Abstract: Sweden is a model of social democracy in which the Social Democratic Party has long been in power, and in which distribution under the conditions of monopoly capitalism has been the object of one-sided praise. Wealth and income inequality in Sweden was in the past relatively low, but in recent years has shown a tendency to undergo a structural increase, and some indicator values are already at comparatively high levels. Investigating the causes, we find that the ownership structure of the means of production, dominated by monopoly capitalist private ownership, has played a decisive role in the creation and evolution of wealth and income inequality within Sweden. The Swedish welfare system, whose core elements are social security provisions and the tax system, has played an important role in alleviating wealth and income inequality and in promoting social equity, but the degree of adjustment it achieves is relatively limited, and it now faces challenges in ensuring its sustainability. In recent years, the weakening of the organizational strength of trade unions in Sweden has resulted in an imbalance between the power of labor and capital, an imbalance that to some extent has promoted the widening of wealth and income inequality. With the deepening of the basic contradiction of capitalism, the trend to widening wealth and income inequality in Sweden represents a historical inevitability.

Key words: wealth inequality in Sweden; income inequality; welfare state; capitalist political economy

Sweden is a model of social democracy in which the Social Democratic Party has long been in power, and in which distribution under the conditions of monopoly
capitalism has been the object of one-sided praise. Since the nature of wealth and income distribution in a particular country has a deep impact on the standard of living and degree of happiness, and because the degree of wealth and income inequality and the nature of its evolution have deep economic and social roots, conducting systematic research on wealth and income inequality in Sweden and its causes is important for achieving a scientific grasp of the nature of Swedish social democracy. This article, which addresses the two dimensions of wealth and income, seeks to present a systematic investigation of unequal distribution in Sweden during recent years and of its evolution, while also revealing the internal causes.

Wealth and Income Inequality in Sweden and Its Evolution

Wealth Inequality and Its Evolution

Wealth inequality not only directly reflects the gap between rich and poor in a society, but directly affects and even determines the degree of inequality in people’s lives. Therefore, studying social inequality in a country requires first of all investigating wealth inequality in that country.

As may be seen from the Gini coefficients for various years, inequality in the possession of wealth in Sweden has tended to increase in recent times. The Gini coefficient for wealth in a society is calculated based on the distribution of wealth within the population, so as to reflect the inequality of wealth ownership. Since wealth is the accumulated result of the historical distribution of income, the Gini coefficient for wealth also reflects accurately the past distribution of income among the population. According to data from the “Global Wealth Reports and Global Wealth Databook,” for the period between 2011 and 2019, between 2011 and 2015 the Gini coefficient for wealth in Sweden was already at a relatively high level, fluctuating around a value of 0.8. In 2016 this figure experienced an increase, reaching 0.832. Then in 2019 it increased further to 0.867, surpassing the Gini coefficient for wealth in Europe (0.824), and approaching the overall figure for the world (0.885). This year-by-year increase in Sweden between 2016 and 2019 reflects the general tendency for inequality in the possession of wealth in the country to widen.

Second, as may be seen from the numbers of the population in different wealth categories, the disparity of wealth possession in Sweden is tending to increase structurally. This article classifies the Swedish population into groups controlling wealth of fewer than 10,000 USD; between 10,000 and 100,000 USD; between 100,000 and 1 million USD; and above 1 million USD, designating these groups respectively as low-wealth, medium-wealth, wealthy and super-wealthy, and indicating the proportions of the population in these different categories. According to the “Global Wealth Reports and Global Wealth Databook,” between 2012 and 2018 the proportion of Swedish citizens in the wealthy and super-wealthy categories remained relatively stable,
fluctuating around 30% and 5%, respectively. However, the proportion of the population in the low-wealth group almost doubled, growing rapidly from 19.4% in 2012 to 36% in 2018, while the proportion in the medium-wealth group decreased from 48.6% in 2012 to 29.5% in 2018. It can be seen that from the point of view of the proportions of the population in different wealth categories, the accumulation of social wealth in Sweden has shown a clear trend to polarization, reflected in the obvious decrease in the share of the population in the medium-wealth group and the greater numbers which possess relatively little wealth.

