



INCOME INEQUALITY IN SWEDEN FROM AN OECD PERSPECTIVE

Growing more equal

Saltsjöbaden, 23 October 2018



<http://www.oecd.org/eco/surveys/economic-survey-sweden.htm>



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slideshare



Outline

- Things are good in Sweden, but inequality has been rising.
- The rise seems to be driven by capital income, redistribution policies and demographic/structural trends.
- Redistribution, housing policies and the nexus of skills, entry-level wages and integration need continued attention.



THINGS ARE GOOD IN
SWEDEN, BUT INEQUALITY
HAS BEEN RISING



'If we could export the Swedish model, it would be a much better world'

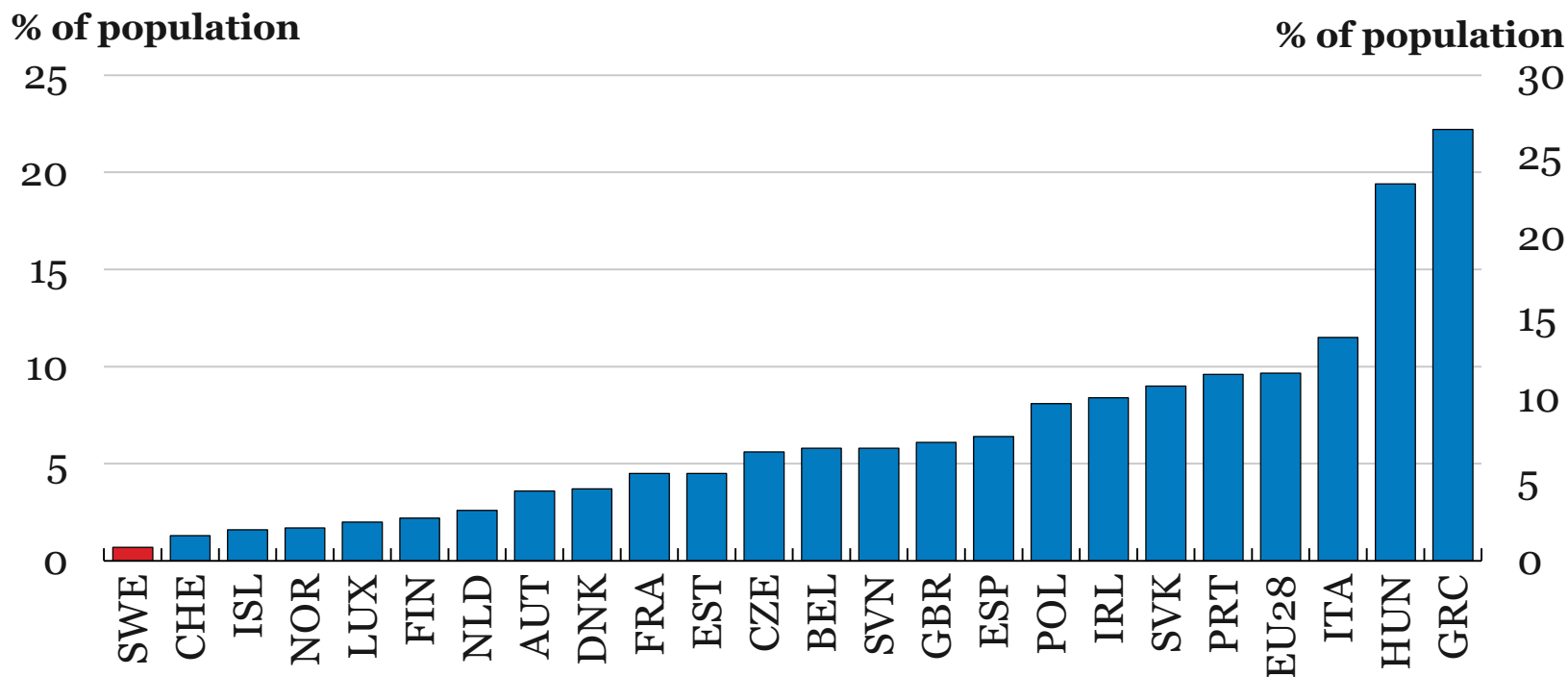


OECD Secretary-General Angel Gurría and Swedish Finance Minister Magdalena Andersson. Photo: [AP Photo/Chris Wedel](#)



Living standards are decent for almost all in Sweden

Material deprivation rate (2015 or latest)¹



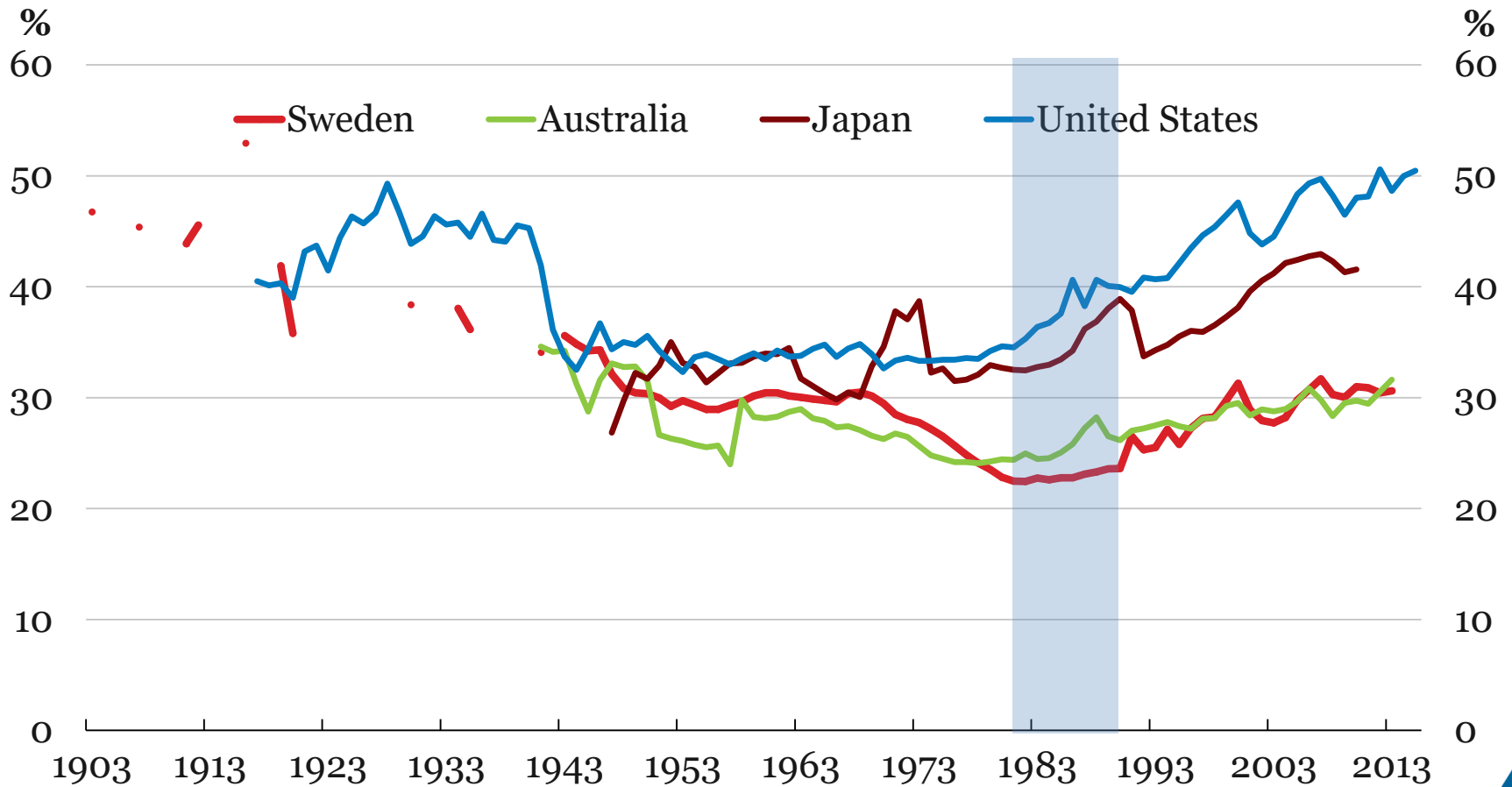
1. The inability to pay for at least four of the following items: rent, mortgage or utility bills; adequate home heating; unexpected expenses; regular meat or protein consumption; holidays; a television set; a washing machine; a car; a telephone .

