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report
European
integration

Europe's leaders look north, but has Sweden really got the best of both worlds?

The next EU summit will highlight the Nordic model of steady growth and social protection as a solution to economic slumber

Guardian
Unlimited

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Thursday January 5, 2006
[The Guardian](#)

With his impressive grasp of five languages, Jamal Merezejani should have the pick of jobs on offer in Malmo, a thriving port in one of Europe's richest countries. Yet the ever-smiling Mr Merezejani has become a regular client at job centres across Sweden during the past five years.

"Every company is happy to have me for work experience for three months or so, but they say it is difficult and expensive to take me on permanently," says Mr Merezejani, 41, the proud owner of a Swedish passport who fled Saddam Hussein's Iraq in the back of a truck in 1997.

His struggle raises awkward questions about Sweden's social system, a crucial part of the "Nordic model" hailed as a shining example to the rest of Europe.

Days after European leaders finally agreed a €862bn (£593bn) budget at last month's EU summit, key figures are looking to Scandinavia, which has enjoyed steady economic growth for 50 years while ensuring that a protective arm is thrown around its people.

Austria, which took over the EU's rotating presidency on January 1, will highlight the Nordic model at the next European summit in March, when leaders will try to chart a way out of the EU's economic slumber. Britain, the champion of flexible Europe, and Jacques Chirac, an opponent of the "Anglo-Saxon" economic approach, believe Scandinavia combines the best of both worlds: relatively low unemployment, at 5.8%, and generous social provision.

Joakim Palme, the author of a paper on the Nordic model for the EU jobs summit at Hampton Court last October, believes Europe's mighty but struggling economies are wise to look north. "I do not say the Nordic model should be copied. But if you are serious about combating poverty and inequality and want to combine that with growth and employment, it is difficult to discard the way the Scandinavians have organised the system of social protection."

But the model is failing Mr Merezejani. Employers are reluctant to offer him a full-time job because they have to pay high social costs to the state - around a third

of salaries - on top of wages. Then there is Sweden's failure to come to terms with immigrants and refugee families, who now account for nearly 20% of the 9 million-strong population, which was almost exclusively white just a few decades ago.

"One of Jamal's problems is that he has the wrong name," says Mikael Persson, his exasperated mentor at the Malmo job centre. "We have a narrow-minded attitude - a lot of people think that people from Iraq, Iran and Egypt are just about camels and dates."

Against this background, Mr Merezajani has found himself alternating between a series of "practical experience" jobs in restaurants and hotels over the past five years. Now he is wondering how long his wait can go on. "I recently taught myself Japanese in the evenings. There are lots of Japanese companies working in Iraq, so maybe I can get a job there. There are also jobs in London for people who can speak Japanese. I think it is easier to get a job in England."

Defenders of the system point to the high standard of living in the land of Volvo cars and Ericsson phones. In the 19th century, the country was so poor that a million Swedes emigrated to the US. Now it has the highest life expectancy outside Japan - 78 for men and 83 for women, and an infant mortality rate twice as low as in the US.

Young Swedes can expect a great start in life. There is generous paid parental leave and free childcare is offered to everyone until the child reaches the age of five. This has allowed women to work in record numbers, making them the most empowered in the world, according to the World Economic Forum.

But even admirers of the system in Sweden, where the top tax rate is 55%, have their doubts. The country has the highest absentee rate of any in the developed world, with 14% of the working population on sick leave or disability benefit at any time. Critics say this contributes to a "hidden unemployed" figure of about 20%.

Johnny Munkhammar, from Stockholm's centre-right Timbro thinktank, says: "The extreme version of the social model we have ... causes high unemployment and fairly low growth. It creates dependency on the government."

Some loyal Swedes are raising questions. Bernt Nilsson, 63, was initially impressed by his treatment when he had a heart bypass operation three years ago. But his image of Sweden's universally free healthcare system was shattered when he was told to leave hospital within a week. "I went home and nothing happened. No rehabilitation, nothing. They said I have such a good family they felt they didn't have to spend money on me."

Critics say such examples show the model is doomed. But Mr Palme, who grew up with the Nordic model running through his veins as the son of the assassinated Swedish prime minister, Olof Palme, thinks the system will prove resilient as long as it remains flexible. "We should take the criticisms seriously. But the alternatives are not necessarily better," he says.