Cambridge Journal of Economics 2018, 1 of 25
doi:10.1093/cje/bex089

Financialisation and the New Swedish Model

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Most studies of Swedish political economy are too optimistic about the condition and prospects of the reformed Swedish model (e.g. Bergh, 2014; Steinmo, 2010). Indeed, the Swedish economy has responded to the global financial crisis (GFC) in what appears to be a successful manner. This comparativist literature nevertheless omits in-depth analysis of the impact of financialisation, partly due to its neglect of long-term, dialectical processes of change (cf. Ogden *et al.*, 2014). There is a small literature on financialisation in Sweden (e.g. Belfrage, 2008; Forslund, 2008; Kallifatides *et al.*, 2010; Ryner, 2013; Belfrage, 2015; Andersson and Jonung, 2015; Kallifatides, 2016). However, it has not clarified what the dynamics, contradictions and crisis-tendencies of the resulting finance-dominated accumulation regime in Sweden are. Drawing on document analysis and statistics, and based on Regulation Theory (e.g. Aglietta, 1979), this paper does just that. It thus corrects an overly idealised picture of Swedish economy and society, as well as, more broadly, holding the Swedish case up as a critical case study for the sustainability of the finance-dominated growth regime in Europe. We argue that there is a looming crisis in the Swedish economy today, as the acceleration of financialisation following the GFC is shifting the economy away from being export-led to becoming debt-led and asset-based, and thus moving the economy closer to the UK and US economies. As such, the Swedish case suggests that the finance-dominated growth regime may be unsustainable in Europe more generally.

Key words: Financialisation, Swedish model, Regulation Theory, Pensions, Housing

1. Introduction

Growing pervasiveness of financial market influence in the economy, 'financialisation,' has until recently been understood as a principally Anglo-American phenomenon, primarily associated with shareholder value revolutions in corporate governance, financial disintermediation and labour market flexibilisation. Robert Boyer, in the Regulation School's endeavour to identify a post-Fordist growth regime, modelled a 'finance-led growth regime' on US developments with accumulation driven by credit-based consumption and stabilised by a mode of regulation centring on the interventions of central banks (2000). Stockhammer's analysis (2008) asserted that accumulation has

Manuscript received 28 October 2015; final version received 5 September 2017.
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been financialised also in continental Europe, suggesting the existence of a European 'finance-dominated accumulation regime' (see also Kiefer and Rada, 2015). While he suggested that the European regime could be more stable than suggested by Anglo-American experiences, thanks to which debt-led consumption would be less prevalent and buttressing public expenditure greater, Stockhammer, nevertheless, correctly warned about the illusory stability of financialisation in Europe, the crisis of which soon followed (Lapavitsas, 2009). Yet, while financialisation may have entered into crisis, it appears resilient in some places (cf. Gamble, 2014).

Sweden has weathered the global financial crisis (GFC) seemingly well, drawing on the lessons learnt from the 1991–93 banking crisis in crisis-management and able to sustain, apart from a short blip in 2009, relatively high growth figures. The Swedish economy is considered by comparativist authors to have been successfully modernised (Bergh, 2014; cf. Steinmo, 2010), creating a new Swedish model. However, we claim that this rather positive image of the Swedish economy is misleading, and that this derives from a failure to fully account for, even in more nuanced analyses (cf. Schnyder, 2012; cf. Baccaro and Pontusson, 2016), long-term dialectical processes of change such as financialisation. The Swedish growth model did undeniably deliver relatively high productivity growth and profit rates in the late 1990s and first half of the 2000s, but are now beset by mounting tensions as neoliberal globalisation and financialisation are undermining its competitiveness.

In the second half of the 2000s and for much of the period since the onset of the GFC, productivity growth and profit rates in the export sector have decelerated (OECD, 2015A), while profit rates have shot up in the swelling financial sector. Macroeconomic balancing is increasingly reliant upon consumption financed by rising asset prices and associated with high levels of indebtedness and growing inequality, now the most rapidly growing rate in the OECD (e.g. OECD, 2011). In fact, the Swedish growth model is rapidly becoming debt-led, a configuration in stark contrast with the famous Swedish model of the 1960s emphasising rationalising investment policies, export-led growth, central wage-bargaining and commitment to full employment and redistribution through a decommodifying and universal welfare state. The abandonment of investment policies along with conservative monetary policy and shareholder value-influenced corporate governance have weakened the competitiveness of the main export firms, only partly sustained by a continuous reduction in the real labour wage share. Meanwhile substantial profits accrue in a financial sector primarily concerned with capturing rather than creating value, as suggested by Hein's (2012) notion of 'profits-without-investment'. However, in the Swedish case, rather than this (yet) affecting industrial capacity, it is impacting upon the housing sector wherein investment in new housing has been very low for over two decades. Resulting from these developments, strong tensions are emerging in the growth model. Unlike the USA, capable of drawing on resources emanating from its position within its 'informal empire' to sustain its structural imbalances (Panitch *et al.*, 2015), Sweden, while a regional financial power, appears increasingly unable to effectively address these contradictions with a financial crisis on the horizon.

This article's contribution is twofold. First, drawing on a range of data and sources, it goes beyond the predominantly comparativist literature on the Swedish model by theorizing and describing the significant, albeit uneven, manner in which financialisation has progressed in the Swedish economy by looking in particular depth at housing, pensions, consumer credit and corporate governance. Second, we provide evidence suggesting that financialisation is creating profound instability in the Swedish economy, a case which could be seen as critical for the sustainability of the financialised growth regime in Europe, maybe even beyond. We show how the looming crisis in the new Swedish model is expressed in tensions not only at and in between the scales of government and households, but also between fractions of the capitalist class. To start with, however, we outline our Regulationist analytical framework through a selective review of the literature on the Swedish case to provide a baseline for the assessment of financialisation in the Swedish economy.

2. Financialised accumulation—a regulationist framework

Most studies of Swedish political economy are too optimistic about the benefits and sustainability of the reformed Swedish model. By neglecting financialisation and its impact, these analyses serve to sustain an idealised picture of Swedish economy and society. Bergh (2014) and Steinmo (2010) outright dismiss the significance of financialisation in the transformation of the Swedish economy, while celebrating the growth model's adaptability in a globalised economy. Pontusson and Baccaro's (2016) Keynesian- and Kaleckian-inspired analysis largely overlooks it, perhaps partly because their data ends at 2007, at which point, as we will later see, financialisation accelerates. This leads them to characterise the Swedish economy as a balanced middle way with a stable wage share since the 1980s, positioned between the credit-based, consumption-led growth model of the UK and the export-led growth model of Germany (Pontusson and Baccaro, 2016; cf. Kiefer and Rada, 2015). Rather, as we will go on to show, the Swedish economy, partly as a result of various processes associated with financialisation, increasingly resembles the UK growth model, yet with their distinct structural specificities such as the global hub for financial services and energy-intensive processing industry, respectively. First, wage share stability is rather unsurprising, given the high (albeit reduced) levels of unionisation and sustained central wage-bargaining. Second, while their analysis recognises rising household indebtedness, their framework does not account for the impact on consumption of welfare reform on the social wage, or asset price developments on real wages, or credit market (de)regulation on real wages *ceteris paribus* (at least temporarily) in the financialised economy (e.g. Boyer, 2000). While there has indeed been significant aggregate wage growth in Sweden, real wages have declined sharply as a result of welfare state retrenchment (for the latter, see Belfrage and Ryner, 2009) and asset price inflation since the 1990s (Kallifatides, 2016), albeit for the time being offset by easy access to cheap credit (cf. Andersson and Jonung, 2015).