Source: Eurostat, Income and Living Conditions database.



Inequality increased from a historical low in the 1980s

Top 10% market income share including capital income

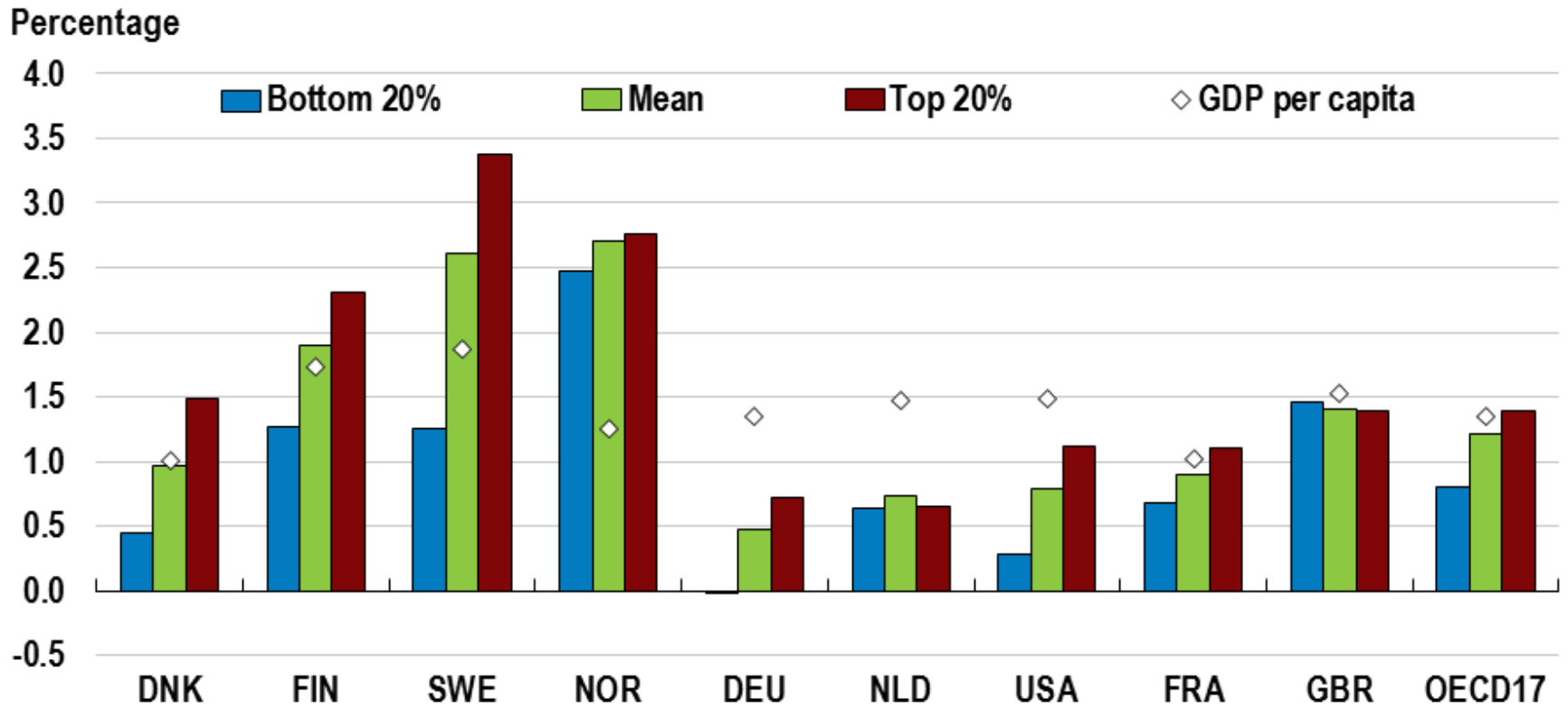


Source: The World Wealth and Income database.



Low incomes also increased

*Average annual growth of household disposable incomes,
mid-1990s to 2014*

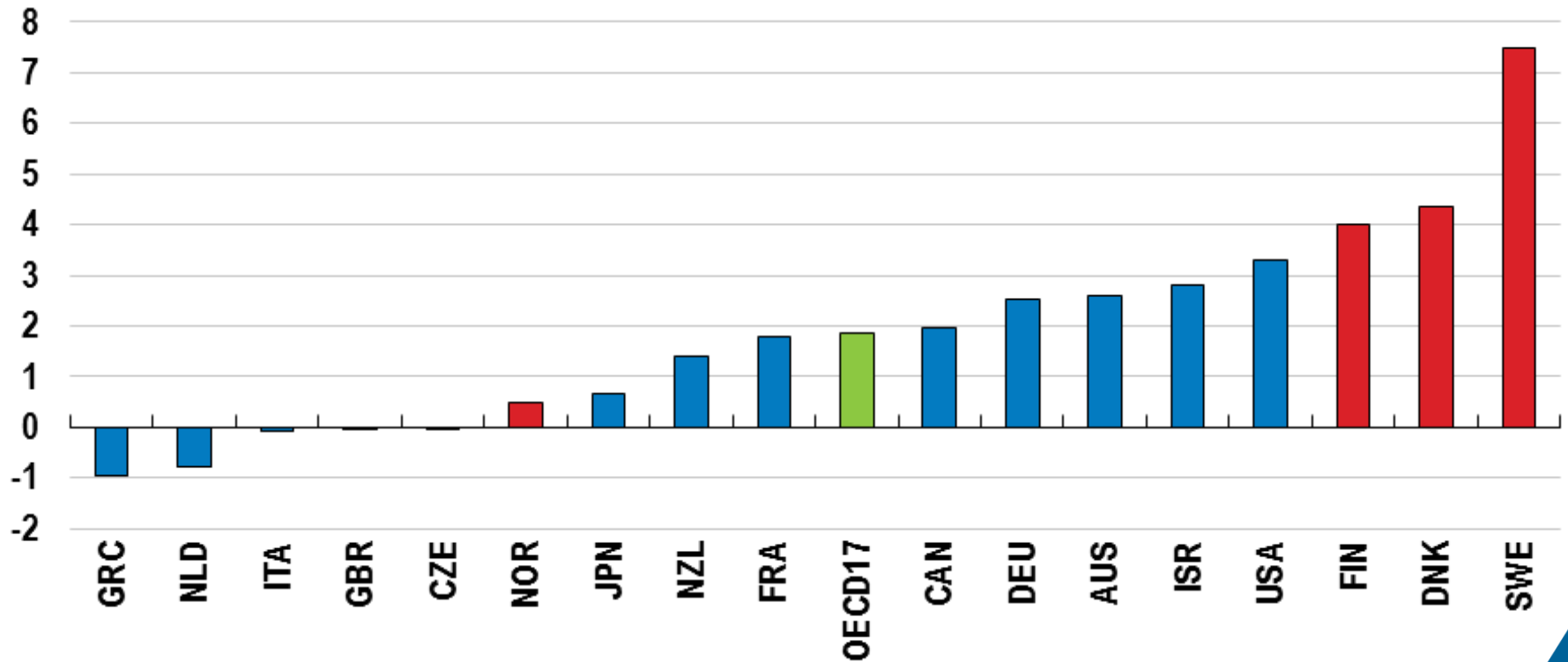




Inequality increased most in the Nordics, with Sweden on top

*Change in Gini coefficient for household disposable incomes,
Mid-1990s to 2014 or latest available year*

