

Sweden's performance in an international perspective

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**Enrique Garcilazo,
OECD Regional Development and Tourism Division
Center for Entrepreneurship, SMEs, Local Development and Tourism
@Garcilazo_OECD**



Outline

1. Sweden in an international context

- Demographic trends at subnational level
- Performance
- Well-being

2. Main policy lessons

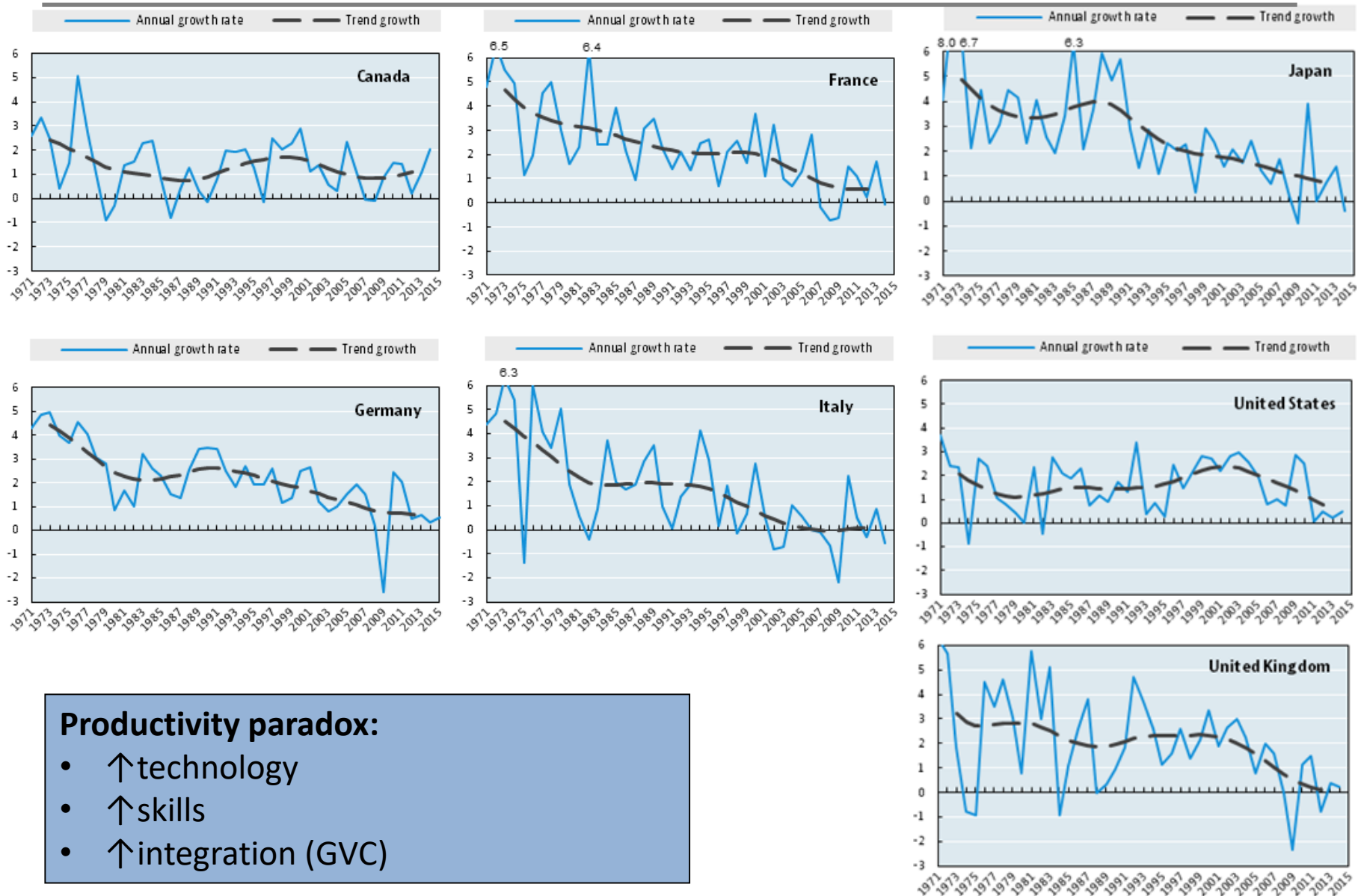
- Looking back looking forward an evolving paradigm shift
- Main lessons regional, urban, rural
- Preparing for megatrends, future challenges

3. A compendium of studies for Sweden

- Main lessons based on OECD studies



Labour Productivity Growth G7



Productivity paradox:

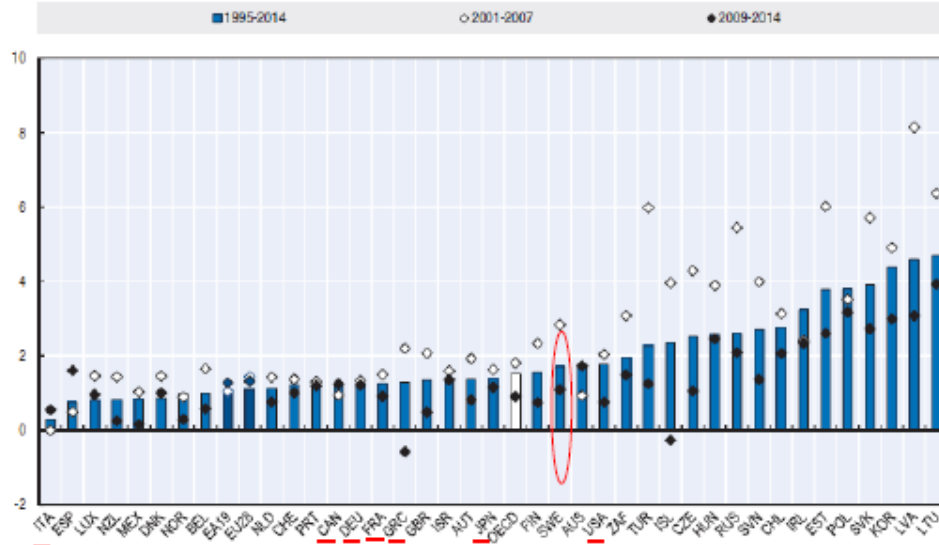
- ↑technology
- ↑skills
- ↑integration (GVC)



