles of the social partners



Swedish labour laws

- Labour laws
 - Law for influence (MBL)
 - Law for job security (LAS)
- Right to be on company board
- Right to sign a collective agreement
- Right to conflict
- Regulation on redundancies/dismissals
 - Last in, First out (LIFO)



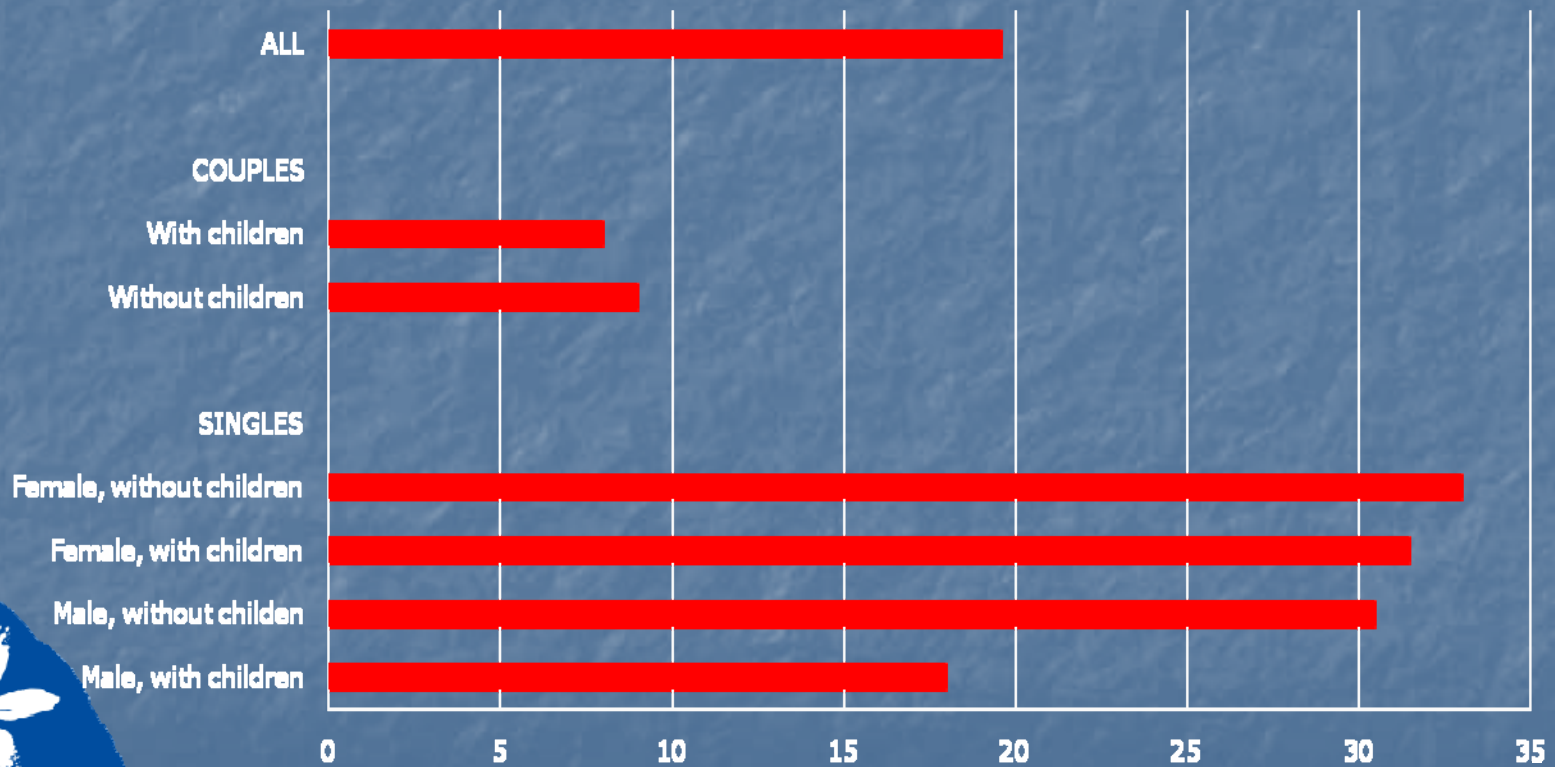
Welfare state: Key ingredients

- Free education, health care, child care and elderly care
- State pension scheme
- Social security systems for all
 - Unemployment benefits
 - Sick-leave benefits
 - Parental-leave benefits
 - Early retirement schemes



