



Stockholm  
University

Department of Economics

**Course name:** The Swedish Model  
**Course code:** EC2202  
**Semester:** Spring 2012  
**Examiner:** Lennart Erixon  
**Number of credits:** 7,5 credits  
**Date of exam:** Sunday the 18<sup>th</sup> of March 2012  
**Examination time:** 3 hours (09-12)

**Write your identification number on each paper and cover sheet (the number stated in the upper right hand corner on your exam cover).**

**Use only one cover sheet for the short questions (1-8) and one cover sheet for the essay question!** Explain notions/concepts and symbols. If you think that a question is vaguely formulated, specify the conditions used for solving it. You may write your answers in English or Swedish. Only legible exams will be marked. **No aids are allowed.**

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The exam consists of 8 questions for each student (7 short questions and 1 essay question), 50 points in total. For the grade E 20 points are required, for D 25 points, C 30 points, B 37 points and A 45 points.

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Your results will be made available on your "My Studies" account ([www.mitt.su.se](http://www.mitt.su.se)), on the 5<sup>th</sup> of April at the latest.

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**Good luck!**

## **I. Short questions**

**Answer 7 of 8 questions only. Not more than 1/2 page per answer (max 5 point per question).**

1. What does the empirical literature say about the effects of job security on unemployment?
2. Why was there a strong tendency to smaller wage gaps in Sweden in the 1960s and 1970s?
3. What is Felix Hühfner's (2007) main explanation for the stronger wage restraint in Sweden in the 1999-2004 period?
4. Provide at least three arguments for why the 1957-1973 period was the golden age of the Rehn-Meidner model.
5. Sweden's specialization in teleproducts was both positive and negative for the country's position when OECD countries are ranked in terms of their GDP per capita levels from the mid 1990s. Explain!
6. In what way was there a conflict between the Swedish model and the EU integration in the so-called Vaxholm (Laval) case?
7. Provide at least three explanations for why Sweden did not experience an increase in unemployment during the financial crisis 2008-2009 similar to that during the deep recession in the early 1990s.
8. What fiscal policy did the Social Democrats pursue in the mid-1990s when Sweden experienced mass unemployment?

## **II. Essay question**

**Choose one of the questions only. Approximately 2-3 pages (max 15 points)**

1. Provide arguments for why Swedish economic policy in the 1990s and 2000s can be seen as a hybrid (combination) between a Keynesian, Rehn-Meidner and Neo-monetarist model.
2. Discuss the tax composition of Sweden in light of Fritz Scharp's analysis of the best mix of taxes in a globalized economy.