Macrotrends Sweden

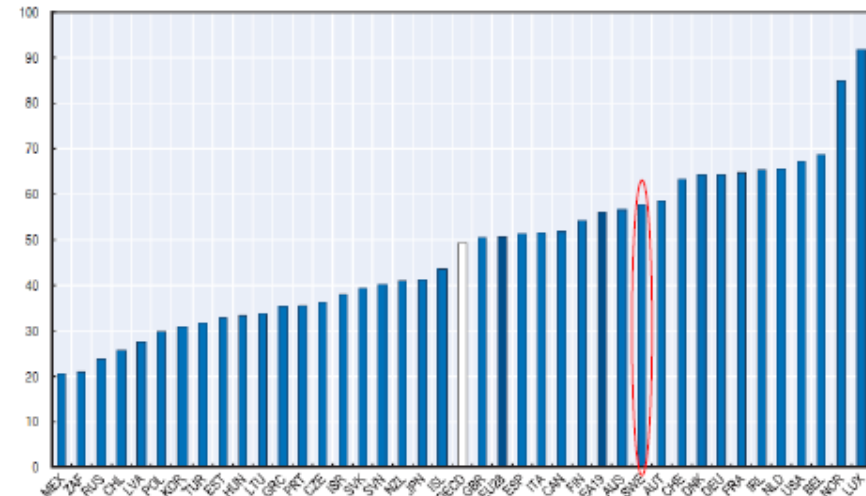
Growth in labour productivity

GDP per hour worked, total economy, percentage change at annual rate



Labour productivity, 2014

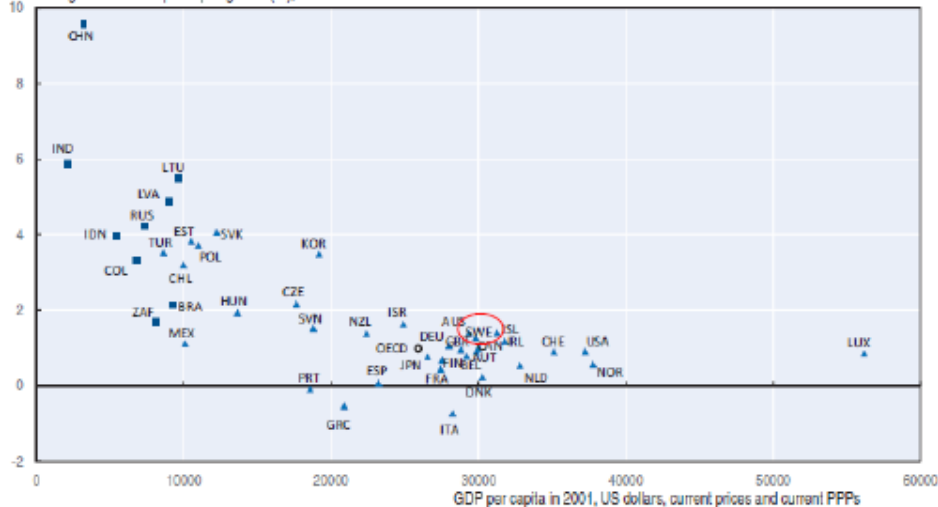
GDP per hour worked, total economy, US dollars, current prices and current PPPs



GDP per capita convergence

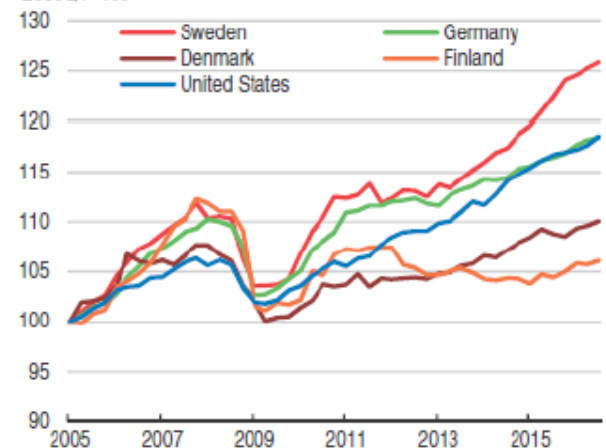
Percentage change at annual rate (Y-axis); US dollars, current prices, current PPPs (X-axis)