Percentage points

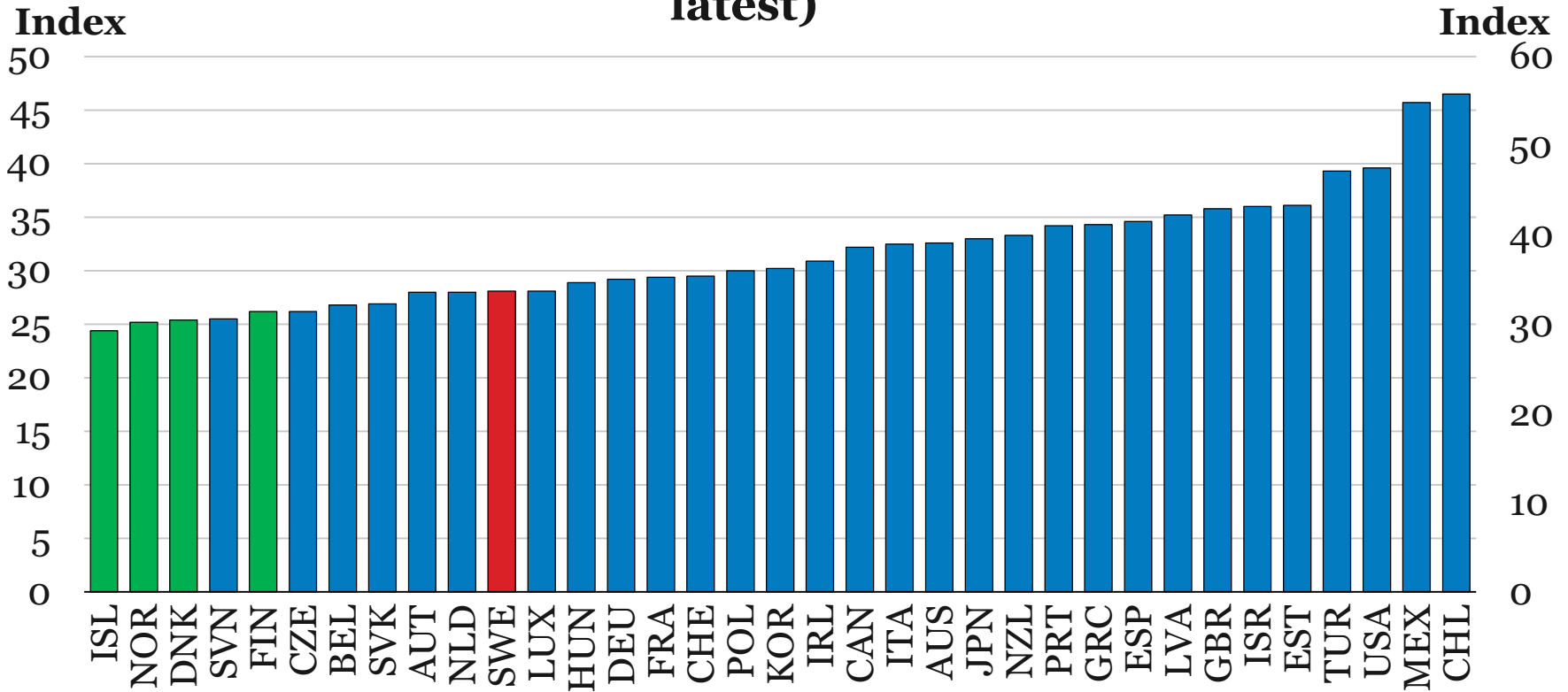


Source: OECD Income Distribution Database



Sweden now has the highest Gini of the Nordics

Gini coefficient post taxes and transfers (2013 or latest)



Source: OECD Income Distribution and Poverty database.



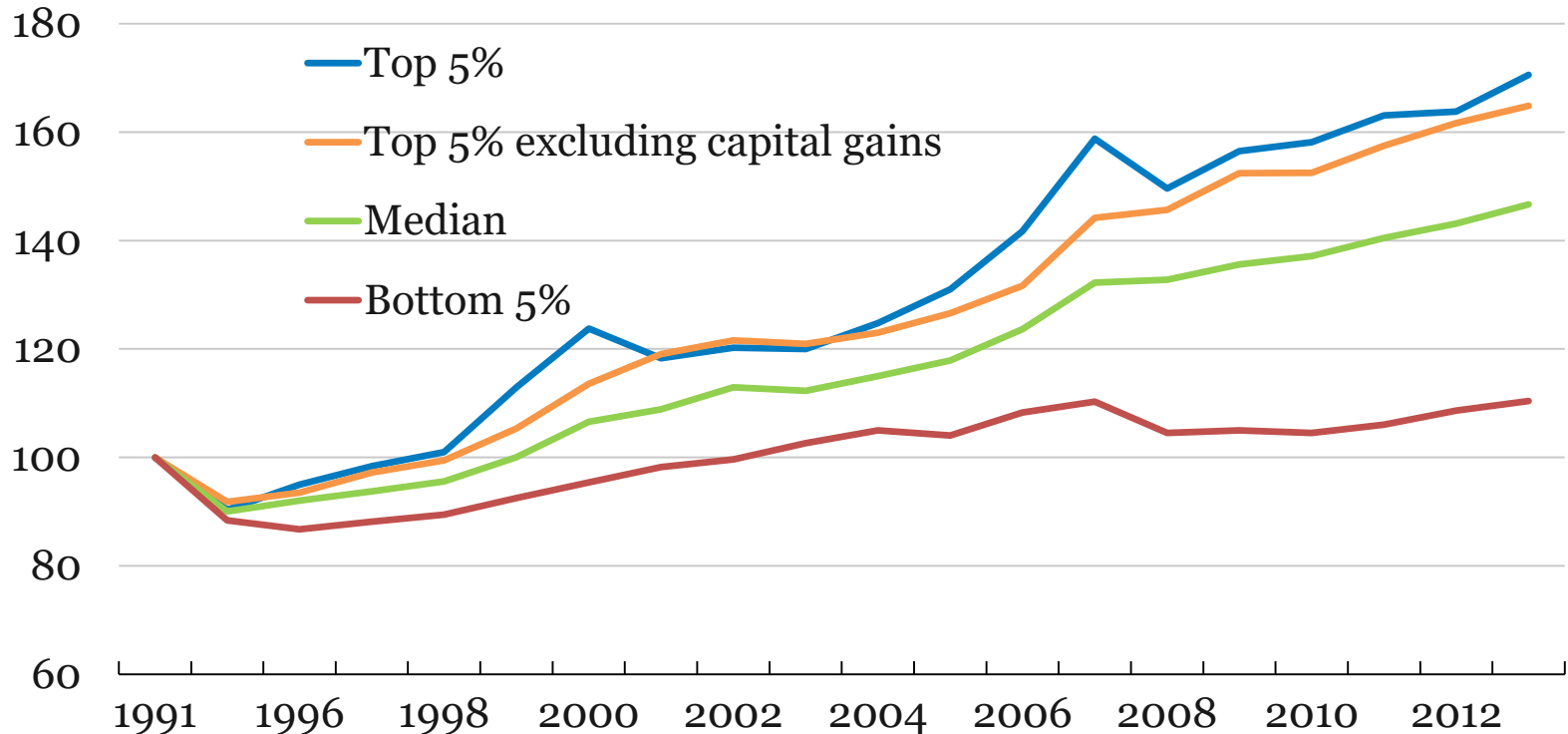
WHY DID INEQUALITY INCREASE?



