© OECD 2011

Chapter 1

Consolidating the recovery

Sweden is recovering strongly from the recent deep recession, supported by substantial fiscal and monetary policy easing and a pick-up in external demand. A relatively accommodating monetary stance coupled with an improving labour market are expected to help sustain growth. Though Sweden's fiscal position is enviable compared with many other countries, there is scope to further strengthen the fiscal framework. Medium-term fiscal pressures could be reduced by encouraging greater labour force participation and increasing the efficiency of public spending. Closing the income gap vis-à-vis *leading OECD economies will require further labour market reforms, further tax reforms to enhance work incentives, and a reduction in the extent of public ownership in market-related activities to boost competition and productivity.*

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Sweden endured a deep, but short, contraction during the global economic crisis. Financial market stress was substantial, though more limited than in some other countries. In addition to the general funding problem, financial institutions faced a more specific problem coming from their activities in the Baltics. Fiscal and labour market policies, aggressive interest rate cuts and a broad range of unconventional monetary policy measures helped to mitigate the extent of the downturn. On a broad range of criteria, Sweden did well during the crisis and the economy has now been recovering firmly for some time. However, the crisis highlighted some issues with monetary policy and financial supervision settings that need to be addressed (Chapter 2).

Sweden entered the crisis with a strong fiscal position. This allowed the government to let automatic stabilisers work fully and to inject discretionary fiscal stimulus without incurring any reputational costs. Maintaining a sound fiscal position is key to successfully withstanding both future negative shocks and the fiscal pressures stemming from ageing and increasing demands for public services. The existing fiscal framework will play an important role in this respect, but some of its features can still be improved.

The economic crisis hit Sweden while labour market participation was on the rise thanks to structural reforms, including the introduction of an income tax credit, a reform of unemployment benefit insurance and an overhaul of the sickness-leave and disability benefit system. Following the crisis, it has become even more challenging to move workers with weak attachment to the labour market into employment and to prevent unemployment from becoming entrenched. Improving the efficiency of labour market policies and removing the obstacles to a well-functioning labour market would improve both the sustainability of public finances and medium-term growth prospects (Chapter 3). Continuing with product market, tax system and other reforms will also be important for sustaining growth.

Sweden strives to green its economy, but also to contribute to a greener world economy. In particular, Sweden has developed a broad and aggressive range of instruments to mitigate greenhouse gas (GHG) emissions. While others can learn from Sweden's experience, it can be costly for a single and relatively small country to be a leader in the face of a global problem. Improving the cost effectiveness of Sweden's overall framework to mitigate GHG emissions is a way to reconcile the ambition of its climate and energy targets and the need to achieve these targets at the lowest possible cost (Chapter 4).

The economy during the crisis and beyond

The economy suffered a major contraction

The Swedish economy experienced a sharp contraction during the global financial and economic crisis (Table 1.1). Even prior to the intensification of international financial turmoil in late 2008, GDP started to fall as exports declined, amid a weakening world economy, and consumption fell, as consumers stepped up their precautionary

Table 1.1. **Economic indicators**

	2007	2008	2009	2010	2011	2012
	Percentage change, volume (2009 prices)					
Real GDP	3.4	–0.8	–5.3	5.2	3.9	3.4
Private consumption	3.8	–0.1	–0.4	3.4	3.1	2.8
Government consumption	0.8	0.8	1.8	1.7	1.1	1.0
Gross fixed capital formation	9.1	1.0	–16.2	5.3	7.6	6.5
Final domestic demand	4.0	0.4	–3.2	3.2	3.4	3.0
Stockbuilding[1]	0.7	–0.5	–1.4	2.1	0.4	0.0
Total domestic demand	4.7	–0.1	–4.9	5.8	3.7	3.0
Exports of goods and services	5.9	1.3	–13.3	10.8	8.4	6.6
Imports of goods and services	9.3	3.0	–13.4	12.4	8.8	6.2
Net exports[1]	–0.9	–0.6	–0.9	0.0	0.4	0.6
GDP deflator	2.6	3.3	1.8	1.1	1.2	1.5
Memorandum items						
Consumer price index[2]	2.2	3.4	–0.3	1.1	1.5	2.3
Underlying price index (CPIF)[3]	1.4	2.6	1.8	1.8	1.2	1.6
Private consumption deflator	1.3	3.2	1.9	0.8	0.9	1.7
Unemployment rate[4]	6.1	6.2	8.3	8.4	8.0	7.5
Household saving ratio[5]	8.8	11.2	12.9	10.3	10.1	8.6
General government financial balance[6]	3.5	2.2	–1.0	–1.2	–0.6	0.6
Cyclically-adjusted net lending[7]	1.7	1.9	2.1	1.1	1.1	1.8
Gross debt (Maastricht definition)[6]	40.0	38.3	42.1	41.2	38.8	35.1
Current account balance[6]	8.2	9.3	7.4	6.8	6.8	7.3

Note: National accounts are based on official chain-linked data and are seasonally and working-day adjusted. The former introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook*, Sources and Methods (*www.oecd.org/eco/sources-and-methods*).

1. Contributions to changes in real GDP (percentage of real GDP in previous year).
2. The consumer price index includes mortgage interest costs.
3. The consumer price index holding interest rates constant.
4. Historical data and projections are based on the definition of unemployment which covers 15 to 74 year olds and classifies job-seeking full-time students as unemployed.
5. As a percentage of disposable income.
6. As a percentage of GDP.
7. As a percentage of potential GDP.

Source: Update, based on the national accounts data released in late November 2010, of the projection presented in *OECD Economic Outlook* No. 88.

saving in response to heightened uncertainty. While Sweden had little direct exposure to the US housing market, where the global financial crisis first became manifest, the Swedish financial system was affected by rising funding costs and falling financial asset prices. The Swedish recession intensified in late 2008 and early 2009, following the bankruptcy of Lehman Brothers, as financial market stress jumped and world trade collapsed.

Overall, output declined by around 7½ per cent from peak to trough, a deeper recession than in most OECD economies and a sharper, though shorter, recession than that of the early 1990s (Figure 1.1, Box 1.1). External factors were particularly important in the recent Swedish recession, with exports and export-dependent business investment plunging. Though final domestic demand did soften during the recession, its decline has been modest compared to the early 1990s recession, reflecting the external nature of the recent shock and a relatively resilient economy which has benefited from past reforms.

Figure 1.1. **Swedish GDP contracted sharply during the recent recession**

Percentage change from GDP peak to GDP trough

A. GDP

B. Final domestic demand

C. Exports

D. Contribution to growth

Note: The 31 OECD countries that have had a recession are reported in Panels A, B and C. Australia and Poland are excluded as they did not have recessions and Greece is excluded as its recession has not ended yet. The recession shown for Norway is the one that has started in 2008. In Panel D, the contribution of inventories is calculated as a residual.

Source: OECD Analytical Database.