In the early 1990s, financial deregulation combined with neoliberal restructuring to break wage-led growth in Sweden, and to usher in a new accumulation dynamic (Buendía and Palazuelos, 2014). Schnyder's (2012) Varieties of Capitalism account goes some way towards clarifying the nature of this new accumulation regime, attributing significance to finding ideational solutions to the normative dissonances arising from the inherent contradictions of the Swedish economy. While undertaken at an appropriate level of abstraction, it affords little scope for a dialectical analysis of change in the economy, such as financialisation, describing the economy as knowledge-based. All these approaches omit an in-depth analysis of the impact of financialisation on the

Swedish accumulation regime. There is, nevertheless, a small but growing literature concerned with financialisation in Sweden (notably Belfrage, 2008; Forslund, 2008; Kallifatides *et al.*, 2010; Ryner, 2013; Belfrage, 2015; Andersson and Jonung, 2015; Kallifatides, 2016). This literature is nevertheless yet to fully account for the historical processes of financialisation and the historically specific dynamics and contradictions of the financialised accumulation regime.

While the concept of 'financialisation' is widely used today and its crisis-tendencies are recognised amongst policy-makers (see Christophers, 2016), much of comparative political economy (some of which is reviewed above) remains poorly equipped to understand those tendencies. Wood *et al.*'s (2014, p. 391) survey of this literature identifies Regulation Theory as the best approach for theorising stability, crisis and change in capitalism because it grasps the fragility of capital accumulation with its 'periodic systemic crises and change', while being able to capture some degree of temporary stability, a moment during which some particular articulation of capital accumulation appears more or less routine (*en régulation*). We next synthesise a number of Regulation-Theoretical concepts relevant to the argument of this article.[1]

Regulation theory derives mid-range concepts in a 'retroductive' manner (akin to critical realism) to consider historically specific capitalist social formations and social forces in antagonistic and asymmetrical, if still interdependent, relations with one another within a heterogenous, contradictory and crisis-prone transnational capitalism (Bieling *et al.*, 2016). As Sum and Jessop discuss (2013), it conceives of the market economy as determinate in the sense of being characterised by doubly tendential 'laws', i.e. laws in and by themselves tendential as well as operating within a capitalist mode of production, which is itself provisional and evolving. It thus understands these 'laws' as necessarily grounded in historically and materially specific conditions pertaining to exchange relations being generalised and the development of socially necessary labour (abstract labour). In historically specific ways, the workings of these 'laws' require, due to their destructiveness, the creative incorporation and transformation of extra-economic forms, and are mediated by class struggles and capitalist competition.

Historically specific iterations of these 'laws' are conceptualised by Regulation Theorists as 'regimes of accumulation'. This concept refers first and foremost to the 'economic' dimension of the circuit of capital. As Becker *et al.* (2010) explain, it describes a tendential logic of surplus-value extraction and realization in capitalism, organised around particular assemblages of emphases on three structural forms: the wage relation (various aspects of the capital-labour relationship), the form of competition (types of market structures) and the monetary constraint (the institutional configuration of the universal equivalent of money). Accumulation regimes are constituted along various dimensions with combinations of emphases on a spectrum. The axis

[1] In response to criticisms (see Dannreuther, 2006), early Regulation Theory (drawing on Aglietta, 1979) has been amended to among other things: replace cross-spatial generalisation and lingering methodological nationalism with appreciation for spatial variation and transnational forces and processes (Bieling *et al.*, 2016); conceptualise the inversion of structural forms while avoiding economism in the conception of financialisation (Durand and Keucheyan, 2015); address tendential functionalism (Vidal, 2015); and tackle limitations in grasping the crisis-dynamics of political regimes and societal paradigms (e.g. Belfrage, 2015). The work of Bob Jessop has been instrumental in many of these efforts, not least in capturing the nature and role of the state (e.g. 2007) in managing these crisis-tendencies. Jessop has, together with Sum, recently sought to advance beyond Regulation Theory by incorporating semiotics, also in relation to the financial crisis and the construction of crisis-recovery (e.g. Sum and Jessop, 2013).

emphasizing productive or financialized accumulation is claimed to be crucial, as it describes the general direction of investment towards either the productive or financial spheres. Financialized accumulation emanates from either the expansion (and price increases) of financial assets (debt) or large spreads between active and passive rates of interest.

Financialisation has become an increasingly widespread preoccupation of Regulation theorists following the late 1960s onset of the long crisis of Fordism, which had been concentrated on productive accumulation facilitated by the US dollar-centred fixed exchange rate system. Based on a comprehensive review of the literature on financialisation, van der Zwan (2014, p. 104) understands financialisation as shorthand for a specific form of structural transformation in contemporary capitalism, 'in which finance has become the dominant function in the economy and has extended its influence to other areas of life (e.g. social and political)'. This structural transformation derives from historically specific policy reforms, for instance financial deregulation and liberalisation (of e.g. the capital account and financial markets), corporate governance (towards the shareholder value paradigm) and the welfare state (notably pensions). Yet, often such reforms are also associated with neoliberalism.

The relationship between neoliberalism and financialisation remains nevertheless poorly understood. As van der Zwan highlights (2014, p. 106), there is disagreement on which is the driver of the other. The resolution of this debate is not the objective of this article. Our position emphasises historical contingency and *relatively* distributed agency. Financialisation is a process of structural transformation involving the *reshaping*, although never entirely, of logics of accumulation and institutional performance towards finance and risk (Belfrage, 2008), while neoliberalism is an ideology centring on an ethic of competition and associated with a set of policy ideas (Amable, 2011). However, neoliberalism and financialisation are often closely interrelated in the articulation of specific regimes of accumulation. For instance, in the articulation of some modes of regulation, assumptions of the supremacy of financial logics and markets over other markets, influentially argued by some financial economists (for a critique, see Stiglitz, 1981) and transnational governance bodies (private and public) (in the area of accounting standards, see Perry and Nölke [2006]), have become integrated into tendentially neoliberal institutional frameworks and reshaping dominant principles of competition in the process. Nevertheless, the specific articulation of financialisation, as informed by particular interpretations of neoliberalism, has to be explored empirically. Such explorations have to consider the complex agency exercised by a wide range of actors, elite and non-elite, private and public, domestically oriented and transnational, etc.

For Regulation Theorists, financialisation renders the structural form of money and finance, as embodied by finance capital and expressed through the valorisation process, dominant by undermining and surpassing the wage-labour nexus dominant under Fordism in the hierarchy of structural forms. In the EU, this typically occurred *after* a period of neoliberal restructuring, during which the structural form of competition had first taken precedence over the wage-labour nexus in this hierarchy (e.g. Durand and Keutcheyan, 2015).

Despite this overarching shift in the hierarchy of structural forms, with impact on different scales of policy- and decision-making, from the supranational to the household (see van der Zwan [2014] for an overview), there is nevertheless significant variation, or unevenness, across space in relation to financialised accumulation. This is partly due to the particular institutional configurations in place which contribute to the (de) stabilisation of accumulation. Regulation Theorists call the socially contingent ways in which the abovementioned structural forms with their respective dimensions are institutionally articulated 'mode of regulation'. These institutional frameworks provide blueprints for the routinisation, normalisation and reproduction of everyday economic practices. Despite transnationalisation of accumulation, such legitimation processes still take place primarily at the level of the state with the discourses produced by the state apparatus typically revolving around the objective of stabilisation (Bieling *et al.*, 2016). A historically specific assemblage of accumulation regime and mode of regulation is known, in Regulation Theory, as a 'growth model'; considered as an ideal type, at a higher level of abstraction, such assemblages are known as a 'growth regime'. Analyses of financialisation have given rise to a range of conceptions of financialised growth regimes, sub-types of growth regimes and growth models. We will next consider three such conceptions.

In an effort to consider post-Fordist scenarios, Boyer (2000) modelled the 'finance-led growth regime' drawing on trends in the 1980s and 1990s in the US economy. It emphasised the prominence of financial accumulation and norms, not least that of 'shareholder value' in corporate governance. Specifically, he identified the centrality of widespread expectations of a high rate of return on investment to the accumulation regime. He also outlined this regime's mode of regulation, constituted by mediating mechanisms such as labour flexibilisation, central bank policy (shifting away from the priority of price stability), conservative public budget rules, financial market-mediated forms of competition and a favourable tax system. Sceptical about the stabilising powers of this mode of regulation, Boyer presciently predicted that the next financial crisis would erupt in the USA.