Capital gains and dividends drive top incomes, but wealth data is missing

Disposable income within each group

1991=100



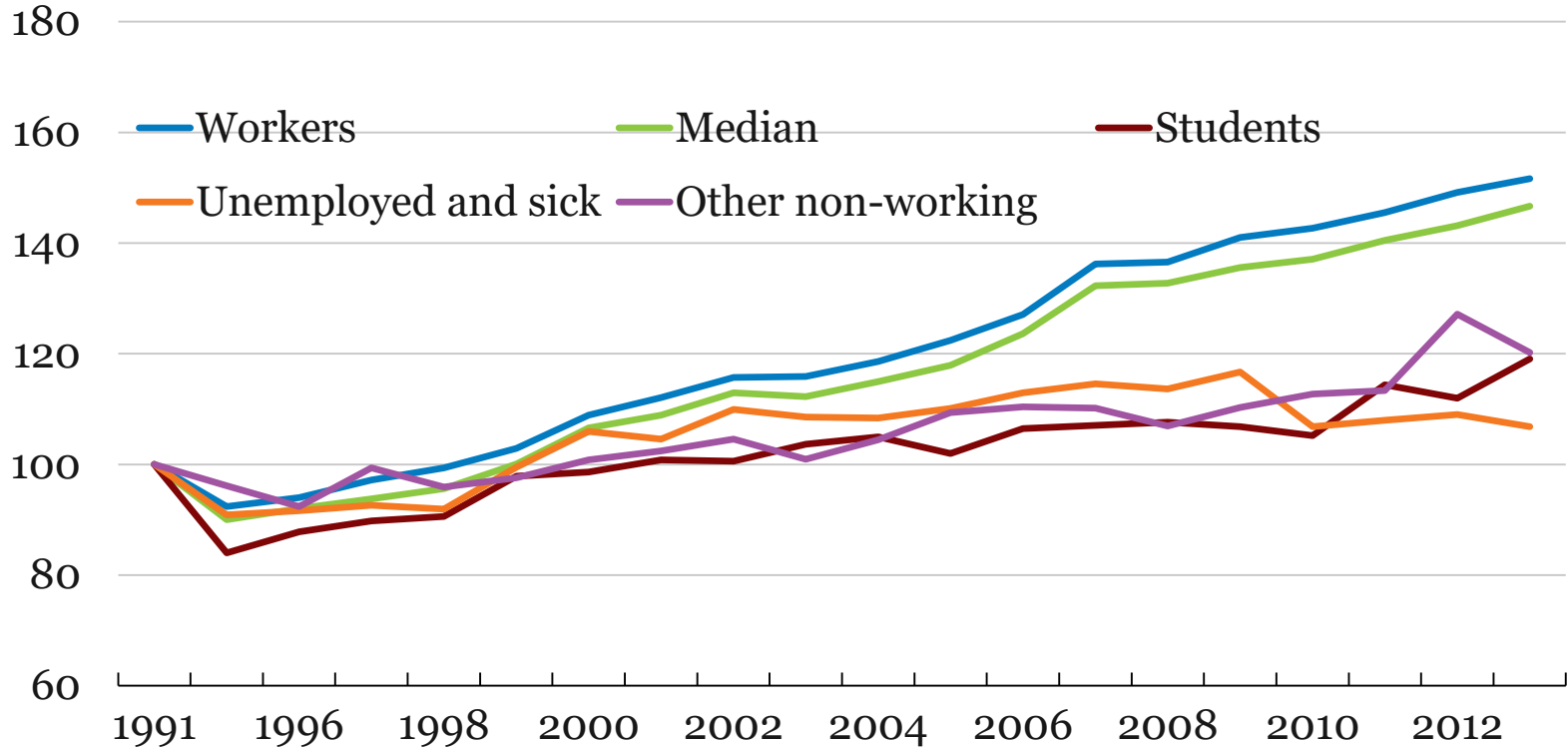
Source: Statistics Sweden



Slow benefit uprating left those out of work lagging behind

Disposable income within each group

1991=100

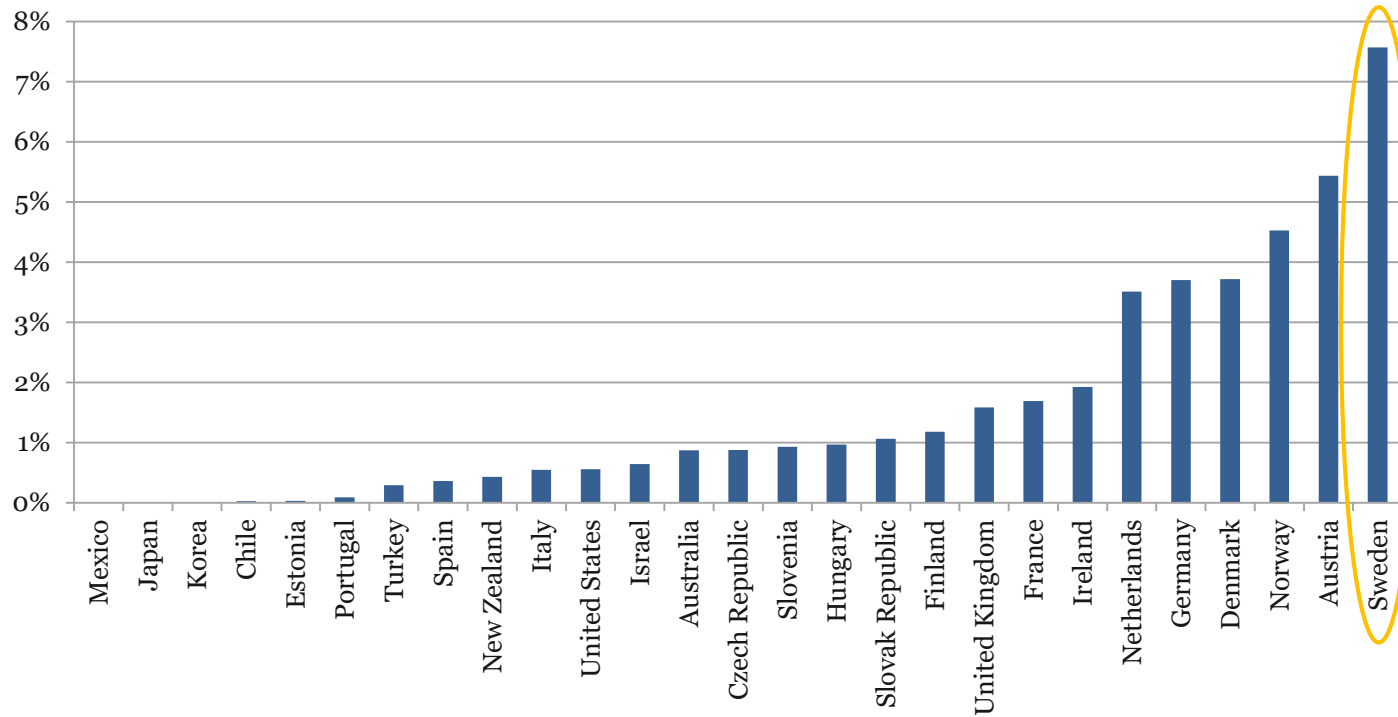


Source: Statistics Sweden



Demographic and structural trends (1)

