

STOCKHOLM UNIVERSITY
Department of Economics
Lennart Erixon

**Exam for the intermediate level course:
EC2202, *The Swedish Model*, 7,5 hp / 7,5 ECTS
14th of March 2015**

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.

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, for C 30 points, for B 37 points and for A 45 points.**

Results will be made available on your "My Studies" account (www.mitt.su.se) on the 7th of April 2015 at the latest.

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. Provide at least two explanations for why trade-union membership has decreased in Sweden since the mid-1990s.
2. The original Phillips curve can be used to shed light on two perspectives on Sweden's very low rate of inflation since the mid-1990s. Which are these two perspectives? And what is the effect of a (more) open economy in this context?
3. Since the late 1990s there is an interaction between incomes policy, primarily the so-called Industrial Agreement, and monetary policy in Sweden. Describe this interaction.
4. Provide three arguments for that 1957-1973 was the golden age of the Swedish model according to a specific definition of the model.
5. Two theories say that high unemployment benefits will reduce the rate of unemployment. Provide a brief description of these theories.
6. What is the main explanation in the OECD study (see Cingano, 2014) for the negative relationship between inequality in net incomes (disposable incomes) and economic growth?
7. Provide at least one argument for that the fiscal rules are radical in Sweden in an international perspective.
8. In what way is the Swedish tax structure efficient and in what way is it inefficient?

II. Essay question

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

1. What are the statistical and real explanations for the high rate of youth unemployment in Sweden? Given these explanations what is the main youth employment problem on the Swedish labour market? When answering the two questions, try to refer to the course literature, the slides on the lectures and to labour-market statistics.
2. Describe the similarities and dissimilarities between the deep financial crisis in Sweden in the early 1990s and the recession in Sweden during the global financial crisis 2008-2014.