Third, seen from the share controlled by the richest people, wealth ownership in Sweden has become increasingly concentrated in recent years, with the bulk of domestic wealth monopolized by a relatively few people. A horizontal comparison shows that the proportion of wealth controlled by the richest Swedes has reached a high level. In 2019, the shares of wealth controlled by the richest 10%, 5% and 1% of the population were 75.3%, 61.2% and 37.4%, respectively, significantly higher than the corresponding figures for Europe as a whole (68.5%, 54.1% and 30.3%). The proportion of wealth controlled by the richest 5% of the population is even higher in Sweden than in Latin America and Africa (the figure for the former is 60.8%, and for the latter 60.2%) (Credit Suisse 2019). According to the “Global Wealth Reports and Global Wealth Databook,” between 2011 and 2019 the shares of wealth controlled by the richest 10%, 5% and 1% of Sweden’s population all showed a tendency to increase. The richest 10% of Sweden’s population controlled around 70% of domestic wealth; the lowest figure, 68.6%, was recorded in 2014, and the highest, 77.8%, in 2017. The share of wealth controlled by the richest 5% of the population increased gradually from 56.4% in 2011 to 61.2% in 2019, with a high point of 65.2% in 2017. The proportion of wealth controlled by the richest 1% of the population increased gradually from 31.2% in 2011 to 37.4% in 2019, with a 2017 figure of 41.9%. It can be seen that the increase in the proportion of wealth controlled by the richest 1% of the population has been the major force in the increasing concentration of domestic wealth in Sweden in recent years.

In brief, inequality in Sweden during recent years has shown a tendency to increase in both general and structural terms. The trend in the distribution of wealth ownership is directly reflected in the widening gap in living standards between the least prosperous layers and the wealthy, and underlies the growing polarization of Swedish society.

**Income Inequality and Its Evolution**

Income inequality reflects the dynamic change occurring in wealth inequality. Thomas Piketty points out that when the return on capital outstrips the rate of economic growth, capital income will have the effect of increasing the concentration of wealth (Piketty 2014, 27). In academia, it is generally held that a
correlation exists between income inequality and wealth inequality. Therefore, studying the problem of unequal distribution requires not only an investigation of wealth inequality, but of income inequality as well.

First, the Gini coefficient for income in Sweden has shown a tendency to increase in recent years. According to data from Statistics Sweden, between 1991 and 2018 this measure of income inequality in the country rose gradually from about 0.2 to approximately 0.3 (SCB 2020a). This was still relatively low, which means that although income inequality in Sweden was showing a tendency to increase, it remained at a reasonable level. However, this was an adjusted figure for income after redistribution. If we make an analysis on the basis of data for the primary distribution of income, we find that according to this measure Sweden is marked by a large income gap. Throughout the period since 1995, Sweden’s Gini coefficient for the primary distribution of income has generally fluctuated around 0.5. Since 2014, however, this figure has remained above 0.5, and is showing a tendency to increase year-by-year (SCB 2020a). This reflects the situation in which inequality in the field of primary distribution has been growing worse.

Second, the proportion of gross national income going to high-income groups in Sweden has shown a tendency to increase. According to data from Statistics Sweden, the share of gross income enjoyed by these high-income groups increased in a fluctuating pattern between 1991 and 2018, and by the latter year, made up about 20% of the total. Between 1991 and 2018 the proportion of income received by the top 1% of the population doubled, and in 2018 approached 9% (SCB 2020a).

Third, the rate of poverty in Sweden in recent years has seen a slow increase. According to OECD data, the general incidence of poverty in the country rose gradually from 8.6% in 2013 to 9.3% in 2017. The poverty rate for people under the age of 18 increased from 9% in 2013 to 9.3% in 2017, while that for people aged between 18 and 65 rose marginally from 8.4% in 2013 to 8.6% in 2017. The corresponding figure for people aged 66 or older was up more sharply, from 8.9% in 2013 to 11.3% in 2017. Although Sweden has one of the lower poverty rates in the OECD, its level of poverty is clearly higher than in Denmark, Finland and a number of other countries. For example, the overall poverty rate in Denmark between 2011 and 2016 fluctuated between 5.4% and 5.8%. The numbers of low-income people in Sweden who are considered to be at risk of poverty have also shown a tendency to increase in recent years. The at-risk-of-poverty rate is used by Statistics Sweden as an indicator to measure the state of income inequality, and is defined as the share of people with an equivalised disposable income (after social transfers) below the at-risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers. Data from Statistics Sweden indicate that since 1991 the at-risk-of-poverty rate has trended upward, with the level of approximately 15% in 2018 nearly double the figure in earlier years (SCB 2020a).
Finally, levels of income inequality differ markedly from region to region within Sweden. Since 2011, some 275 out of 290 cities in Sweden have seen a widening of the income gap. In the municipality of Västerås, for example, the disposable income of the richest group was 5.6 times the average disposable income for the city in 2011, while by 2017 the figure had nearly doubled, reaching 9.2 times. According to Statistics Sweden data for the regional distribution of net income in 2018 (SCB 2020b), income per capita was “extremely high” only in the Danderyd municipality, where it was two and even three times as great as in other regions. Income per capita was “relatively high” only in a few scattered municipalities, such as Lidingö and Täby, while the disparities in nearly 300 other municipalities were relatively small. Consequently, the Gini coefficient for income in some municipalities far surpassed that in others; for instance, the Gini coefficient for income in Danderyd was as high as 0.643, more than double that in most other municipalities.