In the European context, Durand and Keutcheyan (2015) show how the money and finance structural form has come to dominate the sociopolitical logic of the EU integration process. This shift has been central to establishing a European finance-dominated growth regime, and the related patterns of uneven and combined development arising within the EU economy. While variegated, the European regime can be characterised, apart from by financialisation also, by a weakening working class (Bieling *et al.*, 2016). Hein (2012) adds that, related to the falling labour income share, the financialisation of the European accumulation regime corresponds with a tendency towards 'profits without investment', and hence a likely deterioriation of productivity growth in the non-financial sector. Hyde *et al.*'s (2017) study of financialisation and inequality across much of the OECD suggest that financialisation is strongly linked with rising levels of inequality.

Stockhammer *et al.* (2016; cf. Bieling *et al.*, 2016) identify two broad sub-types of the European regime: neo-mercantilist and debt-led. Centring on Germany, the neo-mercantilist sub-type revolves around exports and increased productivity through wage stagnation and outsourcing to Eastern Europe. The debt-led sub-type revolves around debt-led consumption and asset price inflation with some wage increases notable. This sub-type was established in the Eurozone periphery (Greece, Ireland, Italy, Portugal and Spain) as well as non-Eurozone Eastern Europe. Imports to these economies comprised before the Eurozone crisis a significant part of the demand for goods from the export-oriented and fiscally conservative 'neo-mercantilist' economies of the core, while often financed by banks in the core economies and through the Bundesbank-dominated Eurozone financial architecture. The UK accumulation regime is also debt-led. However, accumulation (at least pre-Brexit) is here increasingly organised around the important financial centre of London and the international position of the Sterling, and thus enjoys some limited autonomy from the Eurozone while still able to influence the European financial architecture. Indeed, with the possible exception of the Bank of England, also non-Eurozone EU central banks are heavily influenced by the policies of the European Central Bank (ECB).

Each financialised growth regime, sub-type and growth model has particular crisis-tendencies. These can be exogenous or endogenously driven, surfacing domestically and/or externalised. Moreover, they can arise within the accumulation regime or within the mode of regulation. Analysing the fallout of the Eurozone crisis, Regulation theorists (e.g. Bieling *et al.*, 2016) have explored the crisis-tendencies in the debt-led and neo-mercantilist sub-types; crises in the first tend to lead to an initial domestic financial crisis followed by socio-economic crisis as the crisis is addressed, whereas the second may lead to the externalisation of financial crisis and a drawn-out socio-economic crisis domestically. Bengtsson and Ryner (2015) integrate these insights in their analysis of wage share developments and its potential impact on productivity in the European economies. However, their analysis does not get to the bottom of explaining why finance-led accumulation is in crisis or *en régulation* in its specific national environments, the key sites of legitimation and thus its social and political sustainability.

Compared with the crisis-struck economies of the European finance-dominated growth regime, the new Swedish model still, at first sight, appears successful and potentially sustainable.[2] If the European finance-dominated growth regime is sustainable in Sweden, there may be reason to believe that it could be sustainable elsewhere too. It thus constitutes a strategic 'critical case study' (Flyvbjerg, 2006) for the European finance-dominated growth regime, of theoretical and empirical significance for comparative political economy and heterodox economics alike.

3. The Swedish finance-dominated growth model

In this section, using a mixed set of methods of document analysis and descriptive statistics, we account for the significant progress of financialisation in the Swedish economy and the resulting establishment of the Swedish variation of the European finance-dominated growth regime. We find evidence that the Swedish economy has shifted from being wage-led to debt-led. The economy displays rising prominence of debt-led and asset-based consumption as well as financial sector expansion for economic growth, as profit generation and productivity growth in the export sector have decelerated.

[2] Andersson and Jonung (2015) have recently suggested that financialisation in Sweden appears to be leading to recurring financial crises. As a small and open economy, they claim, financialisation is likely to bring dangerous levels of private and public indebtedness, strengthening currency (for as long as it is sustainable) and resulting falling competitiveness and balance of payment problems.

3.1 Neoliberal restructuring

The period 1998–2007 saw Sweden established as a country of low inflation and high productivity growth. Consumer-price inflation was below OECD and Eurozone averages. Sweden became the darling of financial markets (Schnyder, 2012; Stenfors, 2014). Yet, while average economic output growth was strong, volatility in economic output was relatively high. The level of unemployment was persistently high. These performance measures are primarily related to neoliberal restructuring during the 1980s and 1990s, and the resulting creation of a variation of the neo-mercantilist subtype of the European finance-dominated growth regime in Sweden.

The famous (old) Swedish model revolved around export-led growth, central wage-bargaining, rationalising investment policies, and commitment to full employment and redistribution through a decommodifying and universal welfare state (e.g. Ryner, 2002). The wage-labour nexus was at the top of the structural hierarchy, while competition was subdued by monopolistic regulation. Money and financial flows were strictly controlled. Following its crisis in the late 1960s and 1970s, important policy reforms were undertaken by successive governments in the second half of the 1980s and in the 1990s. These reforms, in part undertaken to accede the EU, should be primarily associated with neoliberal restructuring and the prioritisation of competition, although they subsequently, as we will see, spurred financialisation. Capital controls and credit regulation were abolished in the 1980s. The early 1990s saw the floating of the currency, the establishment of an independent central bank, major tax reform, the introduction of restrictive fiscal rules (for both central and local government) and top-down budget processes, comprehensive pension reform, employment and health benefits reform (e.g. Notermans, 1993; Svensson, 2001; Ryner, 2002; Belfrage and Ryner, 2009; Erixon, 2011; Schnyder, 2012). From the turn of the millennium, further marketisation in areas such as elderly care, primary health care, primary and secondary education have been significant (Andersson, 2014).

Over time, the public sector has been considerably reduced, enabling the overall level of taxation to be reduced from 50% of GDP in 1990 to 43% of GDP in 2013 (OECD, 2015). In fact, overall public expenditure in Sweden has declined the most among the OECD countries, from levels around 65% in the 1980s and 1990s (peaking at over 70% due to the costs of bank bailouts in response to the 1991–93 banking crisis) to near 50% in 2008, where it has stayed since (see Figure 1).

The fact that the growth model delivered relatively high productivity growth in the late 1990s, in the 2000s and for much of the period since the onset of the GFC has led observers to celebrate the advent of a 'new', modernised and more 'open' Swedish model (cf. Bergh, 2014; cf. Steinmo, 2010). However, while the Swedish economy has remained strong thanks to the pursuit of monopolies in relation to technologically advanced niche markets (cf. Baccaro and Pontusson, 2016), this analysis neglects the positive effects of a weak Swedish currency and the risks arising from financialisation. Erixon (2011, p. 307) challenges the celebratory view by attributing high growth in the 1990s and 2000s to a competitive extractive sector benefitting from the weak *Krona* and basic organizational and technological strengths, in particular at the telecom giant Ericsson, originating from the old Swedish model. He, moreover, points to the downside of the risks associated with financialisation, as illustrated powerfully already in the 1991–93 financial crisis, triggered by a modest increase in German interest rates (Lindberg and Ryner, 2010). Buendía and Palazuelos (2014) go so far as to identifying

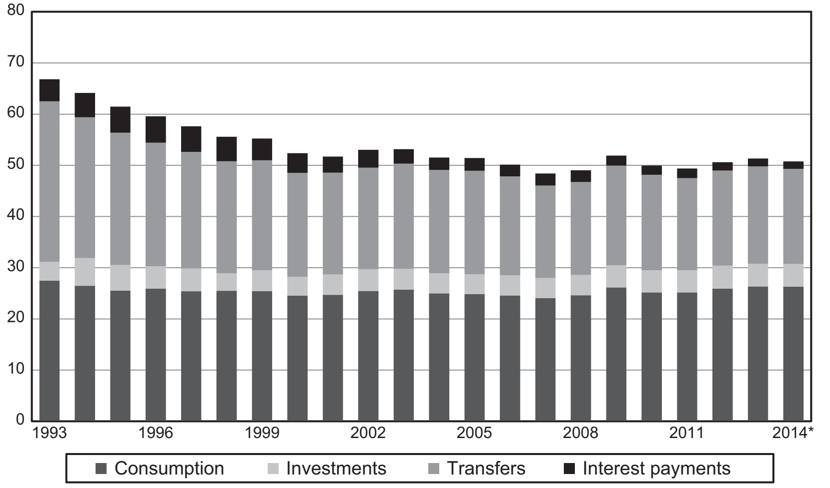

Fig. 1. *Public sector expenditure as share of GDP, 1993–2016.*

the 1991–93 crisis as the breaking point at which a new accumulation regime replaced the symbiotic relationship between economic growth and the welfarist mode of regulation of the 'old' Swedish model.

