

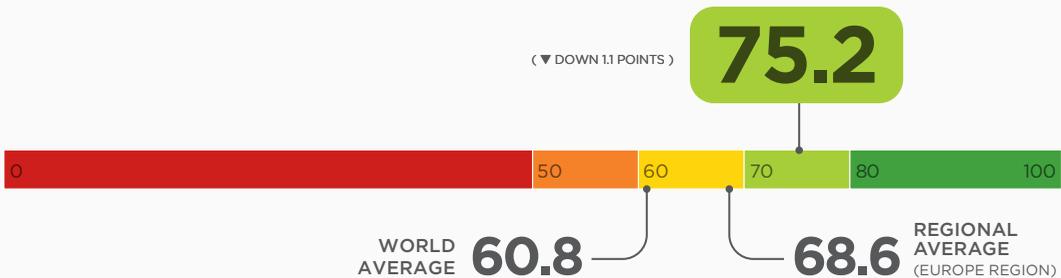
SWEDEN

Sweden's economic freedom score is 75.2, making its economy the 19th freest in the 2019 *Index*. Its overall score has decreased by 1.1 points, with declines in **government integrity**, **judicial effectiveness**, and **property rights** outweighing an improved score for **government spending**. Sweden is ranked 10th among 44 countries in the Europe region, and its overall score is above the regional and world averages.

Sweden's long tradition of politically stable minority governments promotes consensus-building. Enviably high living standards result from an economy that performs optimally because of open-market policies that enhance flexibility, competitiveness, and large flows of trade and investment. A transparent and efficient regulatory regime encourages robust entrepreneurial activity. Wealth is created by a large and vibrant private sector. There are no minimum wage laws. Banking regulations are sensible, and lending practices have been prudent. The legal system provides strong protection for property rights, buttressing judicial effectiveness and government integrity.



ECONOMIC FREEDOM SCORE

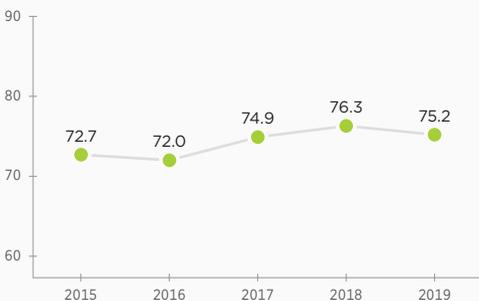


RELATIVE STRENGTHS:
Fiscal Health and Property Rights

HISTORICAL INDEX SCORE CHANGE (SINCE 1995):
+13.8

CONCERNS:
Government Spending and Tax Burden

FREEDOM TREND



QUICK FACTS

POPULATION:
10.1 million

GDP (PPP):
\$520.9 billion
2.4% growth in 2017
5-year compound annual growth 2.8%
\$51,475 per capita