In sum, income inequality in Sweden in recent years has shown a tendency to increase both in general and structural terms, and sharp differences exist in spatial terms as well. Through its effects on wealth increments, this situation feeds into the increasing polarization of wealth in Swedish society. The tendency for the proportion of poor people in Sweden to rise, and for the extent of poverty to be aggravated, further reflects the fact that the gaps between the living standards of different groups of people are gradually becoming more significant.

The Causes for the Trend to Widening Wealth and Income Inequality in Sweden

The formation and evolution of wealth and income inequality in a country can invariably be traced to underlying economic and social causes. Great differences exist in the positions, mechanisms and extent of influence of various factors affecting the formation and evolution of wealth and income distribution. The trend of increasing wealth and income inequality in Sweden is the result of multiple factors, and principally of the social democratic ideas and objectives of the ruling party. The Swedish scholar Björn von Sydow, after making a systematic analysis of how the program of the Social Democratic Party has evolved over the years, concluded that

the redistribution policy strictly pursued by the party which aims to create equity and thus realize individual freedom must be combined with capitalist entrepreneurship. Voters reject the nationalization of industrial and commercial enterprises and the like socialized measures as well as the employee fund owned by the trade unions. (von Sydow 2009, 64)

Here, this article focuses on discussing the factors exerting important influence on the formation and evolution of wealth and income inequality in Sweden.
The Increasing Privatization of the Swedish Economy

Among the various factors affecting the formation and evolution of wealth and income inequality, ownership of the means of production has played a decisive role. To investigate the causes governing the formation of wealth and income distribution, we need first of all to analyze the manner in which the ownership structure of the means of production has evolved.

In recent years, the expansion of private ownership in the Swedish economy has occurred in line with the governing ideas and principles of the ruling party. The views on property ownership of the Swedish Social Democratic Party, which has long been in power, are profoundly influenced by the ideas of the “New Third Way,” which came into being against the backdrop of a rapid decline of the forces of social democracy in Europe and of a further expansion of the influence of neoliberalism. Subsequently, and under the combined assault of economic globalization, of the outbreak of successive economic crises and of the overall rise of right-wing forces in Europe, left-wing political parties in Europe have for the most part been trapped into a “rethinking” of their theories. The “New Third Way” proposes that in the area of the relations between the collectivity and individuals, a “new type of democratic country” and an “active civil society” should be implemented, and that the relations between the state and society should be redefined by transcending the state intervention advocated by the political left and the laissez-faire approach advocated by the right. Accordingly, the “New Third Way” advocates a mixed economy, proclaiming the establishment of a mechanism of coordination between the public and private sectors (Giddens 2000, 104). In practice, however, the “New Third Way” is oriented toward marketization and privatization. In short, it does not represent a brand-new course lying between left and right as declared by its proponents; rather, it is deeply rooted in neoliberalism, of which it constitutes a social democratic variant.

