

UNIVERSITY OF STOCKHOLM  
Department of Economics  
Lennart Erixon

**Exam for the intermediate level course EC2202 The Swedish Model 7,5 credit points**  
**21 March 2013**

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

Do not write answers to more than one question in the same cover sheet. Explain notions/concepts and symbols. Only legible exams will be marked. No aids are allowed. You can answer either in English or in Swedish.

Examination time: 3 hours.

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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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**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 was the main reason for the dramatic increase in unemployment in Sweden at the beginning of the 1990s according to Holmlund (2010)?
2. Are there any differences in the development of wage (earnings) gaps and income gaps after taxes and transfers in Sweden in the 21<sup>st</sup> century?
3. What is the most important innovation in Swedish incomes policy since the late 1990s?
4. Provide at least two similarities and one dissimilarity between the Rehn-Meidner model and the Danish flexicurity model.
5. Which fiscal policy was pursued in Sweden during the financial crisis 2008 - 2012?
6. Sweden has had lower inflation rates than most other OECD countries since the mid-1990s. Provide at least two explanations for why the Swedish Central Bank has pursued a relatively restrictive monetary policy.

7. What are the two main mechanisms in Erlandsen & Lundsgaard (2007) behind a positive relationship between product market deregulation and productivity growth in the OECD countries?

8. Provide at least three objections on empirical grounds by Howell & Rehm (2009) to studies of OECD countries showing that high unemployment benefits lead to high unemployment.

## **II. Essay question**

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

1. Some observers think that indications of a good macroeconomic performance by Sweden since the mid-1990s reflect departures from the Swedish model. Other observers think that the Swedish macroeconomic success reflects the application of the Swedish model. Provide arguments for the two views on Sweden using the course literature as a starting point.

2. Present the arguments for that the Rehn-Meidner model cannot be applied in Sweden any longer because of globalization and EU integration. Provide also possible counterarguments.