Exploring this new regime, Schnyder (2012) points to the significant increases in inflows of global capital, particularly venture capital and private equity, especially to high-tech SMEs and thus contributing to structural transformation of the economy. However, the effect of footloose global capital in an economy of weak productivity growth and falling profit rates (outside the financial sector) may still on aggregate be a shift in focus towards capturing rather than creating value (buy cheap, sell dear) (Erturk *et al.*, 2010; Korpi, 2014; von Laskowski, 2012).[3] Reinforcing this possible trend is the fact that private equity and venture capital have made significant inroads in healthcare and education (Andersson, 2014).

While these contributions do demonstrate that the Swedish economy has undergone neoliberal restructuring, and, certainly, it did prioritise trimming the state and subjecting the wage-labour nexus to the logic of competition, these accounts do not give us an accurate picture of the nature of key processes and the growth model that these transformations have created. Looking at real as opposed to nominal investment flows in the economy over the last four decades, we find that investment in the stock of directly productive capital appears to be ongoing, while investment in more indirectly productive housing and other constructions contracted significantly after 1991 (see Figure 2), an indication of the historical specificities of the new Swedish model. Housing investment was renewed in the 2000s, although at relatively much lower levels compared to the days of the old Swedish model.

[3] Erturk *et al.* (2010) provide this general characterisation of private equity partners as especially well positioned to access larger volumes of (cheap) financial capital. Von Laskowski's (2012) work shows in empirical detail the short-term ambitions and dynamics inscribed in private equity as a mode of corporate governance. Korpi (2014) details the most recent quantitative estimations of the impact of alternative investment funds in the Swedish economy and finds no support for any remarkable effects on investment and/or employment.

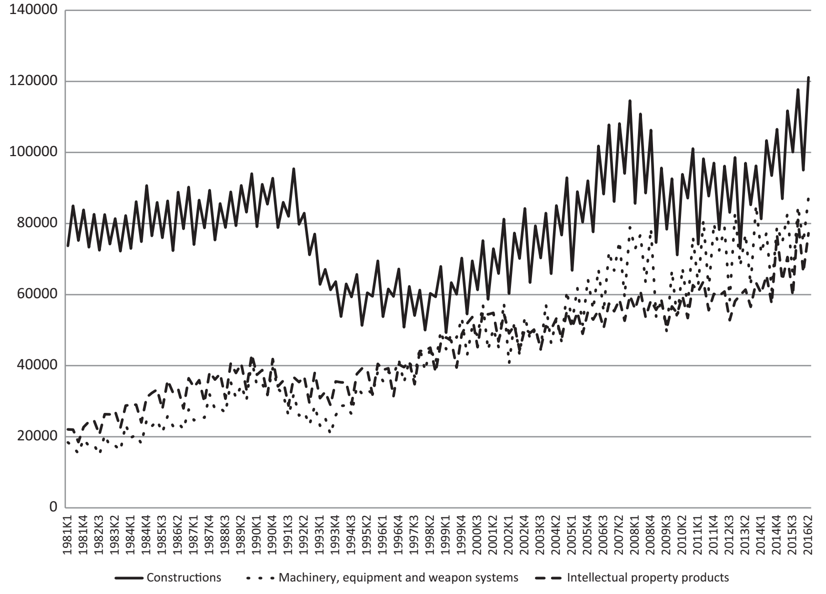

Fig. 2. *Fixed capital formation, constant prices, million SEK, reference year 2016, by kind and quarter, 1981–2017.*

In the new millennium, productivity growth and profit rates in the export sector have decelerated (OECD, 2015A) and indebtedness and inequality are increasing rapidly (OECD, 2011). We claim that these developments point to an overlooked, but central, process in the transformation of the Swedish economy: financialisation.

3.2 Financialisation: the growing significance of the financial sector

We next account for financialisation in terms of financial sector growth, a key indicator of financialisation (Epstein, 2005). Sweden has become a tax haven for capital and money managers attracting massive capital inflows (Schnyder, 2012, p. 1136). Capital flows are attracted by generous tax deductions for super-high income earners (private equity firm partners, senior accountants, etc.), low corporate taxes, almost abolished property and other wealth taxation, completely abolished gift and inheritance taxation, and, perhaps most importantly, a general government guarantee extended to the major banks implying a substantial wealth redistribution from taxpayers to the four major banks.[4] This clearly parallels developments in the USA and the UK, albeit with some time lag. Stockholm has thus developed into a regional financial centre. In fact, the creation of Financial Centre Stockholm (*Finansplats Stockholm*) has been an explicit ambition of governments from both sides of the political spectrum since the mid-1990s. Sweden's four big banks now dominate the banking sectors in the Baltics and have substantial operations in the other Nordics. Some 40% of Swedish banking assets are held outside Sweden (Sveriges Riksbank, 2015, p. 5).

The Swedish financial sector constitutes 4.6% of gross value added (Eurostat, 2015A, 2015B). Yet, the balance sheet (see Figure 3) of the financial sector, and its banks in particular, have grown explosively. According to the analysis presented by the Swedish

[4] Nordea, Swedbank, Skandinaviska Enskilda Banken and Handelsbanken.

Central Bank (Sveriges Riksbank) (2015, p. 1) in its Financial Stability report, the Swedish banking sector is now only marginally smaller in proportion to national GDP than those of Switzerland and the Netherlands, and proportionally equal to that of the UK, with assets of Swedish banks amounting to almost four times national GDP at the end of 2013. Moreover, the profit rates of the Swedish financial sector (see Figure 4) have increased significantly. Relative to the non-financial sector, since the 1991–93 crisis, a year in which the Swedish financial sector lost money, the sector has steadily

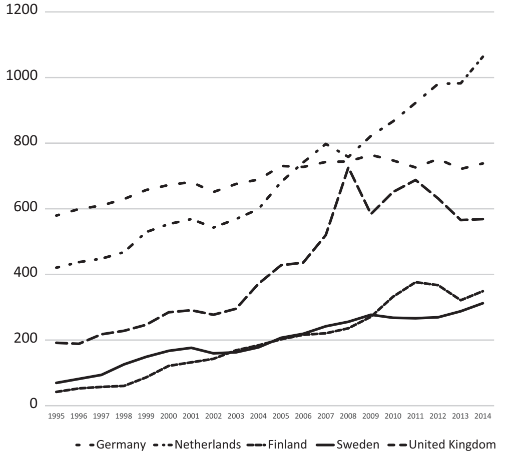

Fig. 3. *Financial assets (consolidated) as percentage of GDP, selected EU countries, 1995–2016.*