Second, and since the Swedish Social Democratic Party has come to power through parliamentary struggle, its objectives are restricted in its attempts to limit the inequality caused by private ownership. The party seeks to achieve this by enacting redistributive measures, for example, through changes to the tax and welfare systems. At the same time, it places limits on the domination of capital, using laws and policies designed to promote the democratization of economic decision-making. These restrictions, however, are confined to the level of policy and legislation, and the party is wary of measures that would affect the core positions of private capital, knowing that any such step would meet with vociferous objections. At an earlier stage in its history, the Social Democratic Party in 1983 passed “Employee Investment Funds” legislation, through which it sought to establish a system in which workers collectively owned the means of production. This, however, ended in failure due to strong opposition from domestic forces. In 1975, the
program of the Social Democratic Party stressed “the need for stronger social control over the means of production” (Hinnfors 2014, 133). But influenced by neoliberalism and conscious of electoral advantage, the party gradually weakened its call for limitations on the right of employers to control the means of production, and turned to emphasizing income redistribution and the improvement of working conditions. Since the 1990s, the Social Democratic Party has promoted marketization reform in core fields. It has introduced market and competition mechanisms in the field of social security. It has reformed state-owned enterprises (SOEs), contending that the government as the “active owner” should promote profit-making by these bodies, and has emphasized the function of SOEs in providing financial resources to the state, not the roles these enterprises play in special fields or their function of guaranteeing employment. The party has relaxed the control by the state over the fields of civil aviation, telecommunications, railways and so on, as well as removing regulations providing for national control over foreign exchange and outbound investment. These measures have aided the growth of the private sector. In 1992, for example, Sweden established 270 privately-owned elder-care facilities, accounting for one-third of the total in the country (Su and Wei 2009, 37); between 1995 and 2005, the number of private businesses in the field of elder-care increased by five times (Zhang and Liu 2014). The growth of the private sector has contributed to some extent to the rise of the center-right coalition led by the Moderate Party of Sweden, while the reduction of social welfare, poor performance on the issue of employment and other causes have resulted in the Social Democratic Party gradually losing the support of voters. The party was defeated in the elections of 2006, and did not regain office until 2014.

The basic feature of the ownership structure of the means of production in Sweden is that monopolistic capitalist private ownership predominates, and in recent years the trend to economic privatization has been on the rise. Research published in 2007 showed that the ownership of 90% of Swedish enterprises was by that point concentrated in the hands of private capitalists; 93% of all industrial products were manufactured by private enterprises; 95% of the means of production was controlled by 100 big families; and 17 financial and capital groups dominated the national economy (Xu 2007). The proportions of private ownership in various industries were as follows: 86% in the steel industry, 92% in the chemical industry, 89% in the forest industry, 84% in the food industry, 100% in the automobile industry, 89% in retail commerce, 91% in banking, and 100% in land and agricultural production (Liu 2007). Sectors of particular importance for social welfare, such as health care and education, remain mostly under the control of the public economy. Recently, however, the private components of these sectors have been increasing year-by-year. According to data from Statistics Sweden, the total value of health care, education and social service activities in 2016 reached
1.076 trillion Swedish krona (SEK); of this sum, the activities undertaken by private enterprises accounted for 198 billion SEK, which means that 18% of welfare sector activities were carried out by private firms (SCB 2018a). Between 2007 and 2017, the total outlays on activities including health care, education and social services increased by 60% at current prices, while in the same period the total spending by private enterprises in these fields increased by 119% (SCB 2019). The number of employees of private enterprises in Sweden has also grown year-by-year. In the first quarter of 2018, Statistics Sweden recorded, the number of employees in the private sector aged between 15 and 74 had continued to increase, reaching 3.014 million, 89,000 more than in the same period of the previous year (SCB 2018b).

The tendency to polarization between rich and poor, which arises from the law of private surplus-value, is embodied fundamentally in the ownership structure of the means of production in Sweden. This structure is centered on monopolistic capitalist private ownership, and is strengthened through economic privatization. Within the economy, the trend to privatization aids large-scale capital as it seeks to restrain increases in workers’ incomes, causing the process of capital accumulation to favor private monopoly capital and thus gradually widening the income and wealth gap between the workers and owners of monopoly capital in the field of primary distribution. According to data released by Statistics Sweden, between 1992 and 2018 the average monthly salary paid to workers in the Swedish private sector was markedly lower than that received by employees of central government departments, and the gap between the two was increasing. In 2018 the average monthly salary in the public sector was 33,200 SEK, and in departments controlled by the central government, 38,000 SEK. Managerial staff in private-sector enterprises received more, with an average of 42,900 SEK. By contrast, the average monthly wage of workers in the private sector was only 28,600 SEK. A direct comparison is provided by engineering job categories that exist both in the private economy and the central government-owned economy (for various reasons, engineering job categories in mining, metallurgy and related areas, as well as those in undefined fields, are excluded). For the engineering workers concerned, average salaries in the central government-owned economy are notably higher than in the private economy. The monthly salaries of mechanical engineers employed in the central government-owned economy are in the range of 42,700 to 45,700 SEK, while the salaries paid to similar employees in the private economy are between 41,100 and 43,000 SEK. Meanwhile, monopoly capitalist private ownership and the trend to economic privatization have fundamentally weakened the possibilities for adjusting the wealth and income gap through redistribution. The growing privatization of the national economy has necessarily reduced the profit-making capacity of government-owned or state-owned enterprises as well as the scale of
their profits, thus reducing the revenues from these public enterprises that can be allotted for redistribution. The operation of the law of private surplus-value under monopoly conditions means that the profits acquired by private monopoly capital cannot be used directly to provide the capital base of the national welfare system.