Average annual GDP per capita growth (%), 2001-2014



A. Real GDP

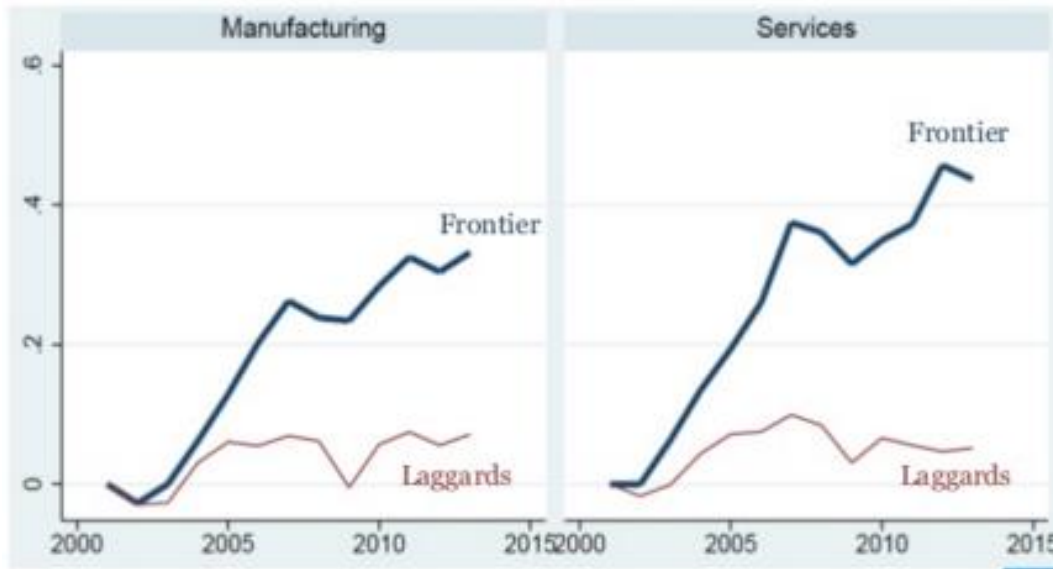
2005Q1=100



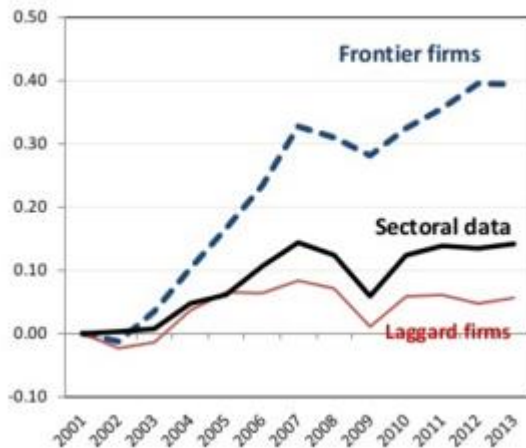


Rising Gap in labour productivity between global frontier and laggards

Average of labour productivity across each 2-digit sector (log, 2001=0)



Average of labour productivity across each 2-digit sector (log, 2001=0)



Frontier firms forge ahead on productivity



- Disseminating innovation
- Adoption and absorption
- Networks



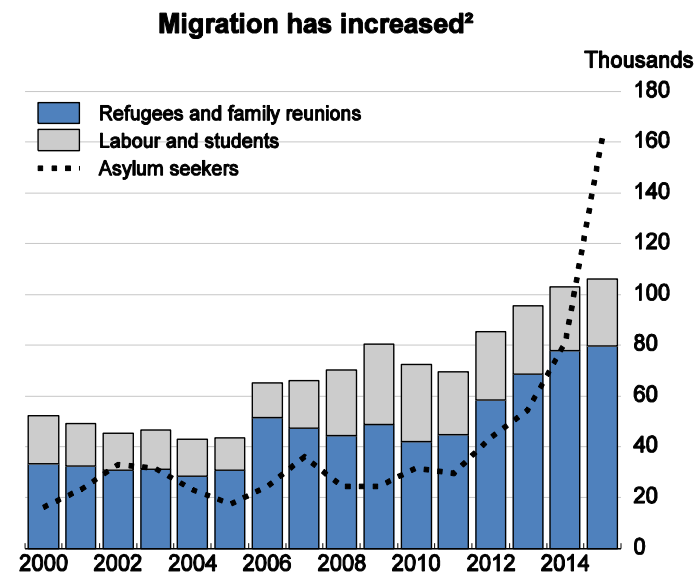
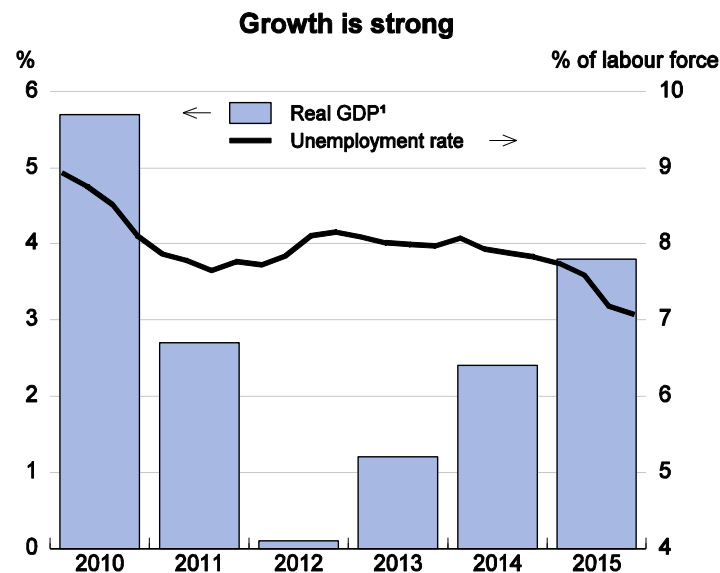
Distributional Effects:

- People
- Firms
- Places



Solid GDP growth coupled with a rise in migration in Sweden

Recent trends in GDP growth and migration



- Sweden had a higher GDP per capita in 2015 than before the crisis, but...
- Current positive labour market trends will likely meet some pressure as a large number of low-skilled immigrants enter the labour force



The OECD Regional Database

OECD Regional Database

❖ The RDB includes regional statistics on 5 major topics:

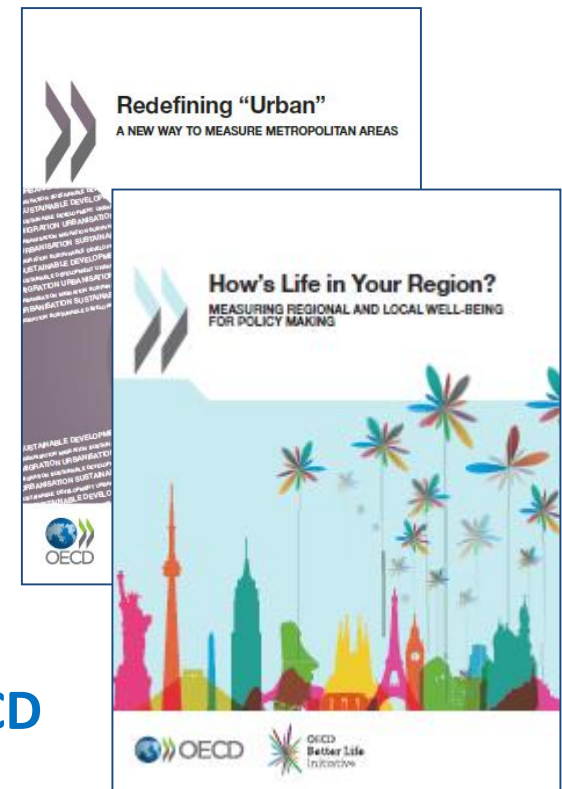
- *Demographic*
- *Regional accounts*
- *Labour*
- *Social and environmental indicators*
- *Innovation*