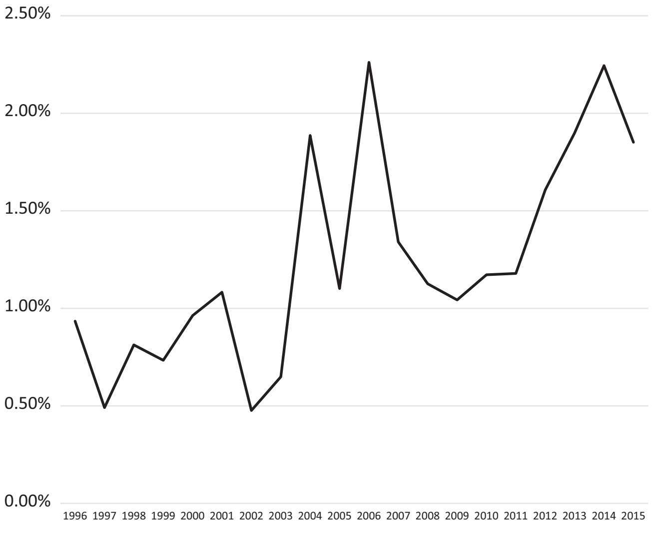

Fig. 4. *Profits of Swedish banks as percentage of Swedish GDP, 1996–2015.*

increased its share of overall capitalist profits in the economy (see Figure 5).[5] In the period 2005–14, remarkably, Swedish financial corporations generated more profits (measured as share of national disposable income) than all non-financial corporations. For these years, comparable statistics are 48% for Germany, 47% for the UK, and 32% for the Netherlands (authors' own calculations based on Eurostat [2015C]).

These statistics clearly show that financial corporations enjoy a growing significance within the economy and generate growing profits.

This development is bolstered by the sizeable taxpayer subsidy the four big banks enjoy, predominantly taking the form of government guarantees against bankruptcy, at an annual average of SEK26 billion during the period 1998–2014 (Finansinspektionen, 2015). Over the period 1998–2014, this amounts to SEK442 billion, which may be compared to the total of banking profits during this period of SEK668 billion.[6] In other terms, wealth redistribution from taxpayers to banks amounts to two-thirds of all banking profits in Sweden during this period. We hence assert that the financial sector has been extraordinarily aided by state-sponsored wealth redistribution ever since the financial crisis of 1991–93.

Financial sector expansion has also increased the tax revenue generated from bank operations. The total of taxes paid by banks in the period 1998–2015 amounts to 165 billion SEK. In relation to overall state tax revenue, the 2015 payment of

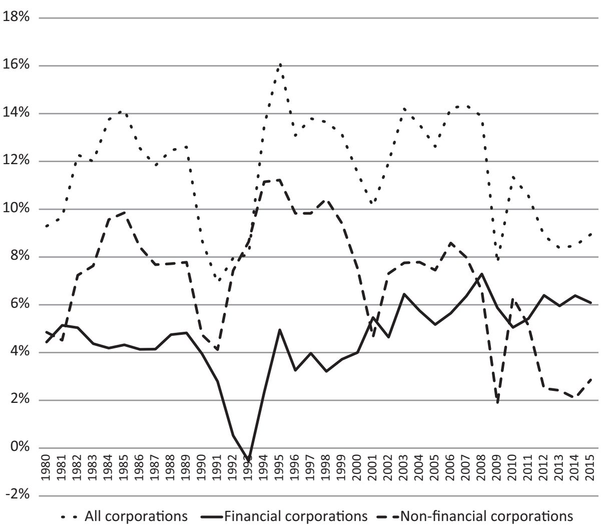

Fig. 5. *Sector shares of national disposable income, 1980–2015.*

[5] From these facts, one might conclude that financial operations, compared to non-financial operations, have become extraordinarily profitable. This, however, would be a hastily made conclusion. These profit figures are based on corporate reporting of profits. It may well be that a growing proportion of the profits of non-financial operations are hidden from view through tax planning.

[6] This is a cautious estimation since these guarantees may, although we cannot know this for sure, have prevented one or several of these financial corporations from failing, implying that the value of these guarantees would have had much greater worth. We are grateful to one of the anonymous referees for highlighting this to us.

SEK15 billion constitutes just below 2% of central government revenue for that year, but has been rising quite significantly since 1996 (see Figure 6). It should here be noted that the Swedish corporate tax regime has belonged to the lightest touch in the OECD in some time (Steinmo, 2010), with a further reduction made in 2013.

As we have seen, the financial sector, and banking in particular, enjoys a high profit and wage share in the Swedish economy. Yet, at the same time, the financial sector's proclivity to lend for the purpose of investment in new construction, in particular housing, appears weak, as suggested by Figure 2. We next turn to how financial sector developments relate to trends in corporate governance, an area typically found to be at the core of financialisation elsewhere.

3.3 Corporate governance and control

There is strong evidence of the rise of the shareholder value ideology and practice of shareholder value maximization in Swedish corporate governance (Borglund, 2006; Kallifatides *et al.*, 2010). Although there is resistance to this trend, it implies increased levels of financial risk and reductions in operational risk. Nevertheless, these developments are largely overlooked by the comparative political economy and economics literatures. We here integrate this evidence into the wider analysis of the financialisation of the Swedish growth model.

The corporate governance regime that emerged after the Great Depression of the 1930s in Sweden was one of concentrated 'ownership', not only of small-scale companies, but also of the large industrial companies. The latter were extraordinarily successful for much of the twentieth century. The corporate governance regime under the old Swedish model asserted that large corporations ultimately should be responsive to society rather than shareholders or managers alone (Collin, 1998; Agnblad *et al.*, 2001).

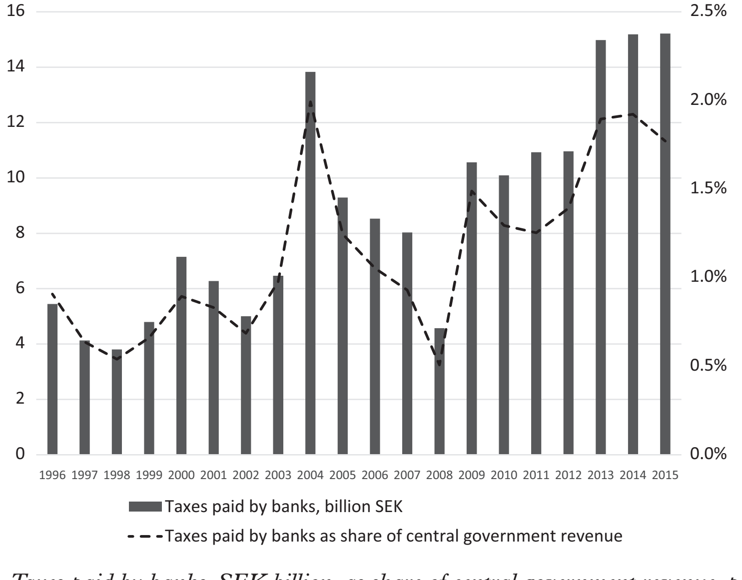

Fig. 6. *Taxes paid by banks, SEK billion, as share of central government revenue, per cent, 1996–2015.*

Successive Social Democratic governments in the post-1945 era supported a corporate governance regime that enabled full employment and the promotion of industrial, export-oriented national champions as growth engines within the economy (Ryner, 2002).

Capital market liberalisation from the 1980s onwards, however, transformed the conditions for corporate control within the Swedish economy (Reiter, 2003). European integration has also influenced the Swedish market for corporate control (Nachemson-Ekwall, 2012). Short-termist, footloose, global capital rapidly became a force on the Stockholm Stock Exchange (SSE), persistently challenging the incumbent power structures (e.g. Henrekson and Jakobsson, 2012). Still, in 2016, all except two large-cap listed corporations on the SSE remained in the controlling hands of the traditional owners. Alongside several sustained family dynasties, the ownership of two bank spheres, Investor and Industrivärden, sustain ownership concentration of Swedish corporations. These 'control posts' remain based on differential voting rights, pyramidal and cross-holdings (Collin, 1998; Reiter, 2003). For example, Investor and Industrivärden jointly control Ericsson, one of the most important export companies. The existence of these seemingly different categories of owners has led to a tendency in the Swedish business press to contrast (domestic) 'owners of flesh and blood' with (global) 'faceless' or 'irresponsible' institutional capital (Jansson, 2013). Empirical research has nevertheless shown that 'short-termist' capital is gradually gaining more influence over Swedish senior management and organizational practices through aligning corporate reporting to financial market expectations and directing top management attention to these markets (Tengblad, 2004). Financial targets and related discourses are thus disseminated through the hierarchical layers of the organization (Blom, 2007), shaping the very identity of the corporate manager (at least among stock market-listed companies) (Larsson, 2008).

