

**THE
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Even Conservatives Support Sweden's Welfare State. Here's Why.

It's practical and efficient, allowing for a very competitive economy while ensuring a high standard of living.

By Barbara Koepfel

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Children in the garden of Egalia, a Stockholm preschool that aims to eliminate gender stereotypes. In Sweden, both day-care and preschool programs are almost free, with fees based on family income. (*AP Photo / Scanpix Sweden, Fredrik Sandberg*)

While we're waiting for Team Trump to make America great again, it's useful to know what a not-great country such as Sweden offers its citizens. As Shakespeare observed, comparisons are odorous, but things smell good there.

Not even the conservative Swedish parties and the far-right anti-immigrant party, which together won 205 seats in the September 2018 parliamentary elections (out of 349), would dare disparage the <https://www.thenation.com/article/archive/sweden-welfare-state-benefits-popular/>

Swedish welfare system. According to Frida Stranne, a senior lecturer in political science at Halmstad University, the right “doesn’t question its merits. Rather, the conservative and neoliberal parties debate the number of days parents can stay home with newborns or sick children, or the percent of their salary they’ll get while away from work. But the benefits are still very high.”

Let’s first set the record straight. Although American conservatives frequently claim that Sweden is socialist or even communist, it’s not. Private businesses are very much alive and well. Think Ikea, H&M, and Ericsson electronics (respectively, 300,000, 114,000, and 55,000 employees worldwide in 2018); Volvo and Electrolux (the world’s second-largest home-appliance manufacturer); and a huge arms industry.

Second, comparisons with the United States — which right-wing commentators insist are inappropriate — are quite sensible, since the cost of living in Sweden’s major cities is close to what it is in America’s big cities.

True, Sweden’s population is not big: just 10 million people and 225,000 reindeer. But its benefits are. Warning: The list is so fantastic, it may seem like fake news.

§ **Family Care:** Day-care and preschool programs are almost free, with fees based on family income: If parents are unemployed, child care is totally free. So too are the first 15 hours a week for children aged 3 to 6 in all families—regardless of their income. Fees for other families are on a sliding scale, with a ceiling of \$157 a month—about 10 percent of the actual cost. Most Swedes place their children in public programs (though private and cooperative ones are available). And parents get a \$136-per-month stipend for a child under 16, another \$152 a month for a second child, and \$198 for a third (2018 figures).

In the United States in 2016, the average cost for one *week* in a child-care center was \$196. After-school sitters cost on average \$214 for 15 hours a week (\$14 an hour), and a nanny costs \$555.

Swedish pregnant women get free and subsidized prenatal care and parents get 480 days of paid leave when a child is born or adopted, which they can share (240 days each). (Sweden was the first country to offer fathers paid parental leave, in 1974.) For the first three months of a baby's life, fathers may take another 10 days (on top of the 480). For 390 days of the total, parents get nearly 80 percent of their pay (the cap is \$3,259 a month, or \$105 a day), while the remaining 90 days are paid at a flat rate. Parents with twins get another half-year.

Also, the 480 days can be used until a child is 8. Parents can also reduce their normal work hours by up to 25 percent until their child is 8—but they're paid only for the time they work.

Parents get about 80 percent of their salaries when they stay home with a sick child (up to age 12). They can take this temporary leave up to 120 days a year.

In the United States, only California, New Jersey, and New York have laws giving employees four to 10 weeks of paid leave when they have a child—at 55–70 percent of their salaries. Two others recently passed laws: Washington State will give 12 paid weeks, starting in 2020, at up to 90 percent of a worker's salary; Washington, DC, will give eight weeks at a partial salary—but only for those working in the private sector.

§ Education: Kindergarten through high school is free, as are school lunches. Undergraduate college/university tuition is also free. If students need money for books, food, and housing, they get nearly no-interest loans (at 0.13 percent); thus, when they graduate, they often have zero debt (yes, you read this correctly), particularly if they live with parents while in school. Postgraduate education, such as medical and law school, is also free. Not surprisingly, doctors and lawyers don't need to make huge salaries to repay mountains of debt.

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Speaking of which: In the United States, where colleges and universities are *not* free, the average debt for a four-year graduate in 2018 is \$29,800. For law-school graduates, average debt that year was between \$90,000 and \$120,000, and those completing medical school in 2018 owed an average of \$197,000.

Swedish undergraduates aged 16–20 also get \$136 monthly stipends during the school year. If their families are low-income, they may get more.