❖ To facilitate comparability regions are:

- Classified in 2 Territorial Levels (TLs):
 - TL2 Territorial Level 2 (337 regions)
 - TL3 Territorial Level 3 (1708 regions)
 - New regions: China, Brazil, South-Africa, Chile etc..
- Classified by regional type : (PU, I, PR) → (PRC, PRR)

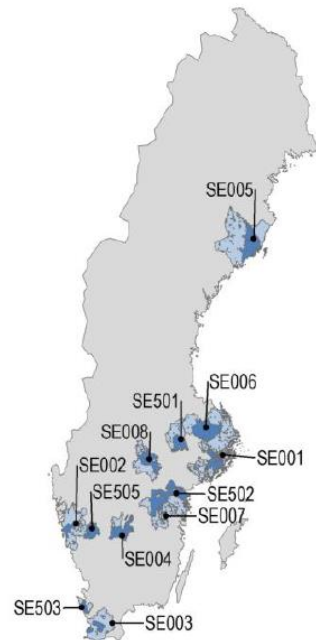
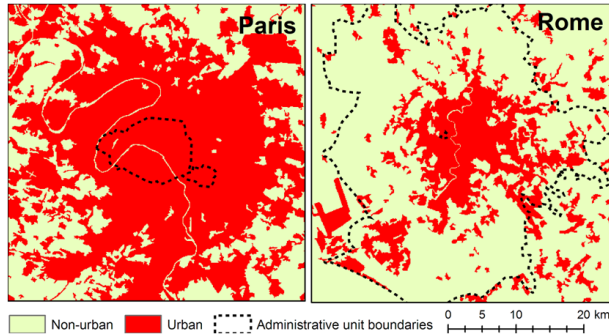
❖ Database can be directly accessed from the OECD

- Statistical portal: <http://stats.oecd.org>
- OECD MDB: www.oecd.org/gov/regional/statisticsindicators
- How's life in your region: www.oecd.org/regional/how-is-life-in-your-region.htm





Functional Urban Areas in Sweden



Country	ID on the map	Name FUA	Class type	Total population (2000)	Total population (2014)
Sweden	SE001	Stockholm	Large metropolitan areas	1,838,377	2,018,208
Sweden	SE002	Göteborg	Metropolitan areas	826,126	898,541
Sweden	SE003	Malmö	Metropolitan areas	609,424	676,852
Sweden	SE006	Uppsala	Medium-sized urban areas	224,955	241,198
Sweden	SE007	Linköping	Small urban areas	180,400	190,463
Sweden	SE008	Örebro	Small urban areas	176,348	185,890
Sweden	SE501	Västerås	Small urban areas	173,280	183,235
Sweden	SE503	Helsingborg	Small urban areas	166,954	182,273
Sweden	SE502	Norrköping	Small urban areas	144,472	150,369
Sweden	SE005	Umeå	Small urban areas	136,783	145,099
Sweden	SE004	Jönköping	Small urban areas	133,744	144,208
Sweden	SE505	Borås	Small urban areas	96,883	102,674
Total functional urban areas				4,707,746	5,119,010
Share of national population in functional urban areas				53.1%	53.1%
Number of functional urban areas					12



The distribution of FUAs reveals

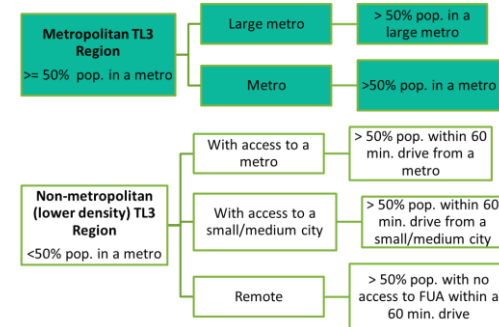
	total	share total population	number FUA
Korea	41,222,071	85%	45
Luxembourg	388,217	80%	1
Japan	98,116,294	77%	76
United Kingdom	44,117,424	73%	101
Canada	24,178,509	73%	34
Chile	12,168,828	73%	26
Netherlands	11,859,874	72%	35
United States	206,115,837	68%	262
OECD 29 (total)	726,714,805	66%	1,206
Germany	52,775,331	64%	109
France	39,144,694	63%	83
Spain	28,577,745	63%	76
Belgium	6,305,913	59%	11
OECD 29 (average)	25,059,131	59%	41
Mexico	61,957,569	58%	75
Austria	4,708,403	57%	6
Switzerland	4,252,585	56%	10
Estonia	741,999	55%	3
Poland	21,043,827	55%	58
Portugal	5,722,920	54%	13
Denmark	2,950,389	54%	4
Sweden	4,858,646	53%	12
Italy	30,392,931	51%	74
Ireland	2,225,274	50%	5
Greece	5,599,938	50%	9
Finland	2,638,535	50%	7
Hungary	4,985,582	50%	10
Czech Republic	4,759,624	46%	16
Norway	2,123,840	45%	6
Slovenia	786,964	39%	2
Slovak Republic	1,995,042	37%	8

Roughly 2/3 of OECD population lives in cities. For Sweden it stands at 53%, below the OECD average,