Nevertheless, Swedish governments, of all denominations, have vigorously defended differential voting rights in order to protect this particular ownership concentration, and with that continued 'non-market coordination' of key sectors in the economy (e.g. Devore, 2015). However, beyond the listed companies, foreign capital, often in the form of private equity funds, has been highly active in purchasing Swedish subsidiaries, implying a downward trend in tax revenue from corporate profits as foreign-based ownership enables greater 'tax efficiency' (Henrekson and Jacobsson, 2012).

While the shareholder revolution appears to be on its way in Sweden, resistance to it, as evidenced in corporate control contests (Kallifatides *et al.*, 2010; Nachemson-Ekwall, 2012), indicates that shareholder value as a norm has not yet been fully embraced in Sweden. Upon this evidence, we suggest that financialisation in Sweden does not derive its dynamic primarily from a transformation in the direct relationship between firms and financial markets like in Anglo-America. Instead, we contend that financialisation in Sweden is driven by developments in the areas of pension and housing policy as well as credit supply.

3.4 Pensions: retrenchment and mass investment culture

Pensions have undergone substantial reform since the early 1990s. A new public pension system was introduced in 1998 implying welfare retrenchment and risk-privatisation. Meanwhile, occupational pension schemes have been reformed from being based on defined benefit to defined contribution principles, and are now managed by corporatist mutual insurance companies in accordance with portfolio investment strategies.

These reforms' strong financialising effects are at best unevenly acknowledged in the literature.

Pensions have historically played a significant role in Swedish political economy. The universal defined benefit ATP system, introduced in 1960, played a central role in the old Swedish model by connecting the smoothing of lifecycle consumer patterns and solidaristic income and labour market policies to the rationalization processes in the corporate sector. It enabled the labour movement to mobilise support from white-collar strata in the decades following the Second World War and then served to remind disgruntled social democratic voters of their allegiances as the Swedish model was being dismantled in the 1980s. While the old pension system was intended to play a significant role in strategically channelling investments into particular firms and sectors, the significance of public pension fund investments for economic development lost ground to private market mechanisms, especially following the failure of the labour movement to introduce alternative mechanisms to buttress the Swedish model in the late 1970s and early 1980s (Belfrage, 2015).

Under broad party political consensus, albeit only at the elite level (Lundberg, 2003), the design of the new system was driven by five fundamental principles. The life income principle was to ensure that workers are incentivised to extend their working lives. The savings principle encouraged workers to save more as well as to employ active portfolio management strategies in so doing. Such encouragement was also done by reducing contributions and increasing the expectation on general financial market performance. The third principle was fiscal sustainability. By reducing risk-sharing through a range of mechanisms, the fiscal sustainability of the system would be ensured and thus also its political durability. The fourth principle was decency of pensions. While pension provision is still universalist, the new system also introduced a form of poor-relief resonating with pre-1948 liberal principles (Belfrage and Ryner, 2009; Belfrage, 2008). The final principle is communication. To mitigate against the unpredictability of future pension levels, now directly determined by a series of factors many of which are directly related to financialisation, basic risk assessments and regular projections are provided to pension savers to render this unpredictability transparent (Ohlsson, 2007; Nyqvist, 2008; Forslund, 2008).

Recurring financial crises have not been kind to these pension reforms. With its political sustainability being tested, a raft of public reviews is being undertaken (Engström, 2013; Barr, 2013). The funded element of the public pension system exposes in particular vulnerable groups in society to the challenges of making investment decisions. As the main pillars of the system fail to deliver decent pensions to a growing percentage of pensioners, the means-tested element to kick in on a large scale which, in turn, undermines the principle of fiscal sustainability. This tendency is augmented by rising population longevity and unemployment.

Along with an ideological dimension of cultivating a Swedish mass investment culture, reduced pensions strengthen the material incentives for wage-earners to save privately (Belfrage, 2008; Belfrage and Ryner, 2009). Especially in a low interest rate climate, this typically serves to accelerate processes of financialisation, including pressures to embrace shareholder value in corporate governance. The ability to save privately is, however, unevenly distributed. An increasingly common strategy appears to involve turning homes into assets to be managed both for future sales income and for being tapped for consumption through remortgaging. If pension reform has created the ideological and material impulses to propel financialisation forward in Sweden, housing policy is the engine of the process.

3.5 Housing: speculation, exclusion and credit-based consumption

Having played an integral part of the old Swedish model, culminating in the famous 'million home project' (*miljonprogrammet*), with an extensive system of subsidies and socio-political steering of investment to support labour mobility and key sectors in the economy, three decades of housing-related reforms and politico-economic developments have turned the Swedish housing market into arguably the most liberal among the advanced capitalist economies (Hedin *et al*., 2012). Easy credit, a taxation system conducive to strong market dynamics, privatisation of the housing stock and very limited construction activity have contributed to the introduction of strong financial market values, norms and practices in the Swedish housing market. Yet, both home-ownership and the potential welfare benefits from rising property prices remain unevenly available. The Swedish housing market injects the accumulation regime with particular and highly significant dynamics. The literature has been slow to grasp its financialising effects.

Neoliberal reforms have become coupled with remnant elements of previously dominant non-neoliberal ideologies and practices, such as state subsidies, rent control, queuing systems, subletting regulations and land use regulation, to produce what Christophers (2013) calls 'a monstrous hybrid system'. Swedish citizens experience both the insecurity of the poorly regulated market and the rigidity effects of limited state planning. With limited affordable housing available, everyday life for large swathes of people, at least in the fast-growing urban centres, therefore increasingly revolves around balancing the optimisation of location of accommodation with debt management. The system functions as a 'decisive mechanism for the creation, reproduction and intensification of socio-economic inequalities' (Christophers, 2013, p. 888).

The system is stabilised by party-political lock-in effects resulting from the relationship between interest coalitions linked to the nominal Left and Right. The Left does not advocate traditional leftwing policies (e.g. abolishment of interest subsides for tenant-owned apartments and villas, or interest subsidies for municipal housing companies, land use reform or construction subsidies to private building companies) and the Right does not promote traditional rightwing policies (e.g. eradication of interest subsidies or rent control) (Christophers, 2013). The outcome is the co-production of a housing system dramatically different from the housing policy regime under the old Swedish model when everybody had 'the choice between rental housing, cooperative housing, and single-family housing' (Kenn cited in Christophers, 2013, p. 887). New housing construction has been very limited since the early 1990s. Stockholm is the most extreme with its gentrified inner city and at best functional housing in many of the suburbs (Andersson and Turner-Magnusson, 2014). Notably, market liberal forces have voiced concerns. While the previous centre-right government has recognised underinvestment in housing, the Stockholm Chamber of Commerce, perhaps an unexpected source of critique, has gone further to warn that this underinvestment poses a threat to economic growth in Stockholm (Bokriskommittén, 2014). Recent efforts to increase construction of new housing do not satisfy demand.

Rapid urbanisation does not only render the housing stock in the three big cities (Stockholm, Gothenburg and Malmoe) inadequate, it has also accelerated property price developments. A powerful example is that prices of the common form of cooperatively owned apartments (*bostadsrätt*) increased by 250% during the period 2005–15 (Sveriges Riksbank, 2015, p. 4, diagramme 1:3). The rate of increase in both the rental and real estate markets, especially in the big cities, has, in other words, outpaced wage developments by a huge margin. This results in growing levels of household indebtedness, sustained only by a low interest rate environment and extremely liberal credit market regulations and tax regime.