It can be seen that the growing extent of economic privatization has been the root cause of the widening of wealth and income inequality in Sweden in recent years. As long as this privatization, which mainly takes the form of capitalist monopoly privatization, spreads continuously in the Swedish economy, the internal impetus for widening inequality in wealth and income cannot be eliminated.

As the basic contradiction of capitalism come to be felt, the inherent limitations of capitalist reformism and of the policies of the Swedish government in attempting to mitigate the wealth and income gap become more pronounced.

**Decline of the Role of Adjustment by Redistribution**

As the central means for adjusting wealth and income distribution in the Swedish welfare system, the social security and tax systems have played an important role in reliving the basic contradictions of capitalism, lessening wealth and income inequality and promoting social equity. The social security and tax systems are not only able to affect wealth distribution among different groups of people within society, but through members of society paying into social security funds, can also adjust the wealth at the disposal of individuals during different stages in their lives, as well as adjusting the distribution of wealth between generations. In addition, withholding funds directly from enterprises can serve to adjust wealth distribution between enterprises and groups of workers. The Social Democratic Party therefore pays great attention to the functioning of the social security and tax systems in the field of redistribution.

Sweden’s social security and tax systems were established in the course of dealing with capitalist economic crises and alleviating social contradictions (especially the conflict between capital and labor) in the early decades of the 20th century. The Swedish Social Democratic Party put forward such ideas of capitalist reformism as “welfare socialism” and the “people’s home,” and after taking power in 1932 carried out reforms and created the famous “Swedish model.” The Swedish welfare system covers various fields, including pensions, health care, education, unemployment assistance and so on, embracing many aspects of the lives of different groups of people in society. The tax system in Sweden includes various tax categories, including individual income tax, taxes on enterprises, value-added tax, consumption tax, real estate tax and so on. The tax authorities collect revenues separately at the national and local levels; individual income tax, for example, includes local tax and national tax. The rates of local tax differ according to the regions, and are mostly between 29% and 35%. The national tax is targeted only
at high-income groups, and is collected at a progressive rate. Most of the tax revenues in Sweden go to the central government, with the local governments collecting only individual income tax and some additional taxes. The welfare and tax systems in Sweden not only help to ease the labor-capital relationship and soften class contradictions, but also promote improvements in the living standards of the workers; this enhances domestic consumption and promotes the sustained and stable development of the economy.

The Swedish welfare system, with the social security and tax systems at its core, has to some extent corrected the increasing inequality in the field of primary distribution. A key element in the construction of the “welfare state” and the pursuit of social equity in Sweden has been to focus attention on income redistribution. Through using income redistribution policies to alleviate the increasingly wide gap between rich and poor that results from the central place of private ownership in the economic system, the “welfare state” seeks to achieve overall well-being. Mainly through its tax system, through government transfer payments, and through its social security system that covers a wide range of fields, Sweden has redistributed wealth and income among different social groups, and has sought to guarantee equity and welfare throughout all of society. In 2018 the gross expenditure of the Swedish government amounted to 49.86% of GDP, while social spending amounted to 26.055% of GDP, more than half of gross government outlays. In the same year, Swedish tax revenues amounted to 43.93% of GDP, and social security payments to 9.682% of GDP. In recent years the ratio of tax revenues to GDP in Sweden has been above 40%; meanwhile, the sum of tax collection and payments for social security has amounted to more than 50% of GDP, which reflects the importance Sweden attaches to the field of income redistribution. In terms of its practical operation, the Swedish welfare system has played an important role in distributing and adjusting wealth and income, and has alleviated the problem of high levels of inequality in primary distribution.

Sweden’s social security and tax systems, which aim to adjust wealth and income inequality, suffer from internal limitations associated with the high social security spending and high tax rates that accompany them. Seen in the long run, high social security expenditure places a heavy burden on government finances. In a society where private ownership predominates, government fiscal revenues rely mainly on taxes and charges of various kinds. High levels of social security spending necessarily lead to high taxes. According to data from “The Swedish Economy March 2018” provided by the National Institute of Economic Research (NIER), the fiscal revenues of the Swedish government in 2016 and 2017 were 2.183 trillion SEK and 2.268 trillion SEK, respectively, with the single index values of taxes and charges totaling 1.933 trillion SEK and 2.014 trillion SEK, accounting for 88.5% and 88.8% of gross fiscal revenue (NIER 2018). The government lacks
channels for expanding other sources of revenue. This is due to the heavy fiscal burden imposed by the welfare system, and to the fact that the Swedish government’s major source of fiscal revenues consists of taxes and charges of various kinds levied in circumstances where the means of production are in private ownership. In the absence of a strong public economy able to provide guarantees, an expensive welfare system is prone to chronic budgetary deficit crises, and can hardly last for long. “According to the data from the Swedish Association of Local Authorities and Regions (SKL), deficits occurred in about one third of local governments in Sweden in 2018.”