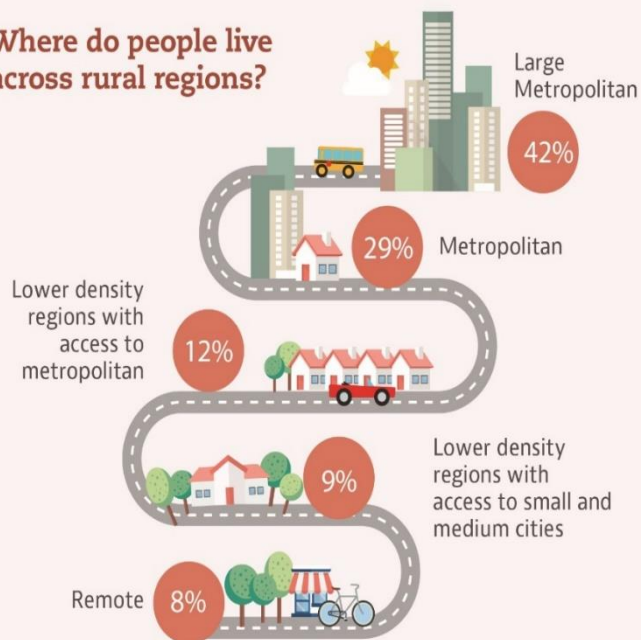


Urban and rural regions are increasingly integrated

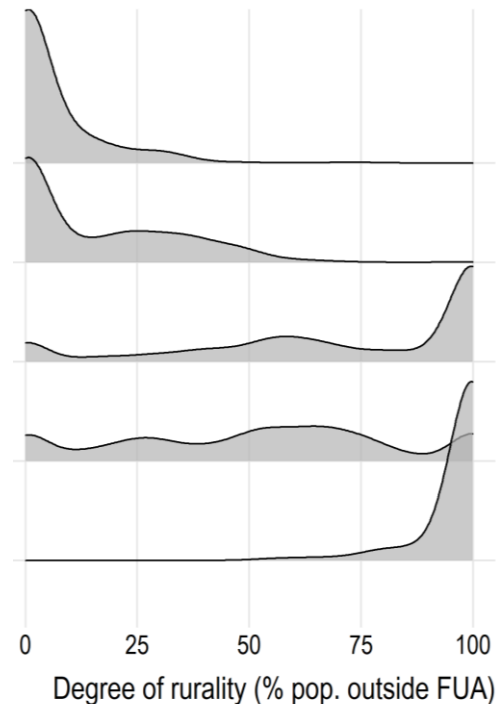
Low density economies in alternative typology outside metropolitan areas



Where do people live across rural regions?



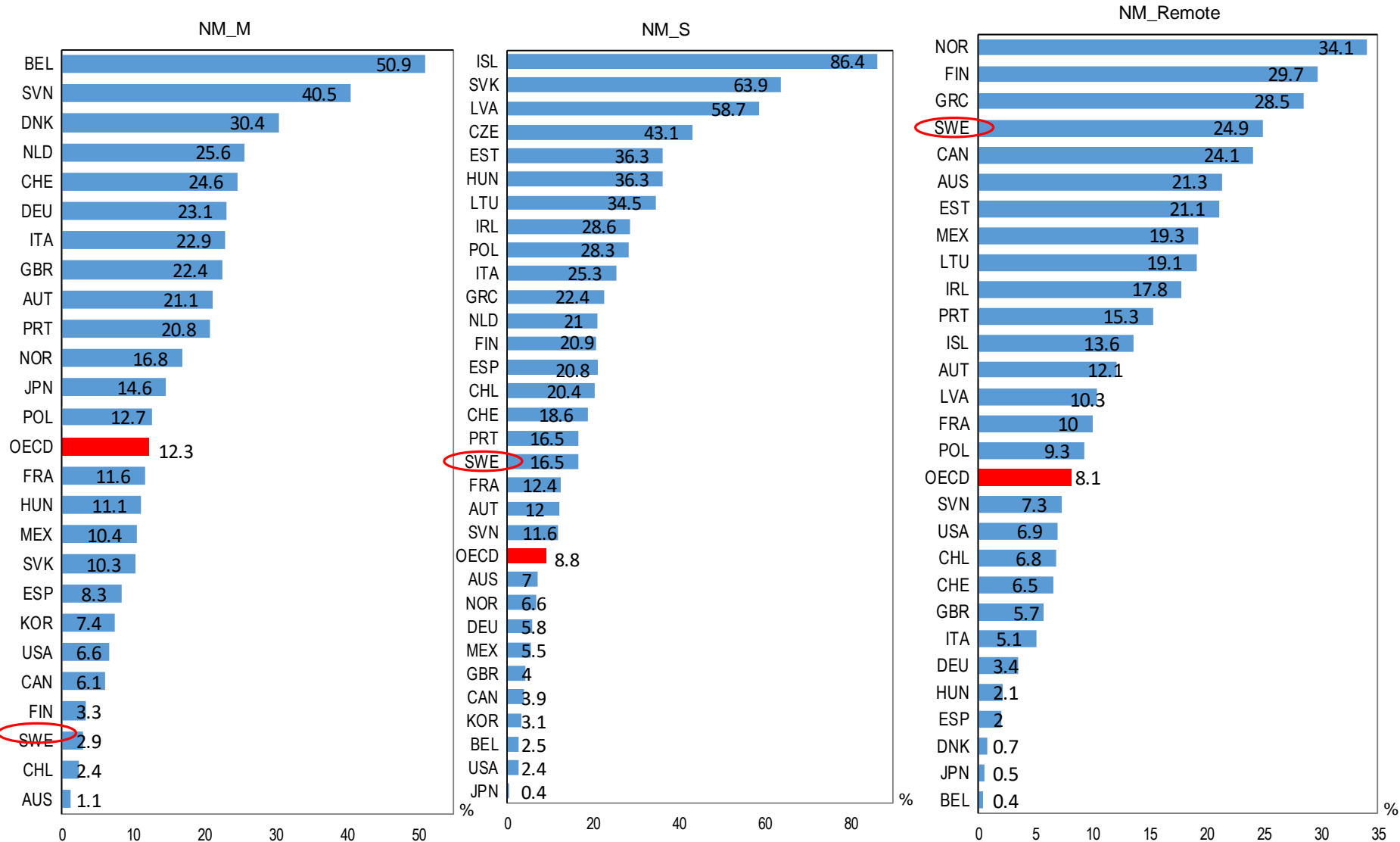
Probability of high-degree of rurality across regions