Number of asylum seekers as share of population, 1987-2013



Source: OECD Population and Vital Statistics Database



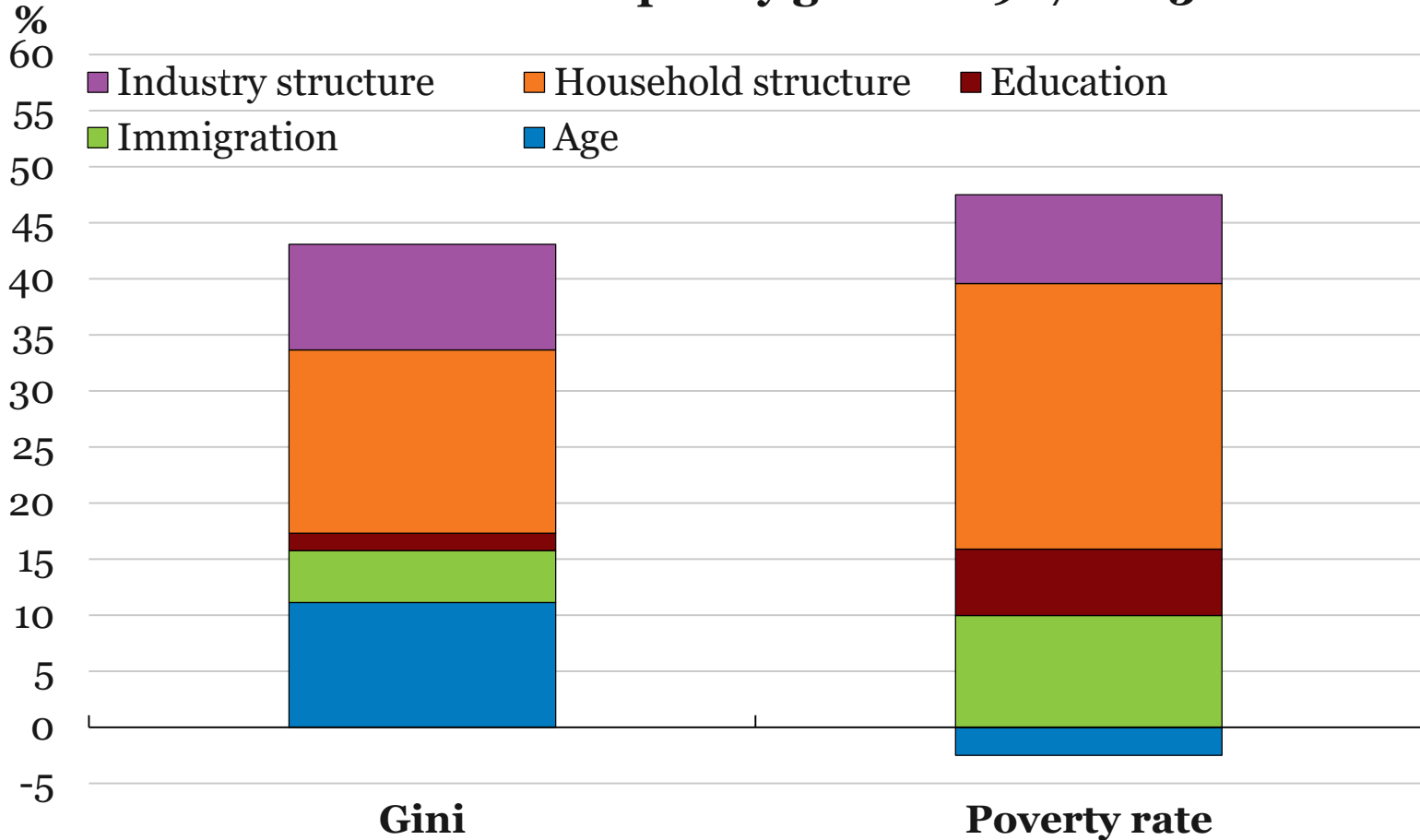
Demographic and structural trends (2)





Structural trends contributed strongly to growing inequality

Contribution to inequality growth 1987-2013



Source: Robling and Pareliussen (2017).

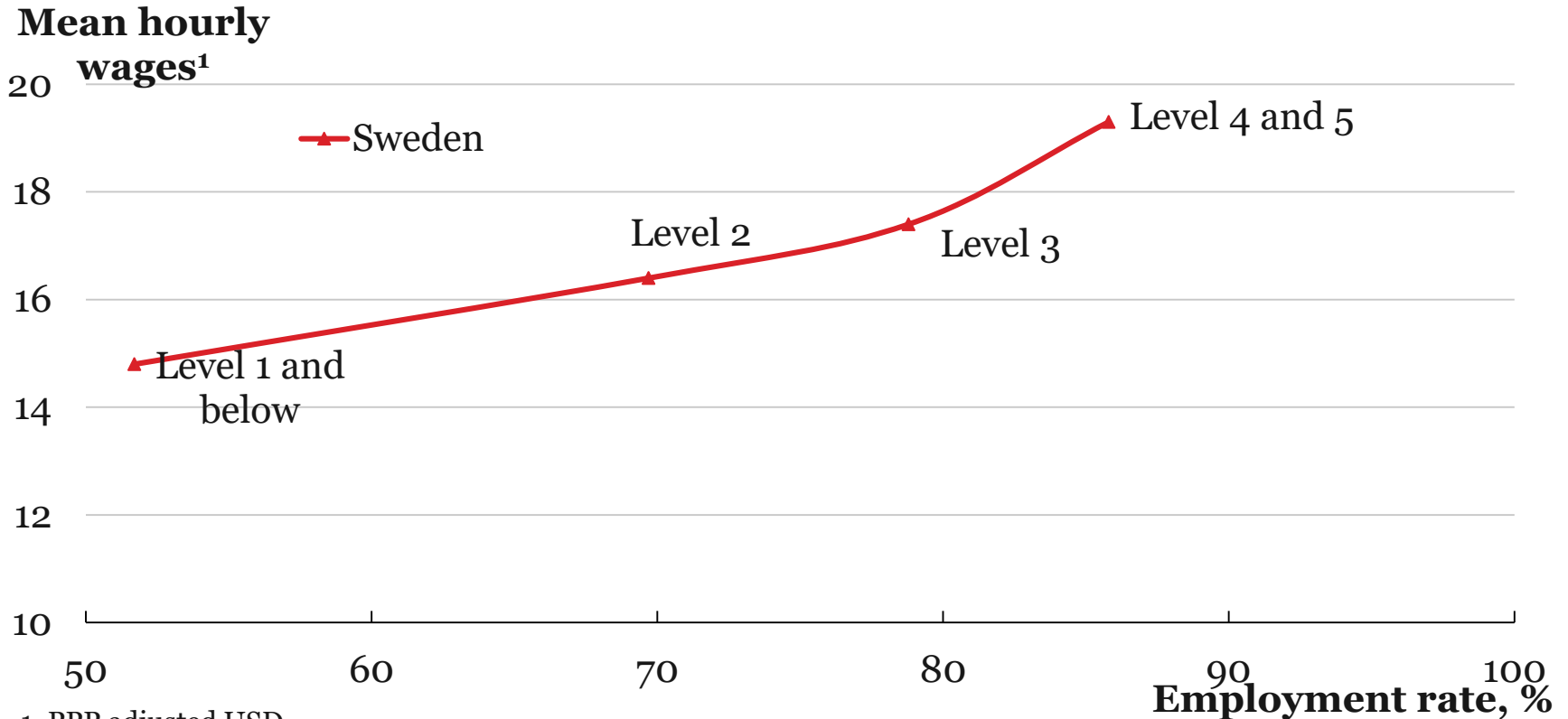


MIGRATION, SKILLS, WAGES AND HOUSING



Employment opportunities for the low-skilled are limited

Wages and employment by literacy skill level (2012)



