

# Sweden: Lessons for America?

## Discussion Questions

1. What are some of the key reforms that Sweden made that enabled it to go from one-half the life expectancy of one of today's developing countries—with three times the infant mortality—to one of the wealthiest in the world in only 150 years?
2. Anders Chydenius (1729-1803) advocated for lower taxes, land (property) rights, limited power for the King, and farmers being able to sell their goods freely without government permission. While his reforms weren't adopted immediately, they set the stage for growth in Sweden. Why would these reforms make for stronger economic growth?
3. In 1766, Sweden was the first country to have freedom of the press written into their constitution. The Aftonbladet newspaper went through 26 versions of publication before the king gave up.
  - a. How does freedom of the press benefit the people?
  - b. How does it contribute to economic growth?
4. From 1850-1950, Sweden went from one of the wealthiest countries in Europe to one of the wealthiest in the world. Its GDP per capita grew seven times, its infant mortality dropped 85% and life expectancy grew 26 years. How does free trade contribute to well-being?
5. In the 1970s, Sweden's unions pushed hard for socialist policies, including an "employer's fee," a tax paid to the government by the firm for each employee hired. Is such a tax going to increase hiring, decrease it, or have no effect?
6. The employer's fee went from 12.5% in 1970 to nearly 37% nine years later (compared to 12% in the U.S.). Can most firms absorb such a rapid increase out of profits? What is likely to happen to hiring?
7. Due to double taxation, the author of *Pippi Longstocking* (Astrid Lindgren) was taxed 102%, meaning she *lost* money on each book sold. What happened to her incentive to produce more children's literature?

8. Similarly, Ingmar Bergman had to pay 139% in taxes on the films he produced, so he moved to Germany. The founder of IKEA (Ingvar Kamprad) moved to Switzerland. Is the taxation effective if the result is that the producers of wealth move to another country?
9. Should the airbag bicycle helmet be allowed in the United States? Should citizens have to ask permission from the government to buy such a product?
10. Sweden established essentially a voucher system, where the money goes to the student and not the school. Thus, parents can pick the schools they prefer. Would such a system work in the United States? Would competitive pressures force weaker schools to improve?
11. By 1988, sick leave was so generous, that a perverse incentive was inadvertently created. Called "the Swedish disease," workers took off 1 out of every 8 work days as "sick." (Mondays were the most popular, and this, in part, is the reason IKEA furniture is mostly self-assembled. It was difficult to rely on workers showing up each day.) What is the optimal number of sick days for workers? Vacation days?
12. Sweden's pension system is tied to rise and fall with the economy.
  - a. How does this incentivize retired workers?
  - b. How does this incentivize younger workers?
  - c. Do you agree or disagree with removing it from the hands of politicians to prevent so-called "vote buying"?