Country	Population Living in TL3 Regions				
	MR		NMR		
	MR-L (%)	MR-M (%)	NM-M (%)	NM-S (%)	NM-R (%)
NOR	0	42.4	16.8	6.6	34.1
FIN	0	46.1	3.3	20.9	29.7
GRC	20.6	0.6	0	22.4	28.5
SWE	22.2	33.5	2.9	16.5	24.9
CAN	43.4	22.5	6.1	3.0	24.1
AUS	56.8	13.8	1.1	7	21.3
EST	0	42.6	0	36.3	21.1
MEX	34.1	30.8	10.4	5.5	19.3
LTU	0	46.5	0	34.5	19.1
IRL	39.4	14.2	0	28.6	17.8
PRT	26.3	21.1	20.8	16.5	15.3
ISL	0	0	0	86.4	13.6
AUT	31.3	23.5	21.1	12	12.1
LVA	0	31	0	58.7	10.3
FRA	25.8	40.2	11.6	12.4	10
POL	16.1	33.6	12.7	28.3	9.3
OECD	41.9	28.9	12.3	8.8	8.1
SVN	0	40.6	40.5	11.6	7.3
USA	59.2	25	6.6	2.4	6.9
CHL	40.5	29.8	2.4	20.4	6.8
CHE	0	50.3	24.6	18.6	6.5
GBR	35.4	32.5	22.4	4	5.7
ITA	22.5	24.1	22.9	25.3	5.1
DEU	30.7	37	23.1	5.8	3.4
HUN	30.2	20.3	11.1	36.3	2.1
ESP	35.1	33.8	8.3	20.8	2
DNK	35.4	33.4	30.4	0	0.7
JPN	54.8	29.6	14.6	0.4	0.5
BEL	22.4	23.8	50.9	2.5	0.4
CZE	24.6	32.3	0	43.1	0
KOR	68.3	21.2	7.4	3.1	0
LUX	0	100	0	0	0
NLD	21.7	31.7	25.6	21	0
SVK	0	25.8	10.3	63.9	0



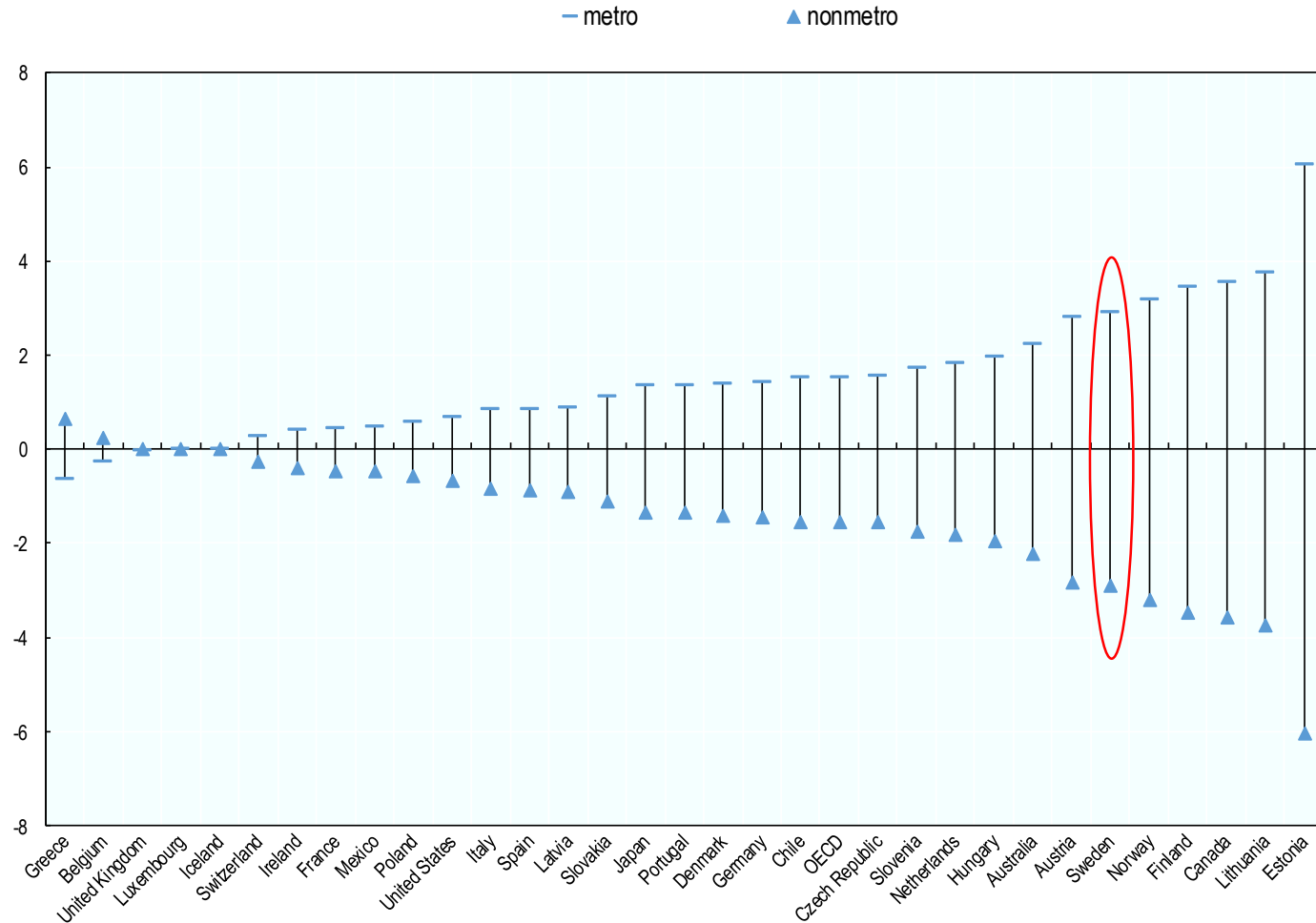
High GDP pc can be sustained with high shares of population living in remote and non-metro regions