§ Medical Care: Medical and hospital care are basically free until age 20. After then, doctor visits cost Swedes \$10 to \$32, or up to \$38 for specialists. After people meet a \$119 annual deductible, all care is free. Moreover, medicine is free after a \$239 yearly deductible. Drugs are the same price at all pharmacies, so people needn't shop around for the best price.

Swedes *do* pay out of pocket for eyeglasses. Dental care is free for children up to age 19, but not for adults.

§ Unemployment Benefits: Swedes get unemployment benefits from two sources. The government gives \$40 a day (\$198 a week) for up to 300 days if people worked 40-hour weeks before they became jobless (or less, if they worked fewer hours). And if they have a child under

18, the benefit may continue for another 150 days. However, to be eligible, they must be looking for work and willing to take a job for at least three hours a day.

The second source of unemployment benefits is the union insurance plan (nearly 70 percent of Swedes belong to unions), to which both employees and employers contribute. The plans provide 80 percent of Swedes' wages/salaries for the first 200 days they're out of work and 70 percent for the next 100. The cap is almost \$100 a day for the first 100 days and \$83 for the next 200 days.

When they are sick and unable to work, Swedes get paid leave (except for the first day off from work) for about 80 percent of their normal pay, up to \$84 (2018 figures) a day.

In the United States, no federal law mandates paid sick days, but nine states and the District of Columbia require employers to give three-to-seven days a year, based on the size of the business. In the other 41 states, employers are not required to cover *any* sick days.

§ Pensions: Although these used to be higher, they're still substantial, based on earnings. According to Mikael Törnwall, an author and journalist who writes on economic issues at *Svenska Dagbladet*, a Stockholm daily, "If people had low-paying jobs, they won't get

much. But it's still enough to get by and not be homeless. Besides a modest pension, low-income elderly or disabled Swedes also get a housing allowance.”

Pensions are covered by the government or union/employer plans. If Swedes have low-paying jobs (under \$40,000 a year), the government and employers pay into the plans, but the employees don't contribute. If they have middle- and higher-income jobs, they must contribute, along with their employers.

The plans are for private- and public-sector jobs. Törnwall says that private companies “offer better pensions, to compete for better employees.”

§ Transportation Perks: Government subsidies vary. For example, people pushing baby strollers or carriages in some cities (such as Stockholm) ride for free on the buses. In others (such as Gothenburg), retired Swedes pay nothing, except during rush hours.

§ Housing Subsidies: Local governments subsidize low-income and elderly Swedes' rental housing and also help them find it. The amount is based on their income and the local cost of living.

In large cities like Stockholm, affordable housing is hard to find—

whether to buy or rent (for which the wait is long). Thus Swedes now <https://www.thenation.com/article/archive/sweden-welfare-state-benefits-popular/>

live farther outside the central cities and tend to buy their houses/apartments.

§ **Wages:** Sweden doesn't have a minimum wage. Instead, unions and employers negotiate wages/salaries. This is particularly important for low-income workers: A cashier at a Swedish McDonald's earns \$15 an hour (compared to \$8.90 in the United States). Törnwall says very few Swedes earn less than \$10 an hour. The average annual salary is \$45,000.

Since most middle- and upper-income Swedes join unions, this means still more benefits: For example, members get larger pensions if they make small (about \$10 a month) contributions to a union's insurance fund. Union agreements even affect Swedes who negotiate their own salaries, since employers use them as benchmarks.

Salaries for some occupations—say, engineering—depend on the level of education. If you're a top engineer, Törnwall says, you'll earn more in the United States, but you won't have the benefits Swedes enjoy.

The US federal minimum wage is \$7.25 an hour, which hasn't been raised since 2009. However, as of February 2019, 29 states, including DC, had adopted higher minimum wages, from \$7.50 in New Mexico

to \$15 in California, Massachusetts, New Jersey, New York, and Washington, DC, which will take effect in the early/mid-2020s.

Prison wages are higher in Sweden too: Inmates earn \$1.40 an hour for participating in activities such as mental-health therapy, sports, and on-site jobs—and can contribute to their families' income. In the United States, low-skilled prisoners, such as those who mop floors, earn 14–63 cents an hour (\$20–88 a month), while higher-skilled inmates, such as plumbers or mechanics, earn \$2–9 a day (up to about \$200 a month) for work inside the prison. Prisoners serving as firefighters in California's recent fires earned \$1 a day.