UNEMPLOYMENT:
6.7%

INFLATION (CPI):
1.9%

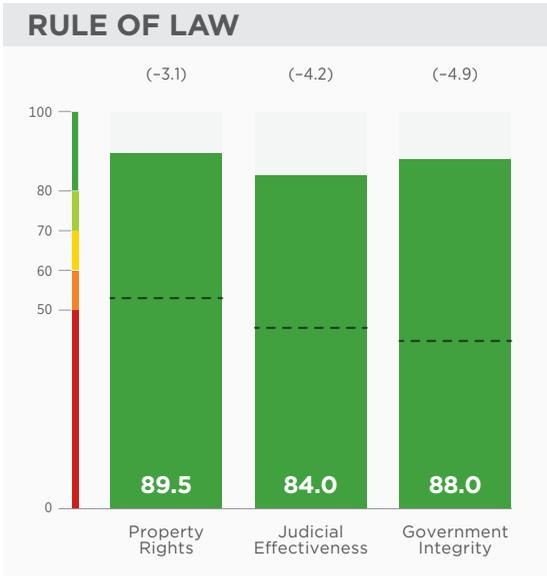
FDI INFLOW:
\$15.4 billion

PUBLIC DEBT:
40.9% of GDP

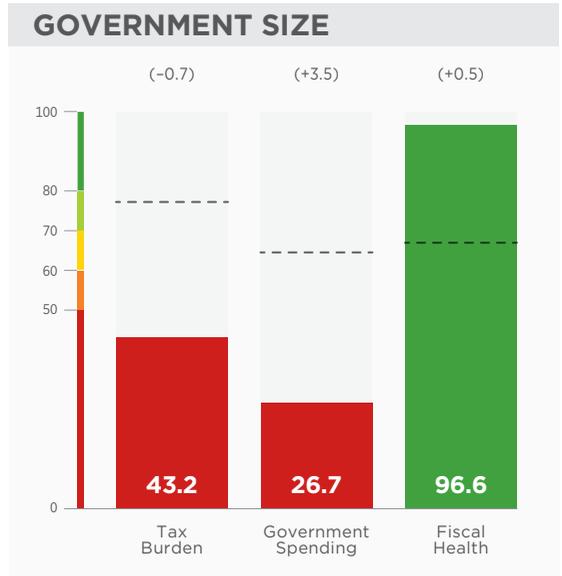
2017 data unless otherwise noted. Data compiled as of September 2018

BACKGROUND: Sweden joined the European Union in 1995, but voters rejected adoption of the euro in 2003. The influx of large numbers of migrants since 2015, a terrorist attack in 2017, and rising gang violence have made immigration a central political issue. The populist Sweden Democrats party, campaigning to restrict immigration, won 17.6 percent of the vote and 63 parliamentary seats in the September 2018 election. A months-long stalemate ensued, leaving the center-left Social Democratic Party-Green Party coalition in power under caretaker Prime Minister Stefan Löfven. It largely maintained the fiscal discipline of its center-right predecessors but expanded welfare spending. Timber, hydropower, and iron ore constitute the resource base of a vibrant and outward-oriented manufacturing-based economy.

12 ECONOMIC FREEDOMS | SWEDEN



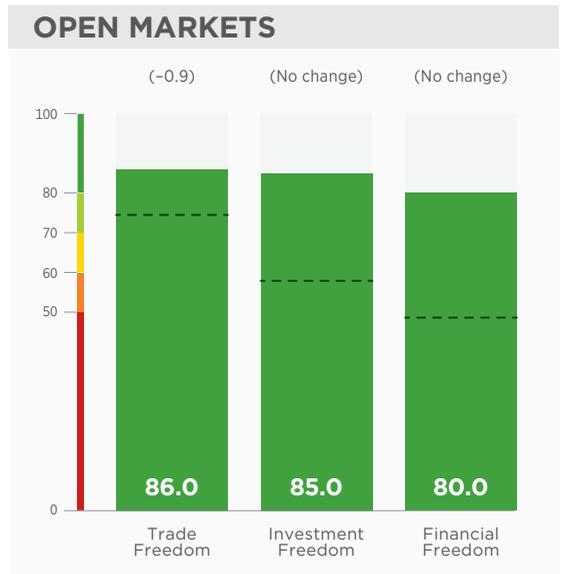
Real and intellectual property rights are well protected. Enforcement of contracts is very well established, and the rule of law is well maintained. The judicial system is independent, impartial, and consistent. Corruption rates are low, in part because of deregulation, budgetary self-restraint, and a stable political environment. Effective anticorruption measures discourage bribery of public officials and uphold government integrity.



The top personal income tax rate is 57 percent, and the top corporate tax rate is 22 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 44.1 percent of total domestic income. Over the past three years, government spending has amounted to 49.4 percent of the country's output (GDP), and budget surpluses have averaged 0.9 percent of GDP. Public debt is equivalent to 40.9 percent of GDP.



The efficient regulatory framework strongly facilitates entrepreneurial activity, allowing business formation and operation to be dynamic and innovative. The nonsalary cost of employing a worker is high, and dismissing an employee is costly and burdensome. There are few price controls in Sweden, but the government provides significant subsidies to encourage renewable energy.



The combined value of exports and imports is equal to 86.4 percent of GDP. The average applied tariff rate is 2.0 percent. Sweden implements a number of EU-directed nontariff trade barriers including technical and product-specific regulations, subsidies, and quotas. Open-market policies that sustain flexibility and competitiveness facilitate large flows of investment. Financial services are well institutionalized throughout the country.