Amid globalization and the pressures resulting from European integration, the sustainability of the Swedish welfare system faces big challenges. In the first place, high taxes and welfare costs lead to a certain degree of capital flight. Within the system of the global division of labor, capital can choose to transfer itself to countries where labor is cheap, and can thus reduce its labor costs substantially. Meanwhile, taxes and welfare charges are often evaded. Rich Swedes may avoid their country’s high taxes by transferring their wealth abroad. For example, there are extremely rich people who transfer their assets to Denmark, adjacent to Sweden, so as to avoid the tax liability they face at home. In 2015, tax authorities in the city of Malmö established a working team to investigate wealthy Swedes who had taken up residence in Denmark, and successfully retrieved 65 million SEK for the Swedish national treasury. Second, and in the context of globalization, Sweden’s increasingly close contact with the outside world in the field of information flows and communications has meant that the qualities of self-restraint and diligence the Swedish people have nurtured over many years, and that were influenced by the generous welfare system, are now under strong attack from liberal ideas originating outside the country. Finally, globalization and European integration have resulted in Sweden attracting a large number of immigrants due to the country’s generous immigration policies and unique welfare state system. Statistics Sweden points out that “in 2019, Sweden’s population increased by 97,404 people, 94 percent of whom had a foreign background.” The inflow of immigrants has aggravated the burden of the Swedish welfare system.

Since the 1990s, and confronted with crises both at home and abroad, the Swedish government has continuously reduced its welfare spending in order to alleviate economic pressures. This has had the effect of directly weakening the adjustment power of redistribution. Social insurance, pensions and housing subsidies have been reduced, and the portion of unemployment insurance and old-age insurance paid by individuals has increased. For example, social insurance compensation has been reduced from 80% to 75% (Gao and Shi 2009, 86); subsidies for parental insurance have been cut from an amount equivalent to 90% of earnings to 75%; and subsidies for unemployment insurance have been reduced from the equivalent of 90% of
former earnings to 80% (Su and Wei 2009, 33). Meanwhile, “decentralized reform has been implemented in welfare management, giving local governments more autonomy and allowing them to undertake more responsibility, while market mechanisms have been introduced” (Li 2020, 146). In addition, the Social Democratic Party, influenced by the “New Third Way,” is proposing “positive welfare,” stressing the responsibility of citizens to society. For example, it is proposed that unemployment insurance benefits be withheld from unemployed people who refuse to accept work suited to them or who have quit their jobs. A further proposal is that the method of financing pensions be changed from pay-as-you-go to a combination of pay-as-you-go with fund accumulation, causing pension benefits to be linked closely to the contribution of the individual to society, as well as to socio-economic developments. The center-right coalition that came to power following the 2006 elections persisted with this model, on the whole, making flexible adjustments on a partial basis. For example, the center-right authorities strengthened scrutiny over the receipt of relief payments, encouraged postponement of the retirement age and so on. Affected by the European debt crisis and challenged by the aging of the population, the new Swedish government attempted to stimulate the economy by successively lowering the rate of corporate income tax in 2009 and 2013, and by reducing the social security premiums paid by employers.

In recent decades the Swedish welfare system, with the social security and tax systems at its center, has shown a trend toward weakened adjustment for the inequalities in wealth distribution. During the 1990s the number of adults benefiting from the welfare system experienced a rapid but brief increase, before entering a general pattern of decline. Since 2008 the number of adult welfare recipients in Sweden has fallen each year, to levels even below those in 1991 (SCB 2020c). According to data from Statistics Sweden, the number of adults receiving economic support in the form of social assistance or benefits in 2019 was 741,979, a decrease of 4.3% compared to 2018.