Population Dynamics

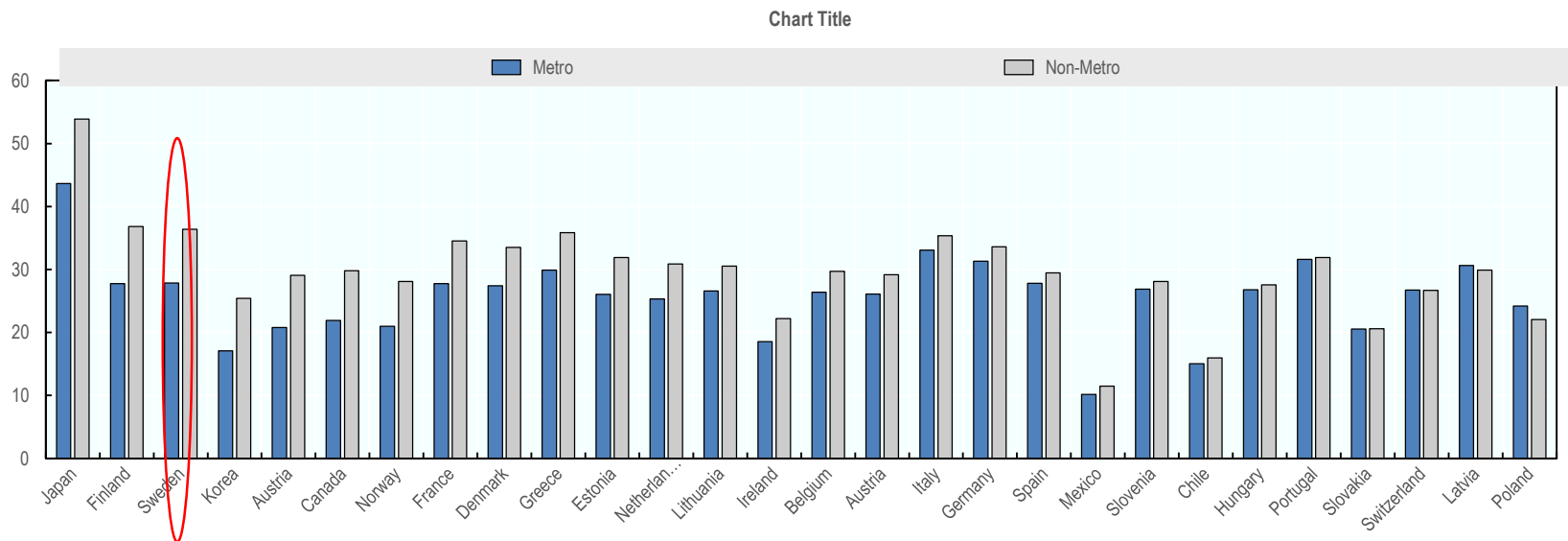
Population growth metro and nonmetro TL3 regions, 2014-2015





Gap Elderly Dependency ratio between metro and nonmetro is high in Sweden

Elderly dependency ratio in metro and nonmetro TL3 regions, 2014-2015

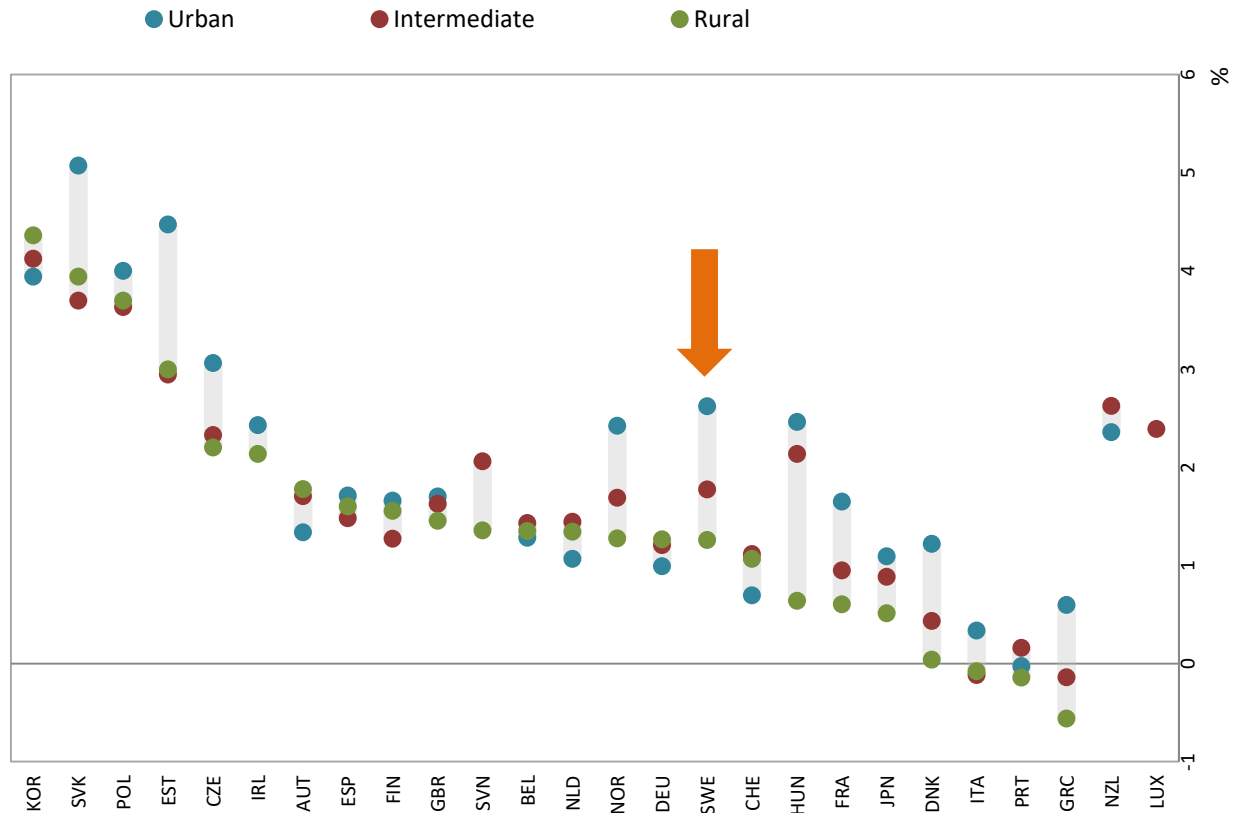


- ❖ How to address rising health costs in remote territories a challenge
- ❖ Activate elderly population