1. PPP adjusted USD

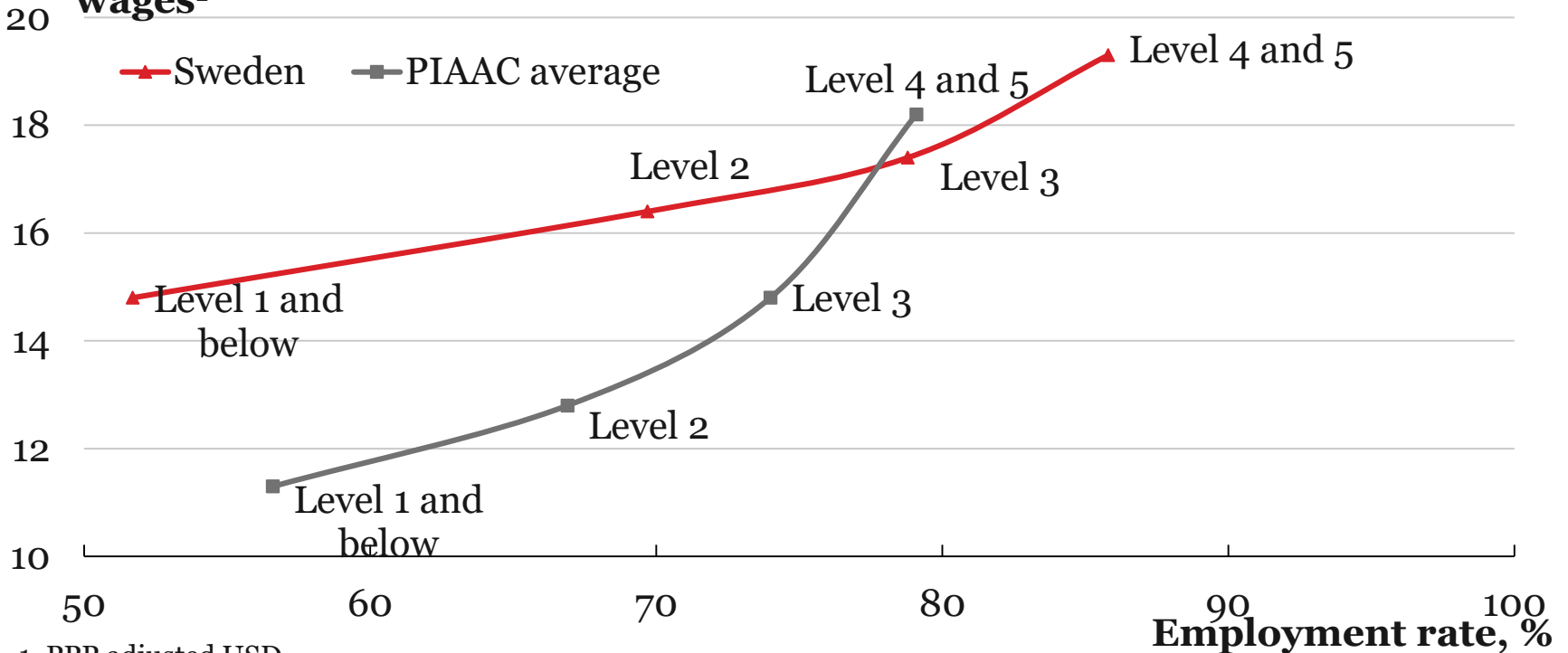
Source: OECD Survey of Adult Skills (2012).



Employment opportunities for the low-skilled are limited

Wages and employment by literacy skill level (2012)

Mean hourly wages¹



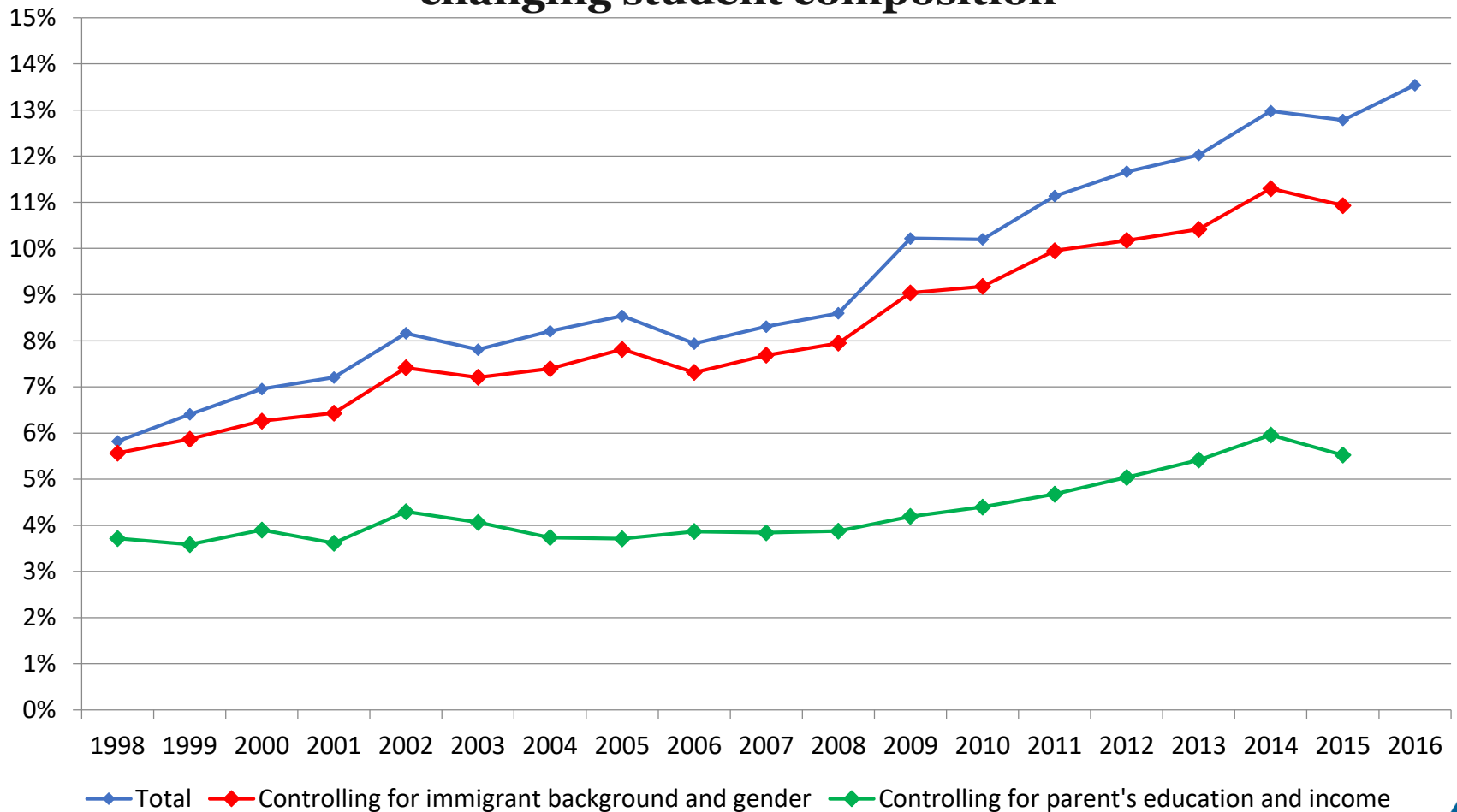
1. PPP adjusted USD

Source: OECD Survey of Adult Skills (2012).