In sum, Swedish housing policy integrates pre-neoliberal and neoliberal elements to produce strong, financialising dynamics in the economy. The last decade has seen housing market developments unfold in a manner that has accelerated uneven processes of financialisation and indebtedness, serving to reinforce inequality. The coupling of financialising housing policy with marketisation in for instance primary healthcare (Riksrevisionen, 2014) and primary and secondary education (as seen in the UK) (Andersson, 2014) deepens inequality further. In the following, we convey a preliminary view of the impact of pension and housing policy on labour market participation, indebtedness and access to welfare.

3.6 Insecurity on the labour market, mass debt and unequal welfare provision

The new Swedish model features more flexibilised, disciplinary and segmented labour markets. The historical commitment to employment (Arbetslinjen) has been abandoned on both sides of the political spectrum. The Social Democratic party (Socialdemokraterna) suspended the goal of full employment in 1991 (Buendía and Palazuelos, 2014), while the centre-right parties are concerned with the creation of low-wage and flexible jobs. New, more disciplinary activation policies have replaced the rights-based activation policies of the old Swedish model (cf. Andersson, 2014). Moreover, a sizeable temporary staffing industry (Håkansson and Idirsson, 2012) as well as new tax-deductible, short-term contract employment forms (ROT and RUT) have been introduced since deregulation in the 1990s. This labour market 'dualisation' has the potential to create 'normative dissonances' as working conditions vary substantially in an environment in which people continue to attribute importance to equality (cf. Schnyder, 2012).

While some claim that these labour market reforms support social inclusion in Sweden (e.g. Jansson, 2010), many societal groups have been negatively affected by these trends. Unemployment in Sweden has since long reached ordinary OECD levels (OECD, 2011). This is reinforced by the lack of affordable housing in the cities where job opportunities are primarily available, making employment not only a matter of job-related skills and knowledge, but also credit availability and financial risk-management. Weak labour supply in the cities has even been estimated to have a negative impact on economic growth (Bokriskommittén, 2014). Moreover, unemployment increases the number of pensioners requiring means-tested pensions and therefore the (future) fiscal footprint of the pension system. One effect of these growing economic pressures on households in combination with readily available credit is the propensity of Swedish households to take on growing levels of debt to sustain living standards (see Figure 7).

Strong growth in the number of long-term indebted individuals is an indication of the increased level of insecurity on the Swedish labour market and of the difficulties facing households affected by sickness or unemployment. Recent public inquiries have warned that mobile communication costs have made so-called 'over-indebtedness' a significant phenomenon amongst Swedish youth, while failed attempts at self-employment are an important source of long-term indebtedness among adults. Also, since the early 2000s, 'speed lending' (typically agreed by text messaging over mobile devices) has increased rapidly. In this weakly regulated market, real interest rates can reach 50%. The unsurprising result has been a dramatic increase in arrears claims submitted to the Swedish Enforcement Authority (SEA, Kronofogdemyndigheten). Another phenomenon related to 'over-indebtedness' is gambling, particularly online gambling, which has become so commonplace that it has been highlighted as a public health problem by the Public Health Authority (Folkhälsomyndigheten) (2014). The SEA has estimated 'over-indebtedness' to be generating a welfare loss of some 1% of GDP in Sweden (in the range of 30–50 billion SEK) (Kronofogdemyndigheten, 2015). To take stock of the situation, the Swedish National Audit Office (Riksrevisionen) is currently performing an audit of existing government policies addressing 'over-indebtedness' (Riksrevisionen, 2015). Thus far, policy initiatives made to tackle 'over-indebtedness' in Sweden include legal preclusion of children from becoming indebted and being deemed bankrupt, public provision of consumer advice to financial market customers, financial literacy education programmes and further consideration of debt relief measures. In our analysis, nevertheless, these initiatives remain modest in their ambitions, largely remaining within the framework of internationally in-vogue 'democratisation of finance' policies aimed at improving the efficiency of financial markets through the creation of rational actors.

On a larger scale, there is a general trend of continuously rising household debt connected to the housing market, particularly among mid- to high-income households. A massive 25% of Swedish households with mortgages owe more than 400% of their disposable income. One in 10 owes more than six times the household disposable income

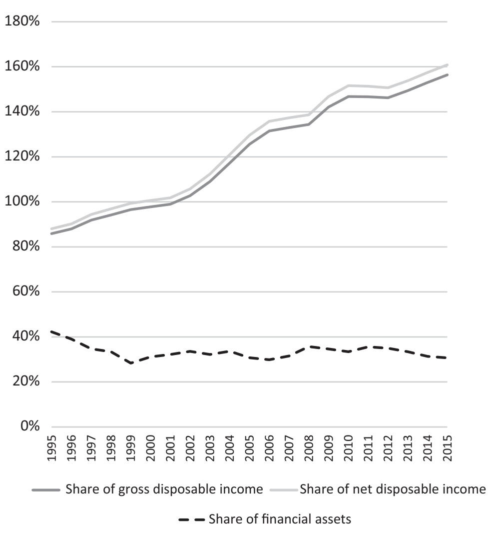

Fig. 7. *Household debt as percentage of net disposable income and of financial assets, 1995–2016.*

(see Figure 8). The comparative number of households above the 400% threshold in the UK is about 3.5% (Bank of England, 2016, p. 10, Chart A.19). Overall, Swedish household debt has grown fast compared to most European peers (see Figure 9). This trend has become a major preoccupation of the state financial-institutional complex tasked with managing financialisation and the new Swedish model.

The core contradiction inherent in the new financialised Swedish model is that it relies on ever-increasing levels of household debt, the core source of banking revenue, both in absolute terms and in proportion to other sectors (see Figures 10 and 11).

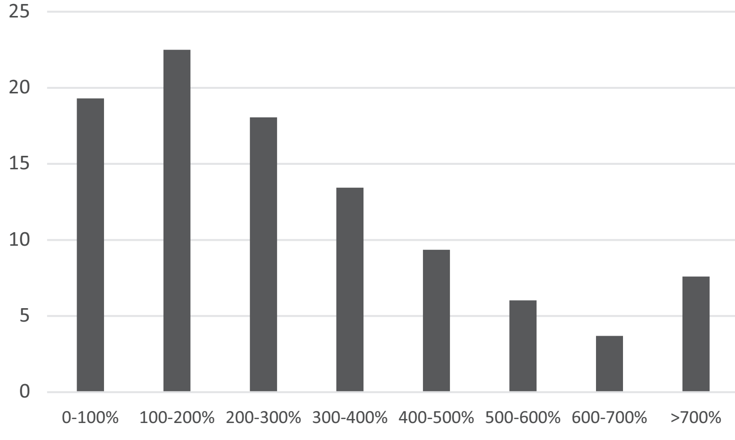

Fig. 8. *Indebtedness (in percentage of disposable income) distribution among Swedish households with mortgages, per cent of households, 2015.*

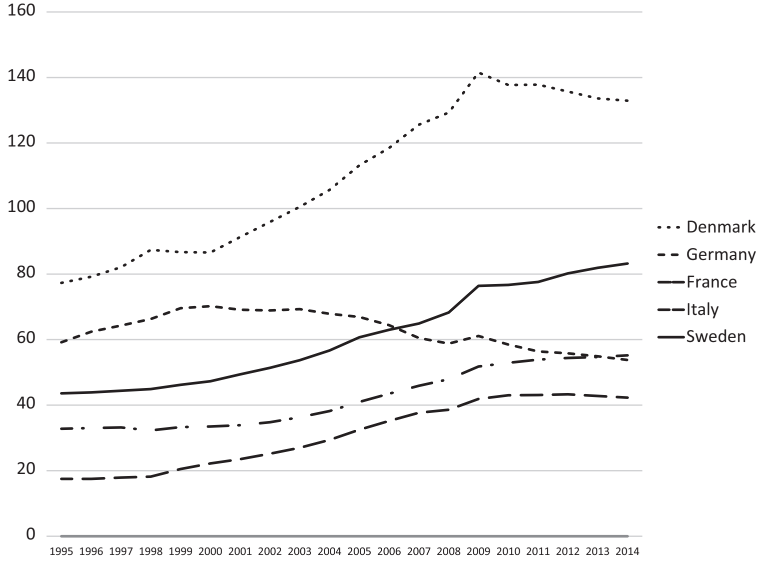

Fig. 9. *Household debt as percentage of GDP, selected EU member states, 1995–2014.*