While the number of welfare recipients in Sweden has declined overall, there are marked local differences in the proportion of adults receiving economic support in the form of social assistance or benefits. Statistics Sweden classifies the country’s urban settlements on the basis of location and size, dividing them into nine categories, including large cities, commuting municipalities near large cities, small towns, rural municipalities and so on. The statistics show that the number of adults receiving economic support in the form of social assistance or benefits differs in the localities of various types. In large cities, in commuting municipalities near large cities and in rural municipalities with a visitor industry, the proportion of people receiving this support is relatively low. By contrast, the proportion is relatively high in rural municipalities, in commuting municipalities near small towns and in commuting municipalities with a low commuting rate near medium-sized towns (SCB 2020c).
It can be seen that the weakening of the adjustment provided by the social security and tax systems has been an important reason for the widening of inequality in the distribution of wealth and income in Sweden. In circumstances where private ownership predominates, social welfare and high taxes are able to ease the class contradictions only temporarily. Without the public economy acting as the principal and fundamental source of support, achieving a basic equity and efficiency in economic activities is scarcely possible.

The Decrease in the Organizational Strength of the Trade Unions

In Sweden, trade unions are important forces protecting the rights and interests of workers, and thus helping to adjust the distribution of wealth and income. Private ownership of the means of production remains dominant in Sweden, but the control exercised by capital is subject to restrictions, reflected in the extensive democratization of economic decision-making. For this kind of democratization to operate, class cooperation between workers and capitalists is essential. Sweden actively promotes the reaching of agreement between labor and capital, and seeks to ensure co-determination in this field through a system of laws, policies and agreements applying to the labor market, wage determination, dispute resolution, enterprise management and other areas, all designed to guarantee a balance of interests between labor and capital. The mechanisms employed include the Saltsjöbaden Agreement concluded between the country’s Trade Union Confederation (LO) and the Swedish Confederation of Employers (SAF); the Employment (Co-Determination in the Workplace) Act related to the management of enterprises; and so on. Within this system, the trade unions assume responsibility for organizing the working class and expressing its collective interests, thus playing a very important role in balancing the interests of labor and capital.

Under the Swedish system, trade unions are not important organizations of class struggle, and have instead become a force in the political game. Over many decades, the relations between the Social Democratic Party and the trade unions have been adjusted continuously in line with changes in electoral interests and social conditions. Originally, the Social Democratic Party had grown out of the revolt of the working class against oppression and exploitation, and argued steadfastly for protecting the interests of the working people. Even after the party embarked on the road of parliamentary struggle, the trade unions still kept in close contact with it.

In 1974 the membership of the Swedish Trade Union Confederation reached 1.86 million, of whom 39% were collective members of the Social Democratic Party... the proportion of party members who had joined collectively through their unions increased to 73%. (Gao and Shi 2009, 105)
From 1976, however, the relations between the Social Democratic Party and the trade unions changed, with the full cooperation that had existed earlier giving way to a gradual distancing. The fact that the Social Democratic Party when it altered its welfare policies disregarded opposition from the trade unions, especially in the area of unemployment security, further worsened the relations between the two sides. In 1987 a congress of party representatives adopted a resolution to maintain the mechanism under which members of local trade unions were granted collective admission to the party. But under the resolution, individual union members could officially join the Social Democratic Party only after making individual applications, and the rights of trade unions in the party could be decided only by those union members who had officially been accepted into the party. This resolution was finally implemented in 1991, whereupon the membership of the Social Democratic Party “fell drastically from about 1 million at the beginning of the 1980s to 260,000.” The membership of the party’s primary-level organizations decreased by more than a third. By 2003 trade union organizations with collective membership of the party existed in fewer than a third of the party regions, and only 55% of party members were union members (108–109). The changed relations between the Social Democratic Party and the trade unions were also reflected in revisions to the party’s program. In 1975 the program had claimed that the trade unions were the “organizations of wage earners,” while the Social Democratic Party was the “organization of citizens” (202). This was not mentioned in the 2001 version of the party program, which stressed the relations between the party and the masses of the people, and proposed that the current task was to “maintain and develop . . . civil rights and the power of democratic actions which has grown in the last hundred years” (279).

In recent decades, the organizational strength of the trade unions in Sweden has shown a generally downward trend. The density of union membership has mostly declined year-by-year. According to OECD data, union density in Sweden fell from 92.6% to 65.6% between 1998 and 2017. The number of union members has also decreased, from 3.3 million in 1998 to a current figure of around 2.8 million. The decline was continuous until 2011, when the number of union members began slowly increasing; however, it has not yet regained the level of 1998.