StatLink http://dx.doi.org/10.1787/888932367681

The economy has subsequently rebounded

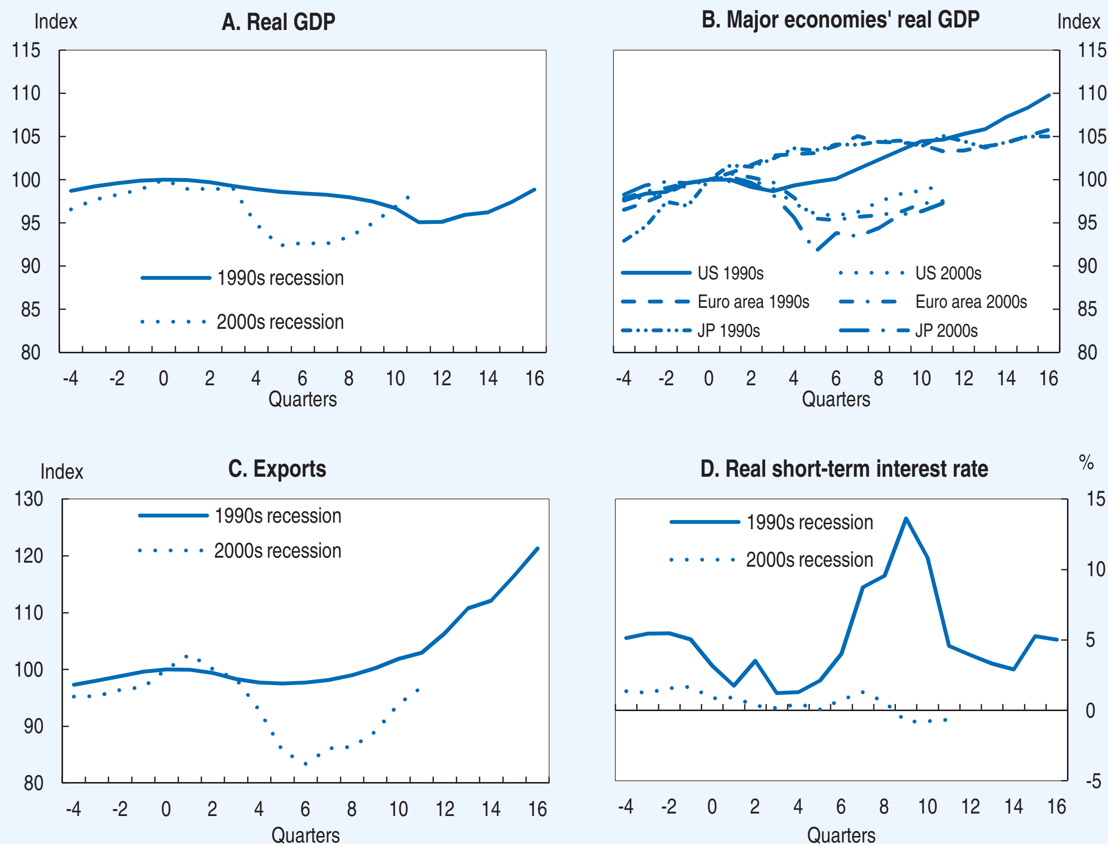
Output has subsequently recovered strongly, with real GDP growing by 4½ per cent in the year to mid-2010 and by 6.8% in the third quarter (year-on-year), a good performance compared to most other OECD economies (Figure 1.3). Even so, by fall 2010, GDP was 1% below its pre-recession peak. Export growth has been boosted by recovery in Sweden's export markets, reflecting aggressive policy responses to the crisis overseas. Investment and private consumption have been supported by very stimulatory monetary policy. The strong state of public finances also helped because it allowed the fiscal levers to be used without jeopardising fiscal sustainability.

With the economy on the mend and business confidence up, employment growth has picked up. Unemployment has started to recede, though the decline has been relatively modest so far (Figure 1.4). However, there is still substantial slack in the economy, helping to keep inflationary pressures in check (see Figure 2.8 in Chapter 2).

Box 1.1. A repeat of the early 1990s recession?

Sweden's recession, with its financial sector problems, was superficially reminiscent of the severe recession in the early 1990s, when banking sector problems were associated with a decline in GDP of 5% from peak to trough (Figure 1.2 Panel A).

Figure 1.2. **The early 1990s and late 2000s Swedish recessions were different**



Note: For the 1990s, quarter 0 is Q2 1990 (the peak of the Swedish expansion) and, for the 2000s, quarter 0 is Q4 2007 (the peak of the Swedish expansion) in all four panels. The index = 100 at quarter 0 unless otherwise stated.

Source: OECD Analytical Database.

StatLink http://dx.doi.org/10.1787/888932367700

However, the two recessions were very different. The early 1990s recession, while influenced by a downturn in foreign activity, was largely driven by domestic developments. The bust following a housing and commercial property boom contributed to problems in the banking sector, while the early 1990s tax reform lowered capital income tax, encouraged saving and weakened demand. In contrast, the recent recession was driven mainly by external factors, with severe downturns in all major OECD economies leading to a sharp fall in Swedish exports (Figure 1.2 Panels B and C). In addition, problems in the Baltic states and difficulties in international funding markets hurt the Swedish financial system.[1] This led to a deferral of investment as households and businesses waited to see how financial events unfolded.

While both crises involved government capital injection and guarantee programmes to support the financial sector, other aspects of the policy responses were quite different. The fiscal stance eased substantially more during the 1990s recession than in the recent downturn.[2] In contrast, monetary policy was constrained by an inflexible exchange-rate regime during much of the 1990s crisis, which resulted in

Box 1.1. **A repeat of the early 1990s recession?** *(cont.)*

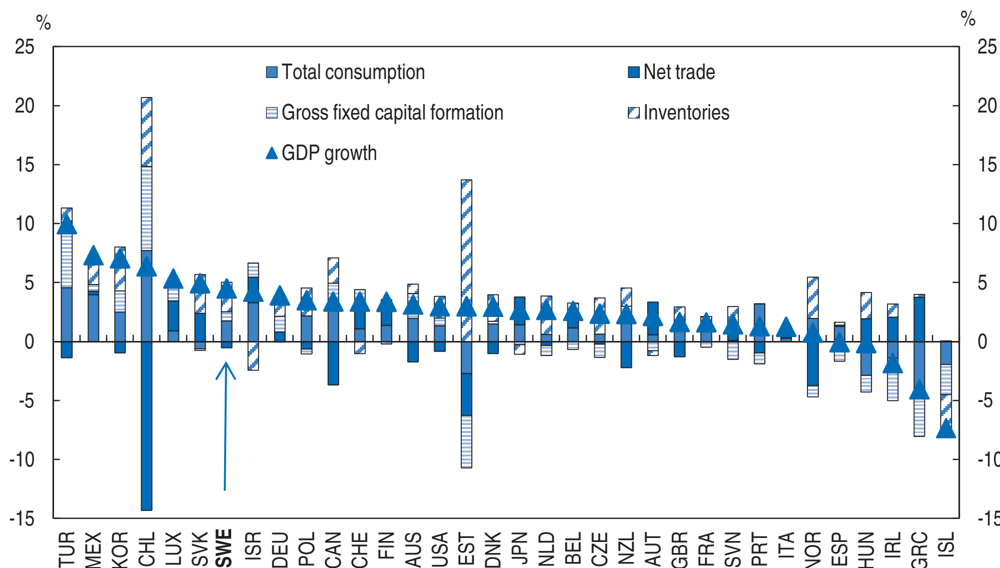
high interest rates (Figure 1.2 Panel D). The export-led recovery only occurred once the krona was devalued in late 1992 and interest rates were eased. In the more recent recession, the central bank (the Riksbank) aggressively lowered repo rates after the Lehman Brothers bankruptcy, helping to revive GDP growth.

The policy framework was reformed after the 1990s recession to improve the capacity for policy responses. Specifically, the fixed-exchange rate regime was abandoned and the Riksbank became an inflation targeter. Fiscal policy initially aimed to consolidate public finances. Then, the current fiscal policy framework was introduced, to lock in the fiscal consolidation gains that had been achieved.

1. However compared to the earlier recession, financial sector problems have not been so severe, with Laeven and Valencia (2010) classifying the recent Swedish financial crisis as only a borderline systemic banking crisis, unlike the 1990s recession. In fact, according to them, even the 1990s crisis was fairly moderate compared to other systemic banking crises, in terms of the peak in non-performing loans as a per cent of total assets. This may be one reason why the fiscal costs of that crisis were not large (Laeven and Valencia, 2008, and OECD, 2008a).
2. Net lending fell from 3¼ per cent of GDP in 1990 to –11¼ per cent in 1993, a fall of 14½ percentage points. The fall from 2007 to 2010 was 4¾ percentage points. For cyclically-adjusted net lending the fall was 9¼ percentage points from 1990 to 1993 and ½ of a percentage point from 2007 to 2010. However, this may overstate the effect on activity in the 1990s as the support to the banking system (3¼ per cent of GDP in 1993) had budgetary implications but little direct effect on growth and the deterioration in the fiscal position may have contributed to relatively high long-term real interest rates.

Figure 1.3. **Swedish growth has recovered strongly**

Contributions to GDP four-quarter-ended growth to Q2 2010



Note: The figure shows OECD countries where data on components are available. The contribution of inventories is calculated as a residual.

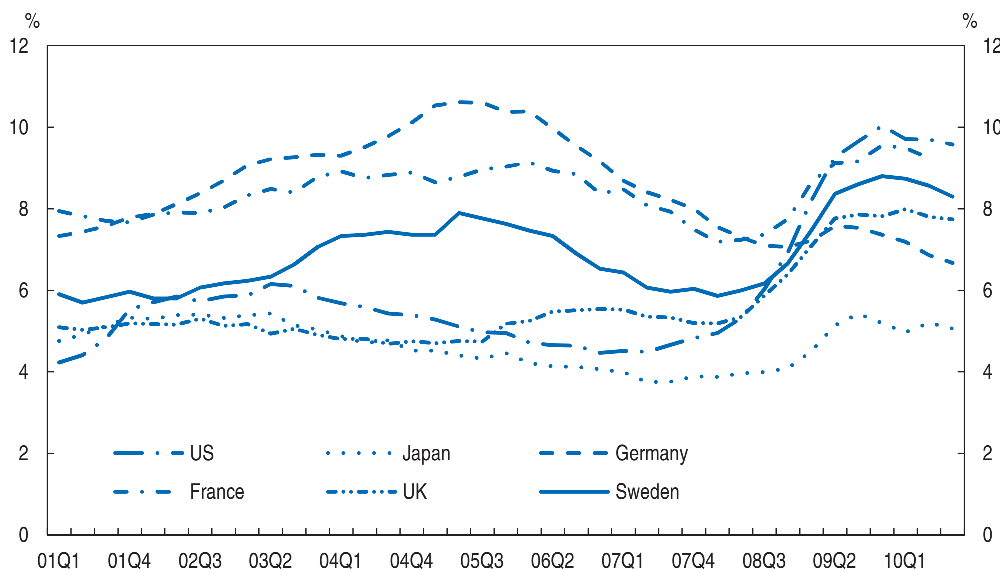
Source: OECD Analytical Database.

StatLink http://dx.doi.org/10.1787/888932367719

Sweden's short-term outlook is bright

The solid recovery is expected to continue (see Table 1.1). A high saving rate, low interest rates and an improving labour market will encourage consumers to increase spending. Exports are projected to grow broadly in line with export market demand. Investment is set to expand on the back of export growth and improving capacity utilisation. Robust employment growth is expected to continue, and the unemployment rate to decline even though structural reforms encourage greater labour force participation.

Figure 1.4. **The Swedish unemployment rate has started to edge down**



Source: *OECD Analytical Database* and Statistics Sweden.

StatLink http://dx.doi.org/10.1787/888932367738

Headline inflation (which includes mortgage interest rate costs) is expected to continue to rise, but mainly reflecting increases in interest rates. Consumer price inflation holding mortgage rates constant (CPIF) is set to remain subdued, due to moderate wage pressures (reflected in 2010 earnings settlements) and well-anchored long-term inflation expectations. With financial conditions normalising and the recovery well underway, the central bank (the Riksbank) expects to keep raising interest rates.

A deterioration in global demand, due either to financial stress from concerns about fiscal sustainability or abrupt fiscal consolidation abroad, would pose a significant downside risk to growth for export-dependent Sweden. The export sector could also be hurt by a possible appreciation of the currency, especially as interest rates are likely to be higher in Sweden than many other economies. In the October 2010 *Monetary Policy Report*, the Riksbank expected an appreciation of around 6%, though the appreciation could be even stronger if there are capital inflows due to a flight to quality or if, as suggested by financial markets, foreign interest rates are even lower than the Riksbank expects. Another risk is that a house price fall could subdue growth (Chapter 2). On the other hand, recent survey evidence may mean that, in the short term, growth is even stronger than projected.

Aggressive policies and automatic stabilisers helped

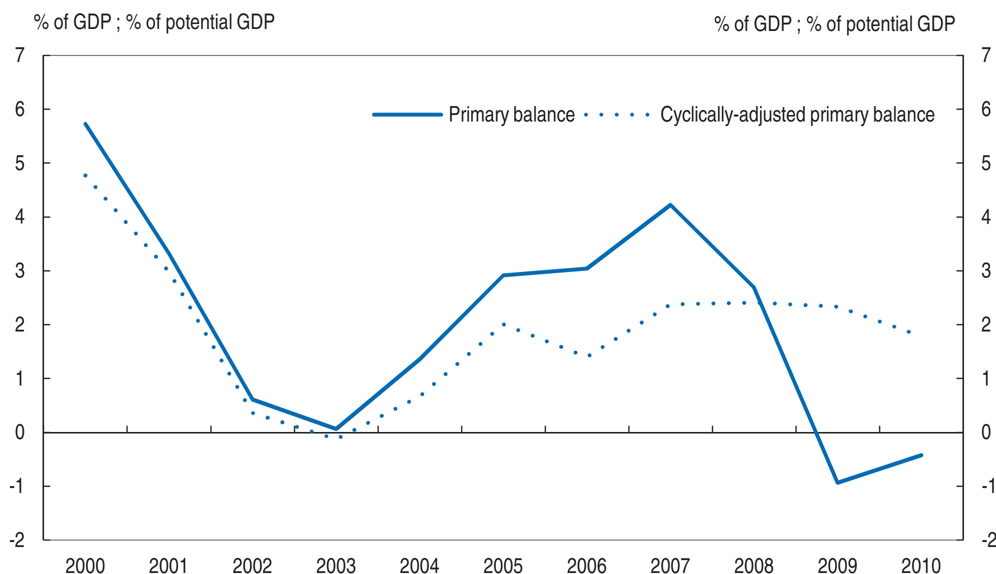
While international developments played an important part in Sweden's economic recovery, domestic policies also had a significant role. After the intensification of the crisis in late 2008, the Riksbank started easing monetary policy aggressively and, in conjunction with other authorities, introduced a number of unconventional measures to support the financial system (Chapter 2). Real short-term interest rates (measured using the private consumption deflator) fell from 2¼ to –1½ per cent from 2007 to 2009, *i.e.* much more than in the United States or the euro area. Apart from lessening the extent of the crisis through their direct effects on the financial sector and lending, these actions also boosted consumer and business confidence, thereby further supporting growth.

Fiscal policy also provided significant support, with the government financial balance falling by around 4¾ percentage points of GDP from 2007 to 2010, compared to 7¾ and 5¾ percentage points in the US and the euro area, respectively. This was in part due to automatic stabilisers, which are large in Sweden – a change in GDP of 1% is estimated to lead to a change in the budget balance of 0.55% of GDP, as against an OECD average of 0.44% (Girouard and André, 2005). Recent research confirms that automatic stabilisers are relatively strong in Sweden (Floden, 2009 and Dolls *et al.*, 2010). Discretionary fiscal and labour market policy also played an important role. The cyclically-adjusted balance did not decline before 2010, and only by 1 percentage point of potential GDP, despite cuts in income tax through larger in-work tax credits, reductions in social contributions and pensioner taxes, and greater spending on active labour market programmes and education in recent budgets (Chapter 3).

Sweden maintained a good fiscal position

Over recent years, the Swedish government has maintained a good fiscal position including during the global crisis. Structural net lending exceeded 1½ per cent of GDP in 2008 and 2009 according to government estimates, and is expected to remain positive in 2010 (Ministry of Finance, 2010a). On OECD estimates as well, the cyclically-adjusted primary balance has remained in large surplus throughout this period (Figure 1.5). This partly stems from the fact that the labour market deterioration was moderate given the fall in GDP, so that tax revenues held up relatively well and the increase in expenditure was fairly limited. Table 1.2 shows that, over time, the government has generally revised up its net balance estimates with the one for 2009 rising from a deficit of 2.7% of GDP in early 2009 to a deficit of 1.2% by October 2010. If anything, Sweden may well outperform its long-standing target of a 1% of GDP surplus over the business cycle (see below). Sweden also has a relatively low gross government debt (Figure 1.6) and it is one of a handful of OECD countries with a positive net financial asset position.

Figure 1.5. **The cyclically-adjusted primary surplus is large**

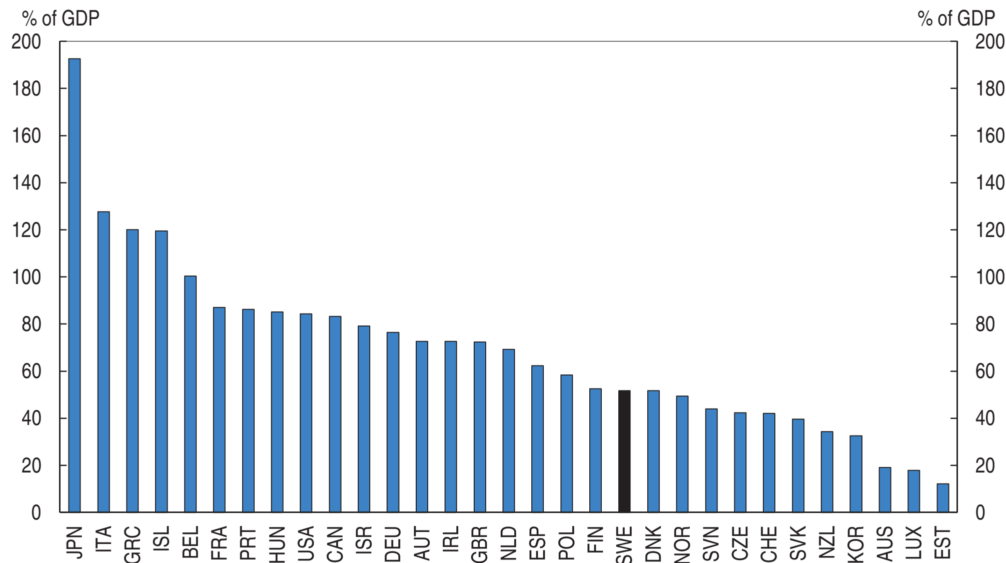


Source: *OECD Economic Outlook 88 Database.*

StatLink http://dx.doi.org/10.1787/888932367757

Figure 1.6. **Swedish gross debt remains moderate**

Gross debt as % of GDP in 2009



Source: OECD Economic Outlook 88 Database.

StatLink http://dx.doi.org/10.1787/888932367776

Table 1.2. **Revisions of the projected net balance by the government during the crisis**

General government net balance (per cent of GDP)

	Estimates for:					
Estimates made in:	2009	2010	2011	2012	2013	2014
October 2010	–1.2	–1.3	–0.4	1.0	2.0	2.9
August 2010	–1.0	–1.1	–0.2	1.1	2.0	2.9
June 2010	–1.0	–1.5	–0.5	0.7	1.7	2.6
Spring 2010	–0.8	–2.1	–1.0	0.4	1.3	2.2
September 2009	–2.2	–3.4	–2.1	–1.1		
Spring 2009	–2.7	–3.8	–3.1	–2.0		

Source: Ministry of Finance.

Ensuring fiscal sustainability

Assessments of fiscal sustainability generally show Sweden to be less at risk than other countries. The size of fiscal tightening required to ensure sustainability depends on the definition thereof. European Commission (2009) estimates show that with only moderate tightening gross debt can be stabilised at 60% of GDP by 2060 (S1 indicator), or that with larger but still moderate tightening, this ratio might stabilise over an infinite horizon (S2 indicator; OECD, 2010).[1] More recent calculations published in the Spring Fiscal Policy Bill 2010 and which are unchanged in the Budget Bill for 2011 are even more optimistic, suggesting that no tightening would be required according to the S2 indicator. Based on a range of indicators, the Swedish Fiscal Policy Council also concludes that sustainability problems are minor in Sweden (Swedish Fiscal Policy Council, 2010). However, these estimates, for Sweden like for other countries, depend strongly on the underlying methodology and on a large number of assumptions. In particular, they only imperfectly account for some of the foreseeable increases in public expenditure such as the impact of new technology on health-care costs.

Keeping room for manoeuvre in the event of negative shocks

One lesson from the global crisis is that sound macroeconomic policies can allow a country to respond to a very large negative shock by letting insurance systems work in full and injecting fiscal stimulus without debt running out of control. Furthermore, countries with a sound fiscal position are less vulnerable to interest rate risk, though they may still be affected if their financial institutions are exposed to countries that themselves experience a crisis. Indeed, concerns about the ability of some euro area governments to service their debt caused spreads on long-term interest rates (*vis-à-vis* Germany) to pick up in some parts of the euro area but not in Sweden. Empirical research supports the notion that containing the public debt ratio limits the risk that interest rates will rise sharply. Calculations for Sweden suggest that, thanks to past reforms, Sweden's debt is well below such a threshold (Bi and Leeper, 2010). Moreover, recent reforms have likely pushed up this threshold as decreases in both taxes and public expenditure as a share of GDP have made room for future increases if necessary.

Addressing medium-term fiscal pressures

Compared with other European countries, the impact of ageing on future public spending is expected to be moderate in Sweden although public pension and long-term care spending as a share of GDP is already high. Thanks to high fertility and migration rates, Sweden is one of the few European countries for which the working-age population is projected to expand over the coming decades (European Commission, 2009). Furthermore, Sweden undertook a pension reform in the 1990s that has markedly limited the impact of ageing on pension expenditure as a share of GDP. According to the European Commission's projections, age-related public expenditure are set to increase by 2.7% of GDP over 2010-60, driven mainly by long-term care and, to a lesser extent, by health spending (Table 1.3). More recent national projections, which rest on lower life expectancy assumptions, are even more optimistic, showing an increase of only 1% of GDP over the same time horizon.

However, the impact of ageing on public spending may be rather small compared to the impact of new technologies or changes in people's expectations regarding the level and quality of public services, especially with respect to health care (Price *et al.*, 2008). Increasing labour supply from workers of all ages, both through the intensive (hours worked per employee) and extensive (employment) margins, thereby increasing tax revenues and lowering public social expenditure would help address these long-term fiscal pressures. This has been a policy priority in recent years and rightly is at the core of the strategy announced by the new government. Policies to further raise labour market participation and to address the risk that unemployment becomes entrenched are discussed in Chapter 3.

Rising longevity justifies extending labour supply through a postponement of the retirement age. The pension system provides some incentives to exit the labour market later when life expectancy rises. As the system defines a contribution level and automatically adjusts pensions to demographic shifts (and changes in economic growth), those who want to receive a given annual pension must retire later if life expectancy increases. While this mechanism ensures that the pension system remains in equilibrium as life expectancy increases, it may lead to an insufficient postponement of the retirement age to finance future public spending. Indeed, there are at least two reasons why people may choose not to fully adjust their retirement age to life expectancy.

Table 1.3. **Projected future public expenditure increases caused by ageing**

Per cent of GDP

	Pension spending		Healthcare		Long-term care		Unemployment benefit and education		Total	
	2010	Change 2010 to 2060	2010	Change 2010 to 2060	2010	Change 2010 to 2060	2010	Change 2010 to 2060	2010	Change 2010 to 2060
SWE	9.6	–0.2	7.3	0.7	3.5	2.2	6.6	0	27.1	2.7
AUT	12.7	1.0	6.6	1.4	1.3	1.2	5.2	–0.2	25.7	3.3
BEL	10.3	4.5	7.7	1.1	1.5	1.3	7.3	–0.3	26.8	6.6
CZE	7.1	4.0	6.4	2.0	0.2	0.4	3.3	0	17.0	6.3
DEU	10.2	2.5	7.6	1.6	1.0	1.4	4.6	–0.4	23.3	5.1
DNK	9.4	–0.2	6.0	0.9	1.8	1.5	8.0	0.1	25.2	2.2
ESP	8.9	6.2	5.6	1.6	0.7	0.7	4.8	–0.2	20.0	8.3
EST	6.4	–1.6	5.1	1.1	0.1	0.1	3.2	0.3	14.8	–0.1
FIN	10.7	2.6	5.6	0.8	1.9	2.5	6.4	0	24.7	5.9
FRA	13.5	0.6	8.2	1.1	1.5	0.7	5.8	–0.2	29.0	2.2
GBR	6.7	2.5	7.6	1.8	0.8	0.5	4.0	0	19.2	4.8
GRC	11.6	12.5	5.1	1.3	1.5	2.1	3.8	0.1	21.9	16.0
HUN	11.3	2.6	5.8	1.3	0.3	0.4	4.5	–0.3	21.8	4.0
IRL	5.5	5.9	5.9	1.7	0.9	1.3	5.3	–0.2	17.5	8.7
ITA	14	–0.4	5.9	1.0	1.7	1.2	4.3	–0.2	26.0	1.6
LUX	8.6	15.3	5.9	1.1	1.4	2.0	4.0	–0.3	19.9	18.2
NLD	6.5	4.0	4.9	0.9	3.5	4.6	5.6	–0.2	20.5	9.4
POL	10.8	–2.1	4.1	0.8	0.4	0.7	3.8	–0.6	19.1	–1.1
PRT	11.9	1.5	7.3	1.8	0.1	0.1	5.6	–0.4	24.9	2.9
SLO	10.1	8.5	6.8	1.7	1.2	1.7	5.1	0.7	23.1	12.7

Source: European Commission (2009).

First, the full value of the production generated by a marginal delay in retirement does not accrue to the individual as there is a risk to die before the average life expectancy. Second, some groups of the population have a low elasticity of the retirement decision to income and prefer to retire early even with a lower pension. There is no formal retirement age in the Swedish pension system that can be directly linked to life expectancy (unlike in Denmark for instance). However, several parameters that influence retirement decisions could be linked more formally to life expectancy, with possibly some differentiation between groups of workers, notably to take into account physically demanding jobs. Such parameters include: *i)* the minimum age for claiming an old-age pension, *ii)* the standard pension age used in other social benefit systems, and *iii)* the age until which employees are covered by employment protection legislation and hence have a "right" to remain in their position (Swedish Fiscal Policy Council, 2008). The government's proposal to increase the age up to which individuals have the right to remain in employment from 67 to 69 goes in the right direction. However, as this parameter may also discourage hiring of older workers, some of the other parameters should also be used. At a minimum, the pension rules and their implications for labour market exit decisions should continue to be reviewed periodically so as to ensure that the retirement age does indeed increase in line with average life expectancy.

The efficiency of public spending could also be raised, even further improving the government's financial position. According to OECD indicators, this is the case in education, where there are sizeable potential efficiency gains (Sutherland *et al.*, 2007).

The efficiency of public spending could be raised by greater use of contracting out and increased scope for user choice (OECD, 2008b). Some measures have been taken to increase competition in healthcare and education but more needs to be done in these areas.

Further improving the fiscal framework and the role of the Swedish Fiscal Policy Council

Sweden's enviable fiscal position can partly be ascribed to the government's commitment to a strong fiscal framework that includes:

- A surplus target for general government net lending, which is currently formulated as a surplus of 1% of GDP over a business cycle.
- A ceiling for central government expenditures, which is determined three years in advance.
- A balanced budget requirement for local governments.
- A top-down approach for the central government budget. Parliament first decides overall spending and its allocation across broad areas. Once this is done, it is not possible to increase a particular expenditure without reducing others within the same area. The internal government work on its budget proposal follows the same principles.

The independent Swedish Fiscal Policy Council is one of the bodies (alongside the National Institute of Economic Research and the National Financial Management Authority) analysing whether the government is meeting its fiscal objectives. The Fiscal Council also assesses whether fiscal policy is consistent with sustainable long-run growth (Box 1.2). As an EU member, Sweden has also agreed to meet the criteria of the Stability and Growth Pact.

By and large, the objectives of the fiscal framework have been achieved. The net lending target, which has to be met over the cycle, has generally been met over the past decade; even during the recession various indicators did not depart significantly from the target. Going forward, the Ministry of Finance's estimates presented in the October Fiscal Policy Bill point to a surplus according to cyclically-adjusted indicators through 2010-12. The balanced budget rule for local governments has not always been met. The expenditure ceiling has not been breached although it has been circumvented through the use of tax expenditures and by transferring expenditure from one year to another when the ceiling was close to being reached (Calmfors, 2010).

The framework is useful in a number of ways. It has helped anchor fiscal policy following the economic crisis of the early 1990s and allowed Sweden to enter the recent crisis with a welcome fiscal buffer, in contrast to some other OECD countries. Having an explicit framework also helps guide policymakers in setting out fiscal policy and increases transparency and accountability. In addition, there is evidence that fiscal policy targets can nurture fiscal discipline (Guichard *et al.*, 2007). Furthermore, the Swedish Fiscal Policy Council's published reports provide a useful focus for discussing the appropriateness of government policy for ministers, parliamentarians and in the media.

The surplus target has long been set at 1% of GDP and has served Sweden well. When a surplus target was adopted (in 1997), the level was chosen with a view to eliminate the net public debt, which was 25% of GDP at the time, over the next 10 to 15 years. In the event, net debt was eliminated already in 2001 (Boije *et al.*, forthcoming). The government

Box 1.2. **The Swedish Fiscal Policy Council**

The Swedish Fiscal Policy Council was established in 2007. The proposal to set up such a council was aired in 2002 in connection with the debate on whether or not Sweden should adopt the euro. A commission to assess the impact of joining the euro area on fiscal policy raised the point that, as shocks could be handled only through fiscal policy once in the euro area, there was a risk that fiscal policy would become too lax. To counter that risk, the commission recommended introducing a fiscal policy council (Swedish Government Commission on Stabilisation Policy in the EMU, 2002). Although Sweden did not adopt the euro, the Council was implemented following the 2006 general elections.

Functioning and mandates

The Council is formally an agency under the government, which appoints the eight members for a three-year term. At present, the Council is made up of six academic economists and two former politicians; members do not need to be Swedes.

The mandate of the Council is:

- To assess the extent to which the government's fiscal policy objectives are being achieved.
- To evaluate whether economic developments are in line with healthy long-run growth and sustainable high employment.
- To examine the clarity of the government's budget bill and spring fiscal policy bill, in particular with respect to the grounds given for economic policy changes and the motivations for policy proposals.
- To monitor and evaluate the quality of the government's economic forecasts and the underlying models. The Council does not prepare forecasts.

The only formal requirement is that the Council should produce an annual report for the government after the spring fiscal policy bill. The parliamentary committee overseeing fiscal policy organises a public hearing on the basis of the report with the participation of the Council's chair, the finance minister and one or two outside economic experts. However, the Council has no formal relationship to the Parliament. There is no specific requirement as to whether evaluations should be done *ex post* or *ex ante*. In practice, the Council does both.

Recommendations of the Council

The main points that have been raised so far by the Council have been:

- The absence of proper justification of the 1% of GDP surplus target.
- The lack of clarity regarding the indicator underpinning the surplus target.
- The way the expenditure ceiling has been handled.
- The appropriateness of the amount of fiscal stimulus during the recent economic crisis. The Council recommended a greater discretionary impulse.
- Several issues regarding labour market policies.

has stated that at least over the current term, and as long as necessary for public finances to be sustainable over the longer run, the level of the surplus target shall be 1% of GDP. Nevertheless, in the Budget Bill for 2011, the government has indicated that there is a need to maintain an additional 1% of GDP safety margin up until 2014 on top of the formal 1% surplus target, making some of the proposed reforms conditional on sufficiently robust public finances. This safety margin can however be lowered if the uncertainty surrounding

public finances decreases. This is a prudent strategy in uncertain times, and the additional safety margin can probably be achieved with only limited fiscal tightening and without prejudice to the recovery.

Over time, the surplus target, if it is met, implies an accumulation of net assets. There are pros and cons for accumulating budget surpluses (Price *et al.*, 2008). Financial crises, natural disasters and other unpredictable negative shocks warrant surpluses. However, the indefinite accumulation of surpluses may suggest the private sector is over-taxed and can create the perception that the government has excess resources, potentially increasing pressure for additional inefficient public spending. The government has recently made it clear that the savings implied by the 1% of GDP surplus target would not be used to pre-fund permanent fiscal pressures caused by ageing in particular (Ministry of Finance, 2010b). Insofar as life expectancy continues to rise and enhances well-being, pre-funding favours generations with a longer life expectancy, and thus a higher welfare, at the cost of generations with a shorter life expectancy (OECD, 2008b; Swedish Fiscal Policy Council, 2009). In 2014, the government will reassess the implications of the 1% level of the surplus target for the whole range of objectives that have been stated, namely long-term sustainability of public finances, economic efficiency, income distribution between generations and margins to deal with negative shocks. If the accumulated surpluses do not seem to be justified by these objectives, further reductions in the tax burden may be advisable.

Despite evident success, some aspects of the framework could be improved:

- Defining the surplus target over a business cycle makes it more difficult to assess whether the government is achieving its target. Therefore, the government in practice uses a range of indicators to monitor compliance with the target in real time. However, this is potentially confusing since at times they convey different messages. For example, in the 2010 Budget Bill, the seven-year moving average of the budget balance was going (just) into deficit in 2009 while the other measures suggested the surplus target was being met or exceeded. The Swedish Fiscal Policy Council has proposed to focus on two indicators: the average surplus over the past 10 years, to evaluate whether the target is being met, and a more forward-looking average, more specifically an average including both forecast years and the recent past, in setting policy. In the Spring Fiscal Policy Bill 2010, the government announced that the surplus target has to be assessed mainly on the basis of forward-looking indicators but that other indicators will also still be considered.
- While a Ministry of Finance study argues that the use of creative accounting for the general government expenditure ceiling has been very limited (Boije *et al.*, forthcoming), it would seem preferable to have transparent escape clauses to allow policymakers some flexibility. One possibility would be to require the government to write an open letter explaining why there have been certain deviations from its target. The Swedish Fiscal Policy Council could determine whether a sufficiently significant deviation has occurred.
- Other ways to enhance the fiscal framework have been discussed in the previous *Economic Survey* (OECD, 2008b) and are summarized in Box 1.3.

Box 1.3. **Taking stock of structural reform: fiscal framework and fiscal policy**

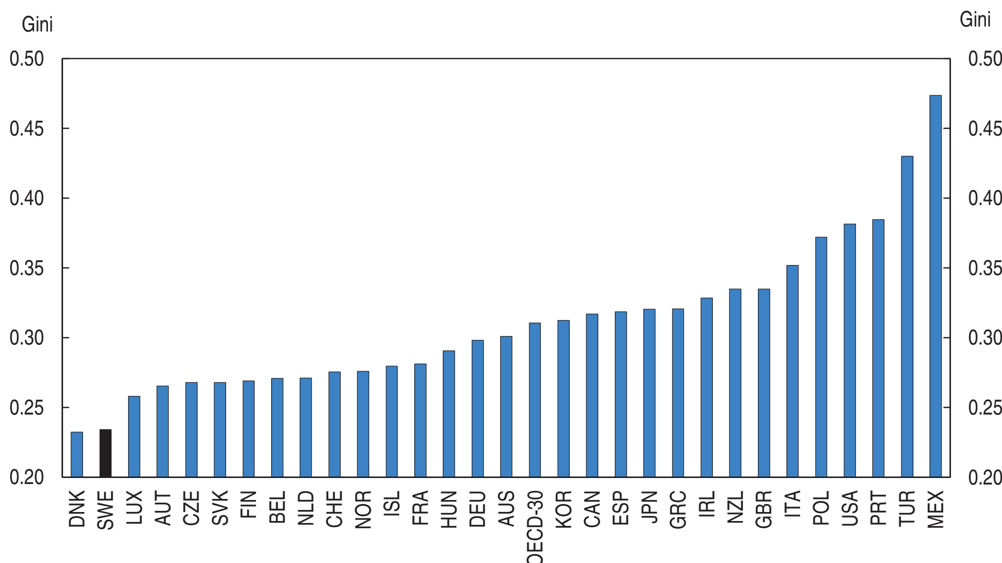
Recommendations made in previous surveys	Action taken since the latest *Survey*
FISCAL FRAMEWORK AND FISCAL POLICY	
Augment the surplus target with a medium-term debt target to reduce the risks of slippage from year to year.	The fiscal target became a legal obligation in August 2010. The government has to propose a medium-term (surplus) target for general government net lending to Parliament, and has to formulate fiscal policy in accordance with this target. The government must also report to Parliament twice a year on how well the target has been met, and explain how it will be met in the future.
Reduce the pro-cyclicality of the balanced-budget requirement for local governments by basing it on average taxable income over a number of years. Alternatively, central government grants could be adjusted counter-cyclically.	The government has launched an inquiry to consider measures that may help to prevent activities in the local government sector from exacerbating business cycle fluctuations.
Put more emphasis on fiscal sustainability. Use transparent assessment of sustainability in discussing the long-term effects of proposed policies.	A review from the Ministry of Finance discussed the implications of some policies for fiscal sustainability.
Set fiscal targets with reference to the existing stock of assets and liabilities, and the future path of spending and revenues. The Swedish Fiscal Policy Council should be required to formally verify the assumptions and methodologies used. The government's balance sheet should be presented in budget reporting.	No action concerning the setting of fiscal targets with reference to the stock of assets. Some statistics on government capital stock were published in the Spring Fiscal Policy Bill 2010.
To better appreciate the implications of fiscal policy for intergenerational distribution, produce and publish generational accounts using the same data and assumptions as the fiscal sustainability calculations that are already produced.	No new measures although the implications of fiscal policy for intergenerational distribution has been discussed in a review by the Ministry of Finance in 2010.
Consider introducing periodic reviews to assess how new spending pressures arising from greater service demands or technological change could be financed either via private spending or via savings on existing programmes.	No action.
Consider introducing a formal linking of the retirement age to life expectancy.	No action.
Expand user choice and contestability in publicly-funded services.	In the health care and social service sectors, measures have been taken to increase diversity. Apkteket AB's monopoly was abolished in 2009 enabling some medicines to be sold in supermarkets. To foster freedom of choice in elderly care, the government has allocated funding to municipalities to encourage them to prepare and develop a freedom of choice system. Private entities can now operate commercially profitable rail passenger traffic.

While it is too early to assess the impact of the Swedish Fiscal Policy Council, it is now an integral part of the framework and it may have influenced some government decisions. The Council has functioned well up to now. It works closely with other agencies (in particular the National Institute of Economic Research) and can partly benefit from their resources but its own resources are very limited. This *modus operandi* would have to be reconsidered if a lack of own resources were to become a barrier to the fulfilment of its mandate or to independence. In addition, to further bolster the independence of the Swedish Fiscal Policy Council, its members could be appointed by Parliament rather than by the government.

Structural policies to promote growth

While Sweden enjoys a high level of welfare (Jones and Klenow, 2010), reflecting low inequality (Figure 1.7) and high life expectancy, there is room to also promote growth. Though the income gap *vis-à-vis* leading OECD economies shrank markedly over 1993-2006, Sweden lost some ground in recent years (Figure 1.8). This is mainly attributable to hourly productivity, which slowed starting in 2004 and fell still further behind during the 2008-09 crisis.

Figure 1.7. **Gini coefficients of income inequality**



Note: The income concept used is that of disposable household income in cash, adjusted for household size with an elasticity of 0.5. Data are for the mid-2000s.

Source: Growing Unequal? Income Distribution and Poverty in OECD Countries (OECD, 2008).

http://dx.doi.org/10.1787/888932367795

From a longer-term perspective, it is striking that over the past five decades all employment creation occurred in the public sector while employment in the private sector essentially stagnated (Figure 1.9). While this feature is shared with Denmark and Finland, and is probably the mirror image of the “Scandinavian Model” that delivers a high level of equity through an extended public sector, there is scope to increase employment creation in the private sector while maintaining and even raising the quality of public services, as greater competition in the healthcare and education sectors, for instance, can increase the quality of these services (OECD, 2005; OECD, 2008b). Labour market policies are therefore key to promoting long-term growth. They are discussed in depth in Chapter 3, while some other policies are briefly reviewed below and in Box 1.4.

Improving the tax system

In recent years, Sweden has reformed the tax system with a view to promoting growth. Corporate income tax, which was found to be the most inimical to growth in the OECD *Tax and Growth* study (Johansson *et al.*, 2008), has been lowered. The introduction and extension of an earned-income tax credit cut the marginal tax wedge for the low-paid but it is still large for high-income earners and the average tax wedge still exceeds the OECD average. Policies to

Figure 1.8. **The GDP per capita gap and its decomposition**

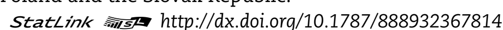
A. Percentage gap with respect to the upper half of OECD countries in terms of GDP per capita[1]

B. GDP per capita[1, 2]

C. Labour resource utilisation[2, 3]

D. Labour productivity[2, 4]

1. Relative to the simple average of the highest 15 OECD countries in terms of GDP per capita, based on 2008 purchasing power parities (PPPs). The percentage gaps in labour resource utilisation and labour productivity do not add up exactly to the GDP per capita gap since the decomposition is multiplicative.
2. 2008 for Chile, Israel and Slovenia.
3. Labour resource utilisation is measured as total number of hours worked per capita.
4. Labour productivity is measured as GDP per hour worked.
5. In the case of Luxembourg, the population is augmented by the number of cross-border workers in order to take into account their contribution to GDP.
6. The EU19 is an aggregate covering countries that are members of both the European Union and the OECD. These are the EU15 countries plus the Czech Republic, Hungary, Poland and the Slovak Republic.



http://dx.doi.org/10.1787/888932367814

Figure 1.9. **Employment in the private and public sectors in the long run**

A. Sweden

Index 1966=100

Employment, private sector
General government employment

B. Finland

Index 1966=100

Employment, private sector
General government employment

C. Denmark

Index 1966=100

Employment, private sector
General government employment

StatLink http://dx.doi.org/10.1787/888932367833

reduce the tax wedge so as to raise labour participation are discussed in Chapter 3. To increase hours worked per worker, the marginal effective tax rates need to be further reduced. One possibility, as proposed by the recently appointed government, would be to reduce or even phase out the state income tax, which is a surtax for high income earners (incomes above 103% of average earnings) and starts with a high tax rate (20%). As the income distribution flattens rapidly above this threshold, the losses in revenue for the government would not be very high – the state income tax is expected by the government to be only around 2% of total government revenue in 2011. Furthermore, this loss of revenues could be offset by raising housing taxation, which would involve relatively little economic distortion, through a reinstatement of a housing tax levied in proportion to home value (OECD, 2008b).

In the *Budget Bill for 2011*, the government announced some permanent tax cuts for people older than 65 to offset the effects of the crisis on pensions and to reduce the difference in income taxes between wage-earners and pensioners. These tax cuts, by increasing income, make it more affordable for people to stop working and thereby, could affect incentives to exit the labour market although the effect is complex, as reflected in the evolving views of the government.[2] As the proposed cuts are phased out gradually for incomes above 60% of average earnings, they would also increase marginal tax rates and thereby reduce hours worked.

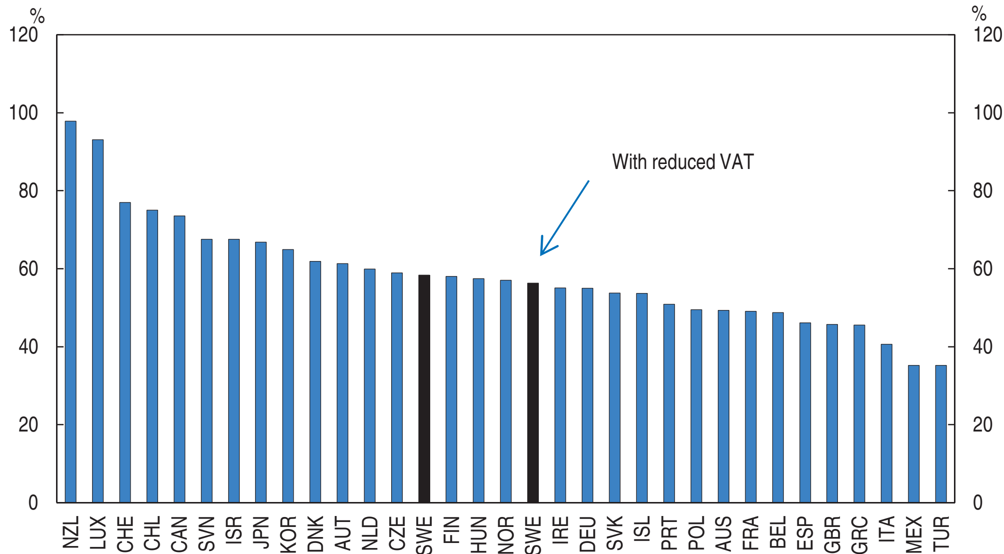
In addition, if fiscal conditions are sufficiently robust, the government plans to cut the VAT on restaurant and catering to increase employment. Cuts in VAT could raise employment through various channels. By lowering prices paid by consumers, they could boost demand and therefore employment. If they are not fully passed on to consumers, lower VAT rates would increase employers' margins, allowing them to hire more workers or to raise wages. However, if firms simply increase their profit margins or if demand is not very elastic to prices, the measure may have only a limited impact on employment. Empirical analyses suggest that VAT cuts in labour-intensive sectors do not have large effects on employment (Conseil des Prélèvements Obligatoires, 2010, European Commission, 2003, Ismer *et al.*, 2010). It has been argued that VAT cuts could have larger impacts on employment in countries like Sweden where the marginal income tax is high for high-income earners and initial VAT rates are high as there is an incentive to "do-things-by-yourself" (Copenhagen Economics, 2007). However, as acknowledged by the same study, lowering VAT may not be the best way to achieve this goal and other policies could boost employment more in this particular sector as well as in others, as discussed in Chapter 3. More generally, having several VAT rates, as is the case in Sweden, can cause uncertainty for businesses and consumers and be a source of distortions. It could be argued that the proposed changes will harmonise the existing multi-layered VAT rate structure for restaurants, hotel accommodation and food. However, while Sweden has one of the highest standard VAT rate in OECD countries, the performance of its VAT system, measured by the gap between current VAT revenues and VAT revenues if the standard rate was broadly applied, is not especially good, owing to various reduced rates (Figure 1.10). The envisaged VAT cut would likely widen this gap further.

Product market reforms

Product market regulation affects productivity growth in the most advanced economies (*e.g.* Bourlès *et al.*, 2010; Conway *et al.*, 2006). Overall, Sweden's product markets are relatively lightly regulated (Figure 1.11). The regulatory framework is favourable to entrepreneurship and puts up few barriers to trade and investment. However, the scope of

Figure 1.10. **VAT revenue ratio**

In 2008

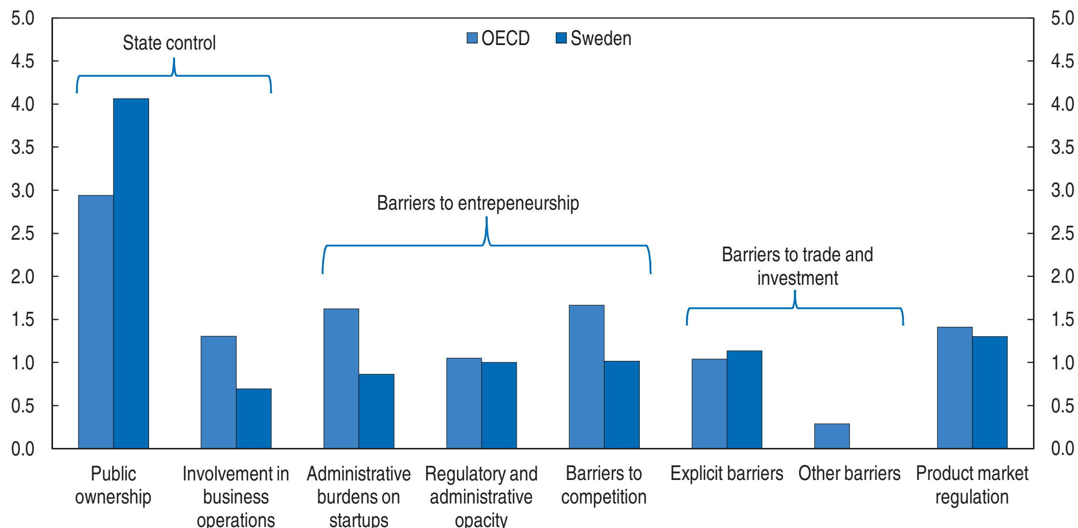


Note: VAT revenue ratio = VAT revenue/[(consumption expenditures – VAT revenue) × standard VAT rate]. The Swedish ratio with reduced VAT is the estimated ratio assuming a restaurant and catering VAT rate of 12% as proposed (instead of 25%), assuming a price elasticity for restaurants of –0.2 (based on Copenhagen Economics, 2007), that consumption of other goods does not change and that government consumption of restaurants and catering is negligibly small.

Source: OECD estimates.

StatLink http://dx.doi.org/10.1787/888932367852

Figure 1.11. **Product market regulation**



Note: The indicator score runs from 0 to 6, representing the least to most restrictive regulatory regime.

Source: *OECD Product Market Regulation Database.*

StatLink http://dx.doi.org/10.1787/888932367871

public ownership is still large compared to other OECD countries. State ownership of businesses may hold back innovation broadly defined. With the recovery well under way, the government should continue to proceed with privatisation, in particular by selling companies that already operate under market conditions. Market liberalisation, as started in the pharmaceutical sector, should also continue.

Box 1.4. **Taking stock of structural reform: state ownership and taxation**

Recommendations made in previous surveys	Action taken since the latest *Survey*
STATE OWNERSHIP	
Reduce state ownership, with emphasis on separating natural monopolies from competitive activities. Privatise government-owned companies currently operating in competitive markets.	The pharmaceutical monopoly of Apoteket has been abolished and it is now possible for other firms to sell medicine.
Expose all the activities of the state-owned passenger rail company to competition and require it to operate under a hard budget constraint with no prospects of further government capital injections to bail it out.	In rail transport, private entities can now operate commercially profitable passenger traffic lines.
For firms that have been given particular societal goals, give consideration to whether there are forms of policy intervention other than public ownership that might achieve the same goals. For example, the need for government ownership of venture capital funds and R&D companies would seem to be limited.	No action.
TAXATION	
Continue to cut income taxes in ways that maximise the effect on employment rates and hours worked. Raise the threshold for where the state income tax applies or cut its rate.	The in-work tax credit, introduced in 2007, has been enlarged in subsequent years. In 2009 the lower threshold for the state income tax was raised and employer social security contributions were reduced.
Raise the effective rate of VAT to make room for greater income tax cuts.	In the 2008 Budget, a number of indirect taxes were increased, including taxes on tobacco, alcohol and carbon dioxide.
Continue with reductions of the corporate income tax rate.	Firms' costs have been reduced, thanks to cuts in social security contributions and the corporate tax in 2009.
Consider tougher sanctions for tax and benefit fraud without adding to the system's complexity.	As part of the sickness insurance reform, a rehabilitation process with fixed time limits for testing work capacity and a ceiling on the maximum number of days of sickness benefits were introduced. The government has also taken measures to reduce incorrect payments from the social security systems: a special law on social security fraud has been introduced and a number of statutes have been changed to facilitate the exchange of information between public authorities.
Reinstate a housing tax levied in proportion to home value.	No action.

Notes

1. S1 is the required adjustment in the structural primary balance to achieve a debt ratio of 60% of GDP by 2060, including the adjustment required to finance the increase in public expenditure due to ageing. S2 is the required adjustment to stabilise the debt ratio (at no specific level), including the adjustment to finance the increase in public expenditure due to ageing over an infinite horizon. In both cases, non-age related and non-interest spending is assumed to remain constant as a share of GDP in the relevant time period.

2. In 2007, the government argued that differentiating tax instruments, specifically tax credits by age, could induce older workers to stay longer in the labour force (Ministry of Finance, 2007), while in the Budget Bill for 2011 the position is that there is no rationale for a difference in the taxation of income between wage-earners and pensioners.

Bibliography

Bi, H. and E. M. Leeper, (2010), "Sovereign Debt Risk Premia and Fiscal Policy in Sweden", *Studier I finanspolitik* 2010/3, Swedish Fiscal Policy Council.

Boije, R., A. Kainelainen and J. Norlin (forthcoming), "The Swedish Fiscal Policy Framework", *Nordic Economic Policy Review*.

Bourlès, R., G. Cette, J. Lopez, J. Mairesse, and G. Nicoletti (2010), "Do Product Market Regulations in Upstream Sectors Curb Productivity Growth? Panel Data Evidence for OECD Countries", *OECD Economics Department Working Papers*, No. 791.

Calmfors, L. (2010), "The Swedish Fiscal Policy Council – Experiences and Lessons".

Conseil des Prélèvements Obligatoires (2010), *Entreprises et "niches" fiscales et sociales : Des dispositifs dérogatoires nombreux*, *www.ccomptes.fr/fr/CPO/Accueil.html*.

Conway, P., D. de Rosa, G. Nicoletti and F. Steiner (2006), "Product Market Regulation and Productivity Convergence", *OECD Economic Studies*, No. 43.

Copenhagen Economics (2007), *Study on Reduced VAT Applied to Goods and Services in the Member States of the European Union*, *http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/rates/index_en.htm*.

Dolls, M., C. Fuest and A. Peichl (2010), "Automatic Stabilizers and Economic Crisis: US *vs.* Europe", *NBER Working Papers*, No. 16275.

European Commission (2003), *Evaluation Report on the Experimental Application of a Reduced Rate of VAT to Certain Labour-intensive Industries*, Brussels.

European Commission (2009), *Sustainability Report 2009*, Brussels.

Floden, M. (2009), "Automatic Stabilizers in Sweden 1998-2009", Rapport till Finanspolitiska rådet 2009/2.

Girouard, N. and C. André (2005), "Measuring Cylically-Adjusted Budget Balances for OECD Countries", *OECD Economics Department Working Papers*, No. 434.

Guichard, S., M. Kennedy, E. Wurzel and C. André (2007), "What Promoted Fiscal Consolidation: OECD Country Experiences", *OECD Economics Department Working Papers*, No. 553.

Ismer, R., A. Kaul, W. Reiß and S. Rath (2010), *Analyse und Bewertung der Strukturen von Regel- und ermäßigten Sätzen bei der Umsatzbesteuerung unter sozial-, wirtschafts-, steuer- und haushaltspolitischen Gesichtspunkten*, report commissioned by the German Ministry of Finance.

Johansson, Å., C. Heady, J., Arnold, B. Brys and L. Vartia (2008), "Tax and Economic Growth", *OECD Economics Department Working Papers*, No. 620.

Jones, C. and P. Klenow (2010), "Beyond GDP? Welfare across Countries and Time", *NBER Working Papers*, No. 16352.

Laeven, L. and F. Valencia (2008), "Systemic Banking Crises: A New Database", *IMF Working Papers*, WP/08/224.

Laeven, L. and F. Valencia (2010), "Resolution of Banking Crises: The Good, the Bad and the Ugly", *IMF Working Papers*, WP/10/146.

Ministry of Finance (2007), *Ett förstärkt jobbskatteavdrag*, Promemoria, Stockholm.

Ministry of Finance (2010a), *Budgetpropositionen för 2011*, Prop. 2010/11:1, Stockholm.

Ministry of Finance (2010b), *Utvärdering av överskottsmålet*, Ds 2010.4, Stockholm.

OECD (2005), *OECD Economic Surveys: Sweden*, Paris.

OECD (2008a), *OECD Economic Outlook*, No. 84, Paris.

OECD (2008b), *OECD Economic Surveys: Sweden*, Paris.

OECD (2010), *OECD Economic Outlook*, No. 87, Paris.

Price, R., I. Joumard, C. André and M. Minegishi (2008), "Strategies for Countries with Favourable Fiscal Positions", *OECD Economics Department Working Papers*, No. 655.

Sutherland, D., R. Price, I. Joumard and C. Nicq (2007), "Performance Indicators for Public Spending Efficiency in Primary and Secondary Education", *OECD Economics Department Working Papers*, No. 546.

Swedish Fiscal Policy Council (2008), *Report of the Fiscal Policy Council 2008*, Stockholm.

Swedish Fiscal Policy Council (2009), *Report of the Fiscal Policy Council 2009*, Stockholm.

Swedish Fiscal Policy Council (2010), *Report of the Fiscal Policy Council 2010*, Stockholm.

Swedish Government Commission on Stabilisation Policy in the EMU (2002), *Stabiliseringspolitik i valutaunionen*, SOU 2002:16, Fritzes, Stockholm.

From:
OECD Economic Surveys: Sweden 2011

Access the complete publication at:
https://doi.org/10.1787/eco_surveys-swe-2011-en

Please cite this chapter as:

OECD (2011), “Consolidating the recovery”, in *OECD Economic Surveys: Sweden 2011*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/eco_surveys-swe-2011-4-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d’exploitation du droit de copie (CFC) at contact@cfcopies.com.

OECD