

# Preface

---

The *angst* of jobs and society being taken over by machines has received much attention in books, media and in art. Less attention has been devoted to what digitalization means for down-to-earth and much more pressing questions affecting our daily lives: What are the implications for the modern welfare state? Will the government's ability to collect revenue and finance social welfare services be affected?

It is all too easy to underestimate the long-term impact of gradual changes, be they from demography, technology or things we experience in our everyday lives. These small changes from year to year accumulate over time and become significant. This is true for digitalization but with one key difference: Network effects magnify even ordinary changes and can have a much broader impact.

The Swedish welfare state finds itself in the middle of two major upheavals: the impact of technology and immigration. Immigration is no longer a gradual change. Sweden has within a short time span taken in more refugees per capita than most other countries. Digital technologies are set to strengthen and exacerbate already existing trends towards job and wage polarization in which the middle class is becoming smaller.

In this book, I ask what these trends imply for the Swedish welfare state. The issues are common to other Organisation for Economic Co-operation and Development (OECD) countries. However, in Sweden they are more pronounced due to the rigidity of the labor market and the comprehensiveness of tax-financed welfare services.

To leave the challenges unaddressed will herald much more drastic changes down the road. There is a risk that the social contract could crack. The riots in the Swedish town of Husby in the summer of 2013 were a sign of existing tensions that should bring urgency to considering reform of the welfare state.

Having worked for many years in government, I have seen the nitty gritty of policy issues for sustaining welfare services. That has been a critical experience that has allowed me to gain an understanding of the economic and social developments under way in Sweden.

In writing this book, I have received help with material or advice from many people and I would especially like to thank: Asees Ahuja, Andreas

Bergh, Gabriella Chirico Willstedt, Soledad Grafeuille, Håkan Hellstrand, Valter Hulten, Anna Kopparberg, Ángel Melguizo, Frida Nannesson and Annika Wallenskog. Special thanks are also due to Sebastian Jävervall for excellent research assistance.

Several persons have kindly read and commented on various chapters in the book. I am especially thankful to: Krister Andersson, Marianna Blix Grimaldi, Filipa Correia, Magnus Henrekson, Susanna Holzer, Henrik Horn, Henrik Jordahl, Patrick Joyce, Mats Kinnwall, Assar Lindbeck, Kristoffer Lundberg, Jonas Norlin, Per Skedinger, Fredrik Söderqvist and Annika Sunden.

Above all, my deepest gratitude goes to Magnus Henrekson. Without his unwavering support, encouragement and guidance, this book would not have been written.

Finally, I thank my family for their support and patience.

Financial support from the Jan Wallander and Tom Hedelius Foundation is gratefully acknowledged.

Mårten Blix  
Tyresö