Erfolgreich Scheitern:
Die Wahlen und ihre Auswirkungen auf die gesellschaftlichen und politischen Grundlagen des Schwedischen Modells


Im Anhang finden Sie die Präsentation von Lena Westlund, Senior International Economist, Swedish Trade Union Confederation, LO, Stockholm
Everybody loves the Swedish model these days?
Rhetorics and reality after the election

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Presentation at the FES Seminar in Berlin and Bonn
"Failuredespite success – the implications of the Swedish elections for the social and political foundations of the Swedish model
18-19 October 2006
Swedish model – basic features

• Originally pact of mutual interests between three groups: national industrial owners – social democratic party/government - trade unions in the 1930s (Saltsjöbad Agreement”)

Outcomes:
• Labour peace
• Defense of private property
• Real wage increases and more decent work

Later complemented with general welfare system
Swedish model in the 2000s

- Structural change occurs at international level - confronts national model and policy tools
- EU-laws implemented in Swedish context – collective agreements vs individual legal rights
- Free mobility of labour force and companies within EU-25
- If employment rate increasing slowly up–excessive pressure on welfare state financing and hard policy choices necessary
Economic policy of the new government

• Focus on labour supply expansion
Main tools:
• Income tax cuts for income from work
• Reduced unemployment insurance benefits and high rise in fees + later compulsory UI
• Abolition of non-wage labour costs for broad groups and cuts in other active programmes
• ”Work first approach” in labour market and social policy
Main effects

- Increase in open unemployment 2007
- Increasing number of low wage jobs
- Income inequality increases (Gini-coefficient) – tax cuts 2007 - 75 per cent to upper half of income distribution
- Fewer trade union members
- Weaker collective bargaining partners
- Increase in employment rate dependent on demand for labour
Sweden: Forecasted GDP annual rate and CPI

Note: 2006-2009 forecast years.

Source: Budget Bill 2007. Ministry of Finance, Sweden

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Source: Budget Bill 2007. Ministry of Finance, Sweden
Standardised unemployment rates

Note: ILO-standardised unemployment rates
Source OECD: *Economic Outlook*, June 2006
Labour market in Sweden

- Low unemployment in European terms, but high in Swedish historical terms
- Cyclical unemployment still prevalent
- First and second generation immigrants higher unemployment rates
- Mismatch between education and demand
- High demands on labour productivity from employers, many elderly in jobs – many in early retirement and high illness rates
Sweden: Forecasted regular employment rate

Employment optimism by new government

- Regular employment rate increases to 79 per cent already in 2007 according to the government.
- Optimistic view, counting in broad active programme - new start jobs - with waiver of non-wage labour costs.
- View on employment rate not in full accordance with other forecasters
- Unemployment below 6 per cent in 2009
Rhetorics and reality

- Goal of new government said to be full employment... but no definition given in budget bill (maybe spring bill?)
- Quantity of jobs is focus... not quality of jobs
- Increase in productivity and knowledge ... but large cuts in adult education
- "Workers party" ..but cuts in employee security
Rhetorics and reality (2)

• Tax-funded strong welfare for all.... but cuts in general coverage of social insurances
• Collective agreements is part of our model… but through more expensive unemployment insurance also weakening of union density and legitimacy of unions as negotiators of collective agreements

..........Swedish model changed by new government - in reality