Welfare creates dependency

**Benefit dependency 2004,
% of working households**



Welfare creates social exclusion

"Social exclusion", ages 16-64 years dec-05

Unemployed 369 588

Latent unemployment 200 200

- *incl. full time students* 88 800

Underemployed 249 900

Sick-leave benefits 246 373

Early retirement 556 789

TOTAL **1 622 850**

% of population 28,03



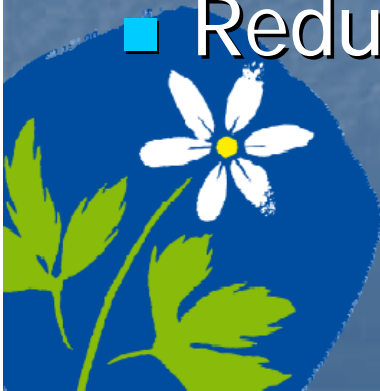
First wave of reforms 1991-94

- Free schools and school vouchers
- Divestment of state ownership
- House doctors and free choice in health care
- Procurement in welfare services



Second wave after 2006

- Personal choice systems in all forms of public funded care
- Health care guarantee
- Child care vouchers
- Major overhaul of property taxation
- Reducing cost of regulation in companies



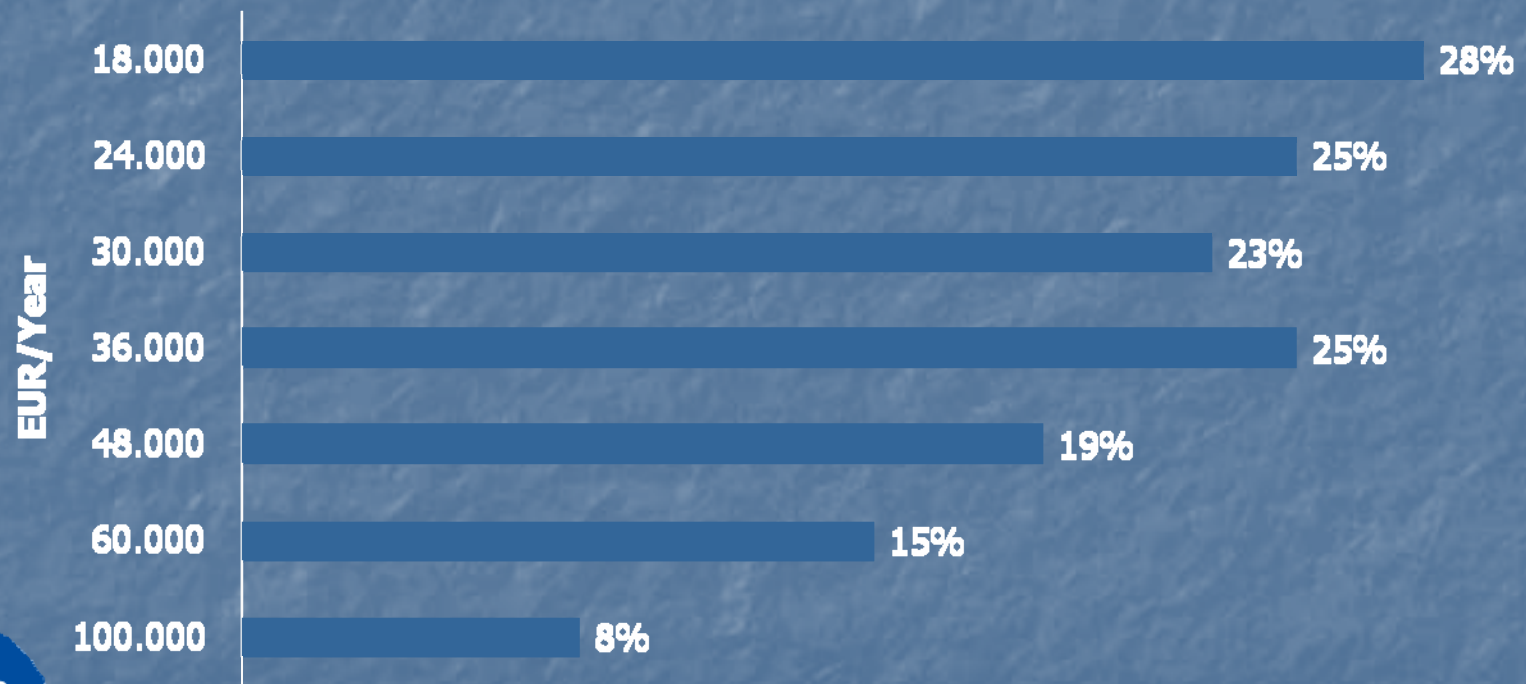
Reforms to income taxes

- Lowering the tax burden on workers
 - Earned income tax credit of up to 2 000 EUR per year
 - Raised threshold for state income tax to 40 000 EUR



Focus on lower incomes

**Income tax-cut since 2006
% at different income**



Reforms to social security

- Stop on wasteful spending and overuse of benefits
 - No open-ended benefit systems
 - Unemployment benefits lowered in intervals
 - Strengthening of rehabilitation
 - No sick-leave benefit unless undergoing treatment
 - Tougher control on illegal use of benefits



What's next?

- Flexicurity – giving greater room for agreements between social partners
- Lowering social contributions for employers
- Separating social security from the state budget
- Abolishing the top income tax bracket
- Reforming capital taxation



A new political landscape

Election results 1973-2010