Growth concentrates in urban areas

GDP annual growth rate by type of TL3 regions, 2000-13

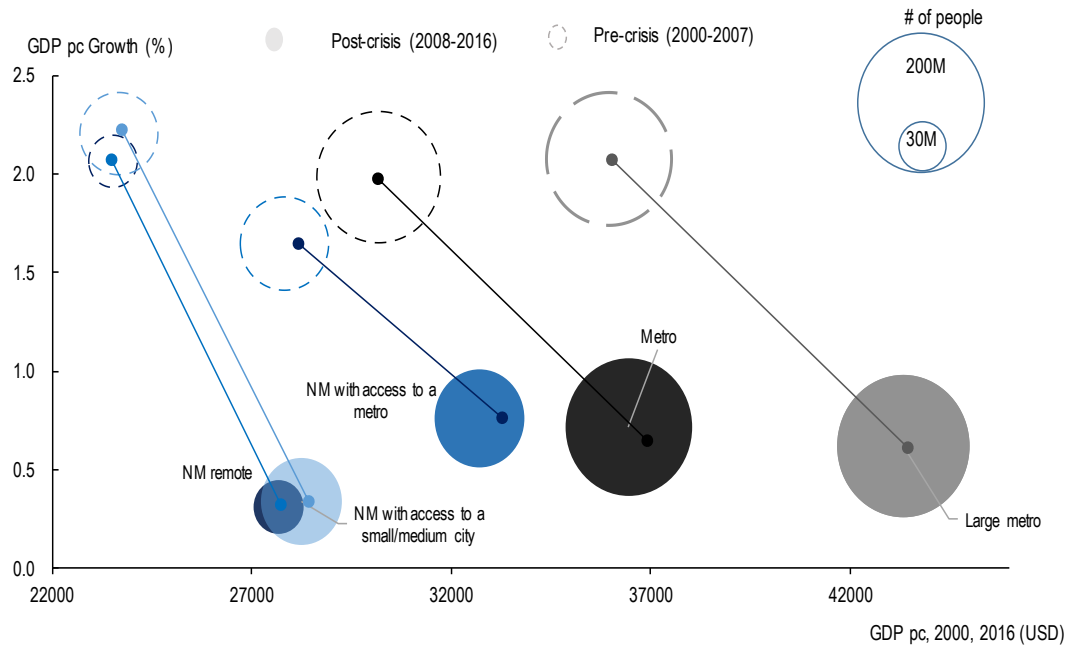


- Sweden's urban areas contribute significantly more to GDP growth than intermediate or rural areas

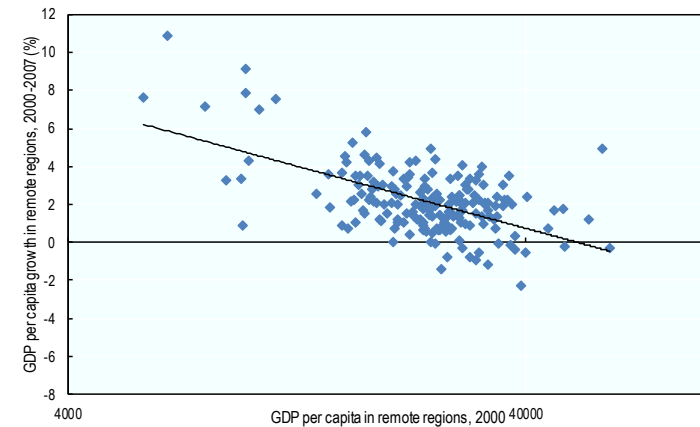


The crisis has changed growth patterns

GDP pc level and annual growth rate by type of TL3 regions, 2000-16



Before the crisis



After the crisis





Both Sweden and Denmark are *concentrated* countries in terms of productivity growth

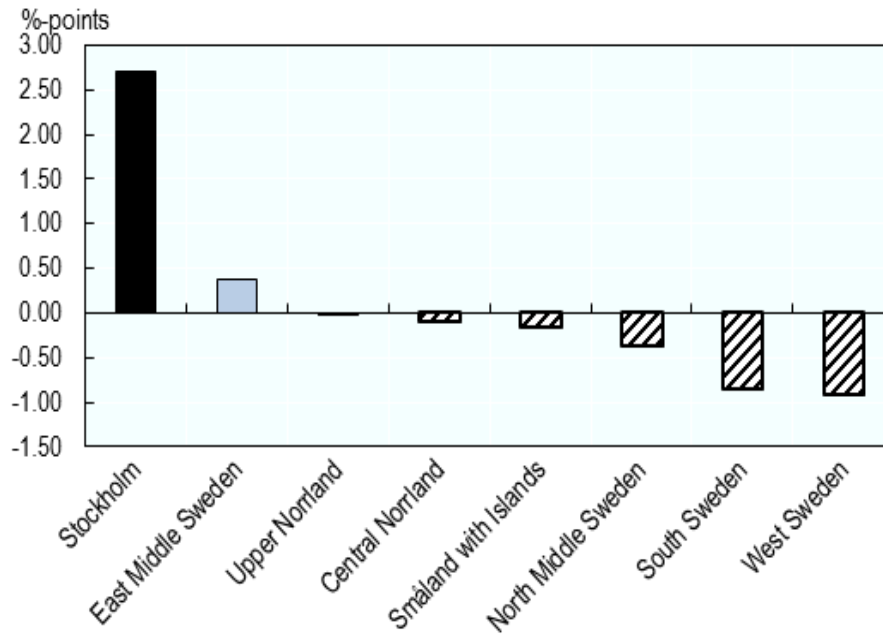
Frontier

Catching up