Diverging school results reflect school segregation

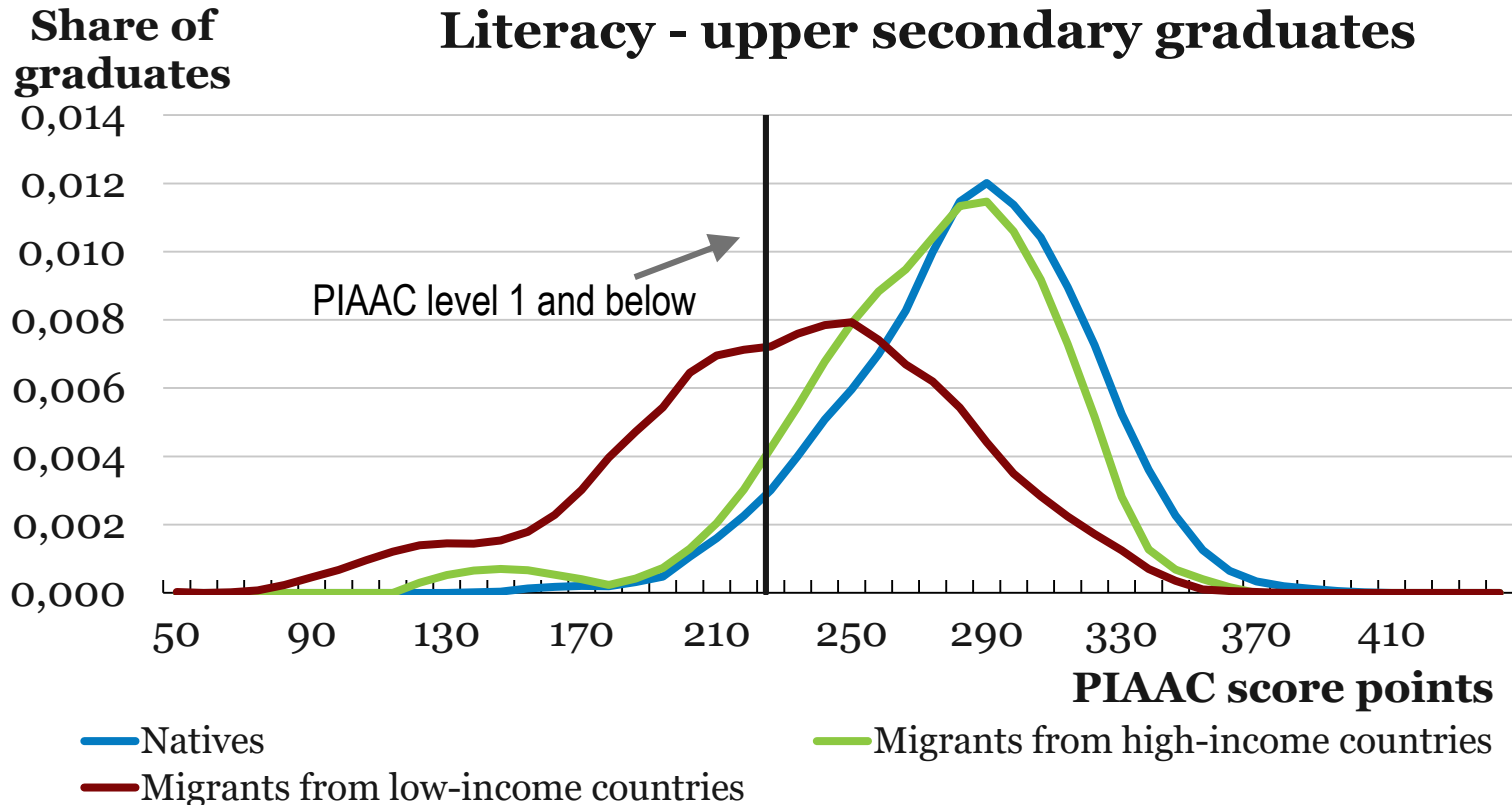
Between-school grade variation controlling for changing student composition



Source: Skolverket (2018), Analyser av familjebakgrundens betydelse för skolresultaten och skillnader mellan skolor.