The decrease in both the number of union members and the density of union membership is the result of a strengthening of the power exercised by the owners of capital and of a heightening of their attacks on the trade unions and the working class. The direct effects include the widening of inequality in the distribution of wealth and income in Sweden. In the first place, the governing ideas and principles of social democracy as pursued by the Swedish Social Democratic Party have gradually altered the relationship of power between labor and capital. Social democracy is the typical form of capitalist reformism, whose essential
aims include correcting the drawbacks of capitalism without changing the dominant position of capitalist monopoly private ownership in the national economy; facilitating agreement between labor and capital in order to alleviate class contradictions through concessions and compromises on both sides; and improving social equity by enhancing the level of social welfare. The governing ideas and principles of the Social Democratic Party have promoted the realization of concessions and agreements between labor and capital to some extent and within a certain range, and the living standards and welfare levels of the workers have thus been significantly improved. Over time, however, the working class in Sweden has gradually quit the political realm and even abandoned class struggle, to the extent that when confronted with the strengthening of the capitalist forces within Sweden and the mounting economic power of the capitalist class, it has been unable to manage a timely response. Second, and as in other countries, the Communist Party of Sweden has been continuously smeared and subjected to repression, preventing it from making an effective impact on the trade unions. Third, the deepening of the scientific and technical revolution, and particularly the emergence and growth of various new diversified industries, has resulted in the mobility of the workers increasing and the forms of their employment becoming diversified; this has weakened the organizing capacity of the trade unions and limited their role in expressing collective interests. With the decline in the strength of the trade unions and in the organizational capacity of the working class, the wage bargaining power of the Swedish trade unions and their ability to deal with disputes between labor and management has decreased accordingly. It thus becomes more and more apparent that the growth of wealth and income inequality in Sweden directly reflects the imbalance between the respective strength of labor and capital.

Conclusions and Reflections

Compared with other capitalist countries, the degree of wealth and income inequality in Sweden was in the past relatively low. In recent times, however, it has tended to increase in structural terms, with some indicators becoming notably high. In its general dimensions as well, inequality of wealth and income in Sweden has been growing. In this respect, the situation in Sweden is coming to resemble that in Europe as a whole, where inequality is already severe and close to the general level found throughout the world. The distribution of wealth and income within the Swedish population reveals a trend toward gradual polarization. Wealth and income are gradually becoming concentrated in the hands of the wealthy and super-wealthy groups that make up a minority of the population, while there is an obvious tendency for moderately well-off people to finish up possessing relatively
less wealth. At the same time, the level of poverty shows an increasing trend, as
does the risk for ordinary people of falling into impoverishment. Meanwhile, the
data for the spatial distribution of income in Sweden show comparatively large
regional differences in income inequality.

The trend toward widening inequality of wealth and income in Sweden has
resulted from the joint action of multiple factors, under the domination of the gov-
erning ideas and principles of the ruling Social Democratic Party. First, the owner-
ship structure of private monopoly capitalism has played a decisive role in the rise
of wealth and income inequality in Sweden and in its further evolution. In a soci-
ety dominated by the drive to extract private surplus-value, the process of capital
accumulation determines that the wealth and income gap found in the area of dis-
tribution will continuously expand, thus shaping the increasingly intense polariza-
tion. Marx pointed out that

Accumulation of wealth at one pole is . . . at the same time, accumulation of
misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the
opposite pole, i.e., on the side of the class that produces its own product in the
form of capital. (Marx 2010, 640)

Second, the Swedish welfare system, whose core consists of the social security
and tax systems, has to a degree alleviated the inequality in the distribution of
wealth and income and promoted social equity through its functions of redistribu-
tion and adjustment. In this way, it has played a significant role of relieving the
basic contradiction of capitalism. However, the Swedish welfare system is above
all an embodiment of capitalist reformism, and its ability to affect the inequality of
wealth and income is limited. At the same time, it faces the challenges of various
factors that bear on its own sustainability, including fiscal pressures, high taxes,
capital flight and so on. Third, the weakening in recent years of the organizational
power of the Swedish trade unions has resulted in an imbalance of power between
labor and capital, and to some extent this has promoted the widening of wealth and
income inequality.

In sum, the system and governing ideas of social democracy pursued by the
Swedish Social Democratic Party can relieve the class contradictions within capi-
talism, and alleviate unequal wealth and income distribution, only temporarily and
only to a limited extent. The perspectives and methods of social democracy cannot
fundamentally alter the dominant position of monopoly capitalist private owners-
ship so as to eliminate wealth and income inequality. As the basic contradiction of
capitalism deepens within the contemporary context of monopoly, the trend to
widening inequality of wealth and income in Sweden has the force of a historical
inevitability.
Notes

10. See https://world.huanqiu.com/article/9CaKmJVER7?w=280.

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