§ Income Equality: Although Sweden is one of the world's most equal societies, the gap between rich and poor has grown in the past 30 years. Still, based on the Gini coefficient (which measures income inequality, with zero meaning perfect equality), Sweden scored a 29 in 2015, while the United States scored 41.

Noting that the country's capitalist system finances a big welfare state, Törnwall says the public accepts this because "Swedes don't approve of enormous income differences and they want everyone to have a reasonable standard of living."

Törnwall, who lived several years in the United States, says, “Americans value individual freedom, while Swedes value economic safety. Also, Americans believe people should have equal opportunities and if they don’t make it, society isn’t obliged to help. But in Sweden, everyone is expected to help by contributing to the system.” He adds that this isn’t based on “a sense of solidarity.” Rather, “it’s because I know if something happens to me, I’ll be secure because the government will help me.”

And, despite the country’s high benefits and wages—which many American conservatives claim strangle competition—the World Economic Forum rated Sweden as the ninth-most-competitive economy worldwide in 2018, beating other European countries like France, Spain, and Denmark.

While there aren’t as many Swedish billionaires as American, there are plenty: In 2018, Sweden had 32 and the United States had 585 (more than any country in the world). But Sweden actually has more per capita: 3.1 per million, compared with 1.7 per million in the United States.

§ **Taxes:** The obvious question is: How can Sweden afford such benefits? The obvious answer: Through relatively high taxes. So how much *do* Swedes fork over?

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Swedes pay income tax to both national and local governments. In fact, in 2017 Sweden had the highest top marginal tax rate among OECD countries, followed by Denmark, Japan, Greece, France, and Canada. In all these countries, the top rate is over 50 percent. And according to the Confederation of Swedish Enterprises, over 1.4 million wealthy Swedes (about 14 percent of the public) pay 51–56 percent, when local and national taxes are combined. And because Swedes are earning very well, the number in this bracket grew by 360,000 since 2014. Swedes earning under \$53,700 a year (2017 numbers) pay no national tax; if they earn more, the salaries/wages from \$53,700 up to \$78,000 are taxed at 20 percent, and income over that is taxed at 25 percent.

Swedes don't pay property tax. But income taxes to counties and municipalities are higher than the national ones (though Swedes earning less than \$20,000 pay none). Rates vary, depending on where one lives, but the average is about 11 percent to the former and 21 percent to the latter. Together, they total about 32 percent of income.

In Sweden, long-term capital gains are taxed at 30 percent, while in the United States they're taxed at 0-15-20 percent. Swedish businesses' payroll taxes come to about 31 percent of employees' salaries. The government uses these funds to cover pensions, along

with unemployment, sick leave, widow survival, work injury, and parental-leave benefits.

If you're wondering why Swedish businesses don't successfully lobby government for tax cuts and lower regulations, the answer is interesting. At present, the government contributes more than 80 percent of political parties' operating costs, with the rest coming from membership fees. Törnwall explains that "while there are no limitations on how much organizations can donate, it's just not a Swedish tradition or problem—yet."

And despite relatively high taxes, Swedes aren't exactly suffering. How can this be? According to political scientist Stranne, since the government picks up the tab for essentials, they have a lot left in their pockets. They enjoy four to seven weeks of vacation a year and drive late-model, high-end European cars (such as Mercedes, Volvo, and Audi), which cost about the same as in the United States, while gas costs about \$6 a gallon.

Stranne says, "I feel rich, since I have a lot of money left to spend for my comfort, as do others. In 2017, 60 percent of Swedes vacationed, for a total of 11.7 million trips. Spain was the most popular destination, but over 300,000 went to Thailand."

They also live longer than people in the United States; in 2018, life expectancy was 82 years, against 79 here.

While some Swedes grumble about their taxes, a 2017 OECD public opinion poll (based on Gallup/World Bank data) found that 50 percent trust their government, while the figure is only 30 percent for Americans. Worse, a 2014 CNN poll found that only 13 percent of Americans thought the federal government would “do what is right at least most of the time.” And 10 percent said they “never trust the government to do what is right.”

Stranne says, “We don’t have to worry about how we’ll pay for insurance, medical bills, preschool programs, and our kids’ child care and education. This is how I define true freedom.

“When I visit the US, I hear people worrying about how they’ll pay for these things—even those with good incomes. You don’t hear this here. Swedes might complain about taxes, but it feels good not to have to depend on a relative’s or friend’s goodwill when you need help.”

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