Disadvantaged immigrants need special targeting

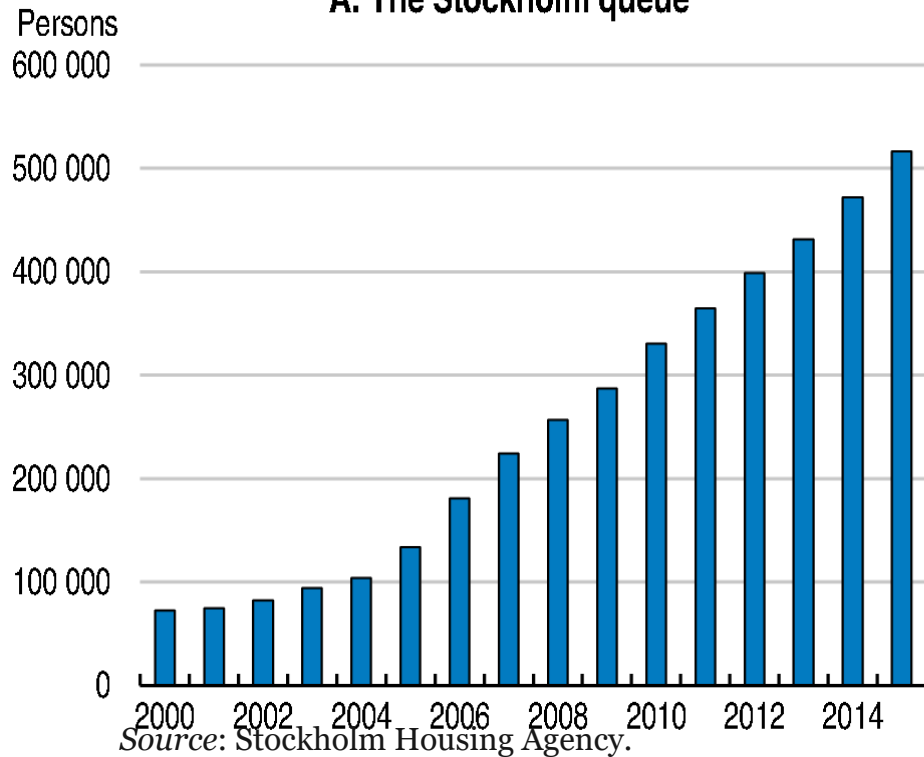


1. The PIAAC literacy test was taken in Swedish for all groups.
Source: OECD Survey of Adult Skills.

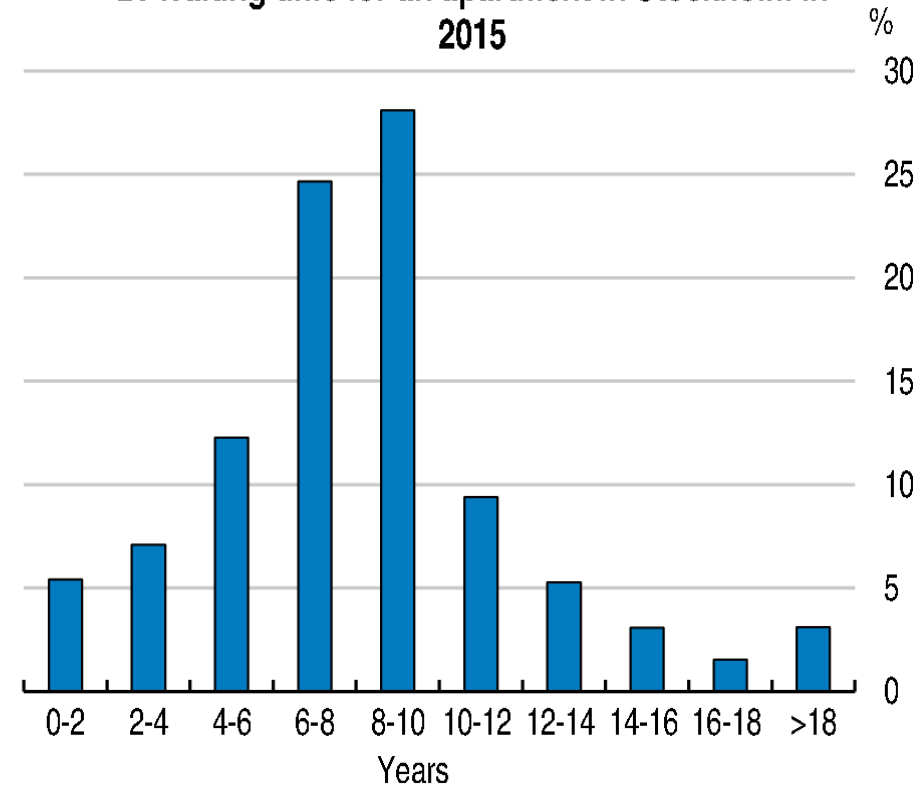


Rental regulations hinder mobility for those who cannot afford to buy

A. The Stockholm queue

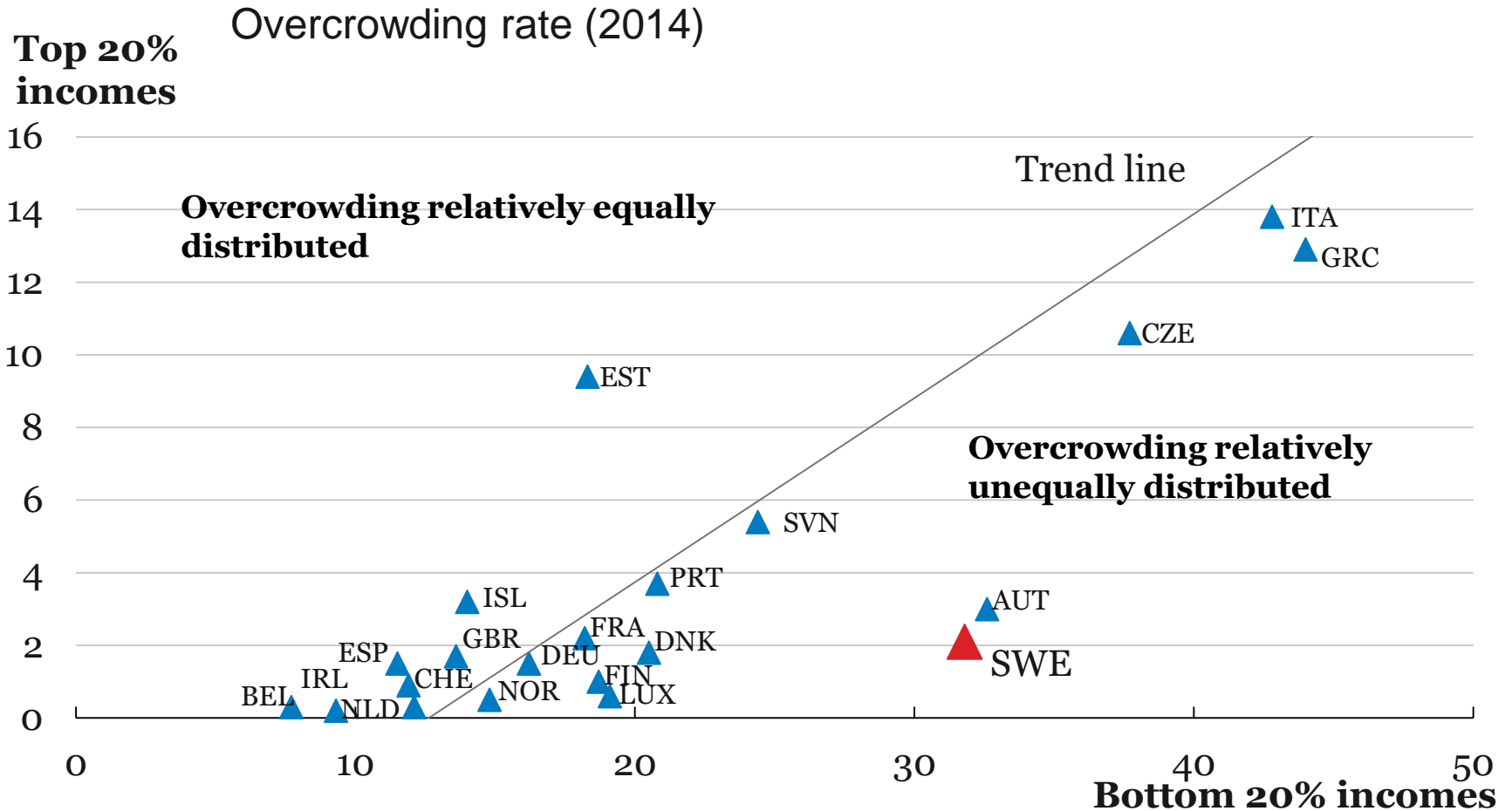


B. Waiting time for an apartment in Stockholm in 2015





Housing conditions differ substantially between rich and poor



Source: Eurostat, Income and Living Conditions database.



Summary

- Things are good in Sweden, but inequality has been rising.
- The rise seems to be driven by capital income, redistribution policies and demographic/structural trends.
- Redistribution, housing policies and the nexus of skills, entry- level wages and integration need continued attention.

For more information



Pareliussen, J. K., M. Hermansen, C. André and O. Ca (2018), Income Inequality in the Nordics from an OECD perspective, *Nordic Economic Policy Review 2018*.


Robling, P. and J. Pareliussen, J and P. Robling (forthcoming), Demographic change and inequality trends in the Nordic countries, *Nordic Economic Policy Review 2018*.

Pareliussen (2017), "Structural inequality: The case of Sweden", *OECD Economics Department Working Paper No. 1382*.

Bussi, M., and J. Pareliussen, (2017), "Back to Basics: Literacy Proficiency, Immigration and Labour Market Outcomes in Sweden", *Social Policy & Administration 51, No. 4*.

<http://www.oecd.org/eco/surveys/economic-survey-sweden.htm>

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Key recommendations

– Income inequality and equal opportunities

- Review annually the distributional consequences of uprating social benefits, taking equity, fiscal costs and work incentives into consideration.
- Continue to simplify the procedures to help migrants get residence and work permits.
- Rationalise by merging and harmonising various wage subsidy schemes to better target the most vulnerable workers, ease the related administrative burden and increase take-up.
- Ease rental regulations to incentivise rental housing supply, mobility and better utilisation of the housing stock, while maintaining tenant protection against abuse.