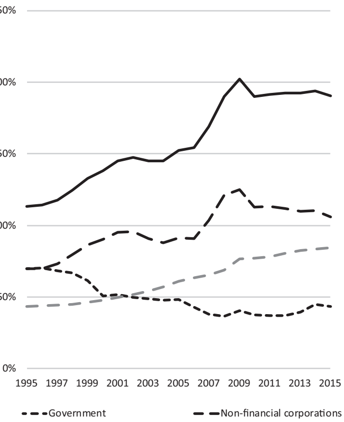

Fig. 10. *Consolidated debt per sector as percentage of GDP, 1995-2016.*

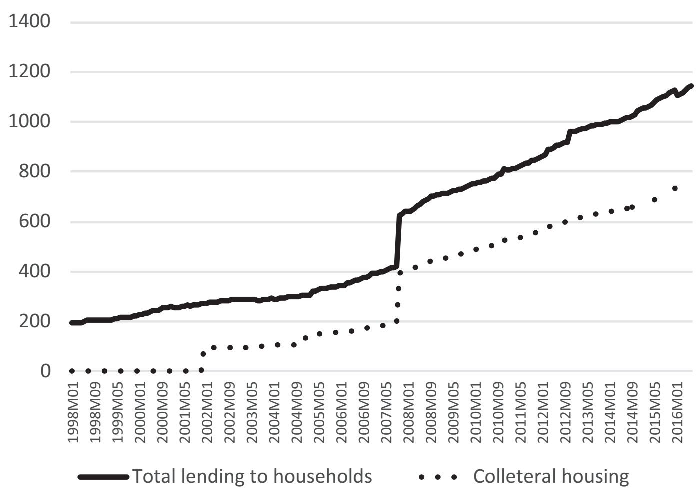

Fig. 11. *Swedish banks lending to Swedish households, 1998–2016, billion SEK.*

4. Conclusion

Comparative political economy and heterodox economics have not adequately recognised the role played by financialisation in the ongoing transformation of the Swedish model. This testifies to the wider absence in much of this literature of dialectical analyses of change in the economy, such as financialisation. This article demonstrates that this neglect of financialisation engenders overly positive accounts of the Swedish economy's sustained success since the mid-1990s, apart from a short blip in 2009. In the worst cases, this leads to a celebration of neoliberal restructuring as the cause of this ostensible success. The above survey and analyses, based on Regulation Theory, show that the Swedish economy has undergone rapid and deep financialisation over more than three decades. Emerging from this analysis is the novel conceptualisation of the new Swedish model as a finance-dominated growth model, with the hierarchy of structural forms from the old Swedish model reversed with the wage-labour nexus now at the bottom and the money and finance form at the top. The new model features an increasingly financialized dynamic in which domestic banks enhance their profits on the back of mortgage lending in particular, while investment in new construction, especially housing, has been low for over two decades. In the terminology proposed by Hein (2012) of the varieties of finance-dominated growth models, Sweden therefore in recent years appears as a 'profits without investment' regime, but of a distinct sub-variety: the 'profits without housing investment' regime.

Our theorisation of the Swedish economy presents an important development in the study of the Swedish model. Recently, Baccaro and Pontusson (2016) have made a valuable contribution from a comparative perspective. In their analysis, Sweden appears as a middle way between the prototypical cases of the credit-driven consumption-led growth model in the UK and the export-led growth model of Germany. However, their analysis does not go far enough, as our findings have shown. First, this could be the result of the fact that their data only runs until 2007, missing nearly a decade of accelerated financialisation. Moreover, their analysis of Sweden separates real wage growth and credit-based consumption conceptually, which Boyer (2000) and Krippner (2011), in their analysis of financialisation, suggest denies the possibility of credit-driven consumption allowing *ceteris paribus* (at least temporarily) for real wage increases also outside the competitive export sector.[7] Moreover, while the literature has pointed to a sustained labour wage share in Sweden (see also Bengtsson and Ryner, 2015), it neglects that real wages also suffer from the rapid increases in housing prices (Kallifatides, 2016).

Financialisation in Sweden has thus followed a trajectory which is similar to Anglo-American developments. This development, since the global financial crisis, has created a shift in the Swedish growth model away from export-led and towards debt-led growth. However, while financialisation in Anglo-America has been driven by a changing relationship between financial markets and corporate management, specifically pertaining to the advent of the shareholder value paradigm, this has been a secondary and contemporaneous development in the Swedish case. Although there is a trend towards the adoption of more shareholder value-friendly, short-termist practices, resistance has slowed its progress. Instead, Swedish financialisation, conditional upon capital account and credit market liberalisation, tax reform and membership in the European single market, has been driven by housing market and pension reforms. The historical specificities of these processes, along with the creation of Stockholm as a financial centre, merit further scholarly attention.

While perhaps the most successful of the economies in the European finance-dominated growth regime according to some measurements, Sweden's growing problems may very well point to the fact that the protection afforded by the new Swedish model and vanguard crisis-management methods are not sufficient to render this regime sustainable. Financialisation has accelerated since the GFC. The new model's reliance upon ever-increasing levels of household debt as the core source of banking revenue is not sustainable with already alarming levels of household indebtedness. With a

[7] The more puzzling case is perhaps Germany, where politicians appear to have been able to become elected despite stagnating wages among large strata of the population. The UK and Sweden may be regarded as financialised economies in accordance with Boyer's US-inspired conception of the finance-led growth regime, of course without losing their distinct structural specificities such as the global hub for financial services or energy-intensive processing industry, respectively.

declining proclivity of the financial sector to invest in production, it is questionable for how long investment levels, and relatedly competitiveness, in the export sector can be sustained. Unlike the USA, capable of drawing on resources emanating from its position within its informal empire to support its trade deficit, Sweden appears incapable of effectively addressing these contradictions.[8] The crucial test of the new Swedish model is the capacity of the state-financial institutional complex to manage the financialisation process and delay financial crisis. Here, the question of how systemic risks are defined, predicted and managed within the increasingly finance-dominated growth model surfaces. What are the limitations to these definitions, predictions and forms of management? What happens to the model if and when Eurozone and US interest rates rise?

While in some regards specific, Sweden shares challenges with the other economies in the finance-dominated growth regime. Will Sweden finally succumb to the onslaught of the shareholder value paradigm in corporate governance in a context of free capital movements? If not, what effect will the shareholder value paradigm have on levels and time horizons of productive investment? Regarding pensions, will the ongoing policy reviews result in any substantial, definancialising reforms? Can the problems in the housing market be adequately addressed with new and affordable housing? Will that in turn have a depreciating, or at least decelerating, effect long-term on prices in the various housing markets? Moreover, with Sweden suffering from rapidly rising rates of inequality, will the new growth model become associated with financialisation and challenged as socially unacceptable?

More broadly, this analysis points to the fundamental notion that financialisation and the finance-dominated growth regime are ultimately unsustainable in multiple ways. Indeed, if financialisation is deemed unsustainable also in the seemingly successful Swedish case, advocates of financialised growth regimes may lose a significant reference point. Further research into Swedish developments is therefore of both scientific and strategic significance. The significance of this research should thus be clear not only to scholars of Sweden in particular, but also of financialisation and contemporary capitalism more generally.

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[8] Arguably, the small Baltic nations were, however, reminded of Swedish imperialism in the expansion and defence of Swedish bank operations in the run-up to and resolution of the financial crisis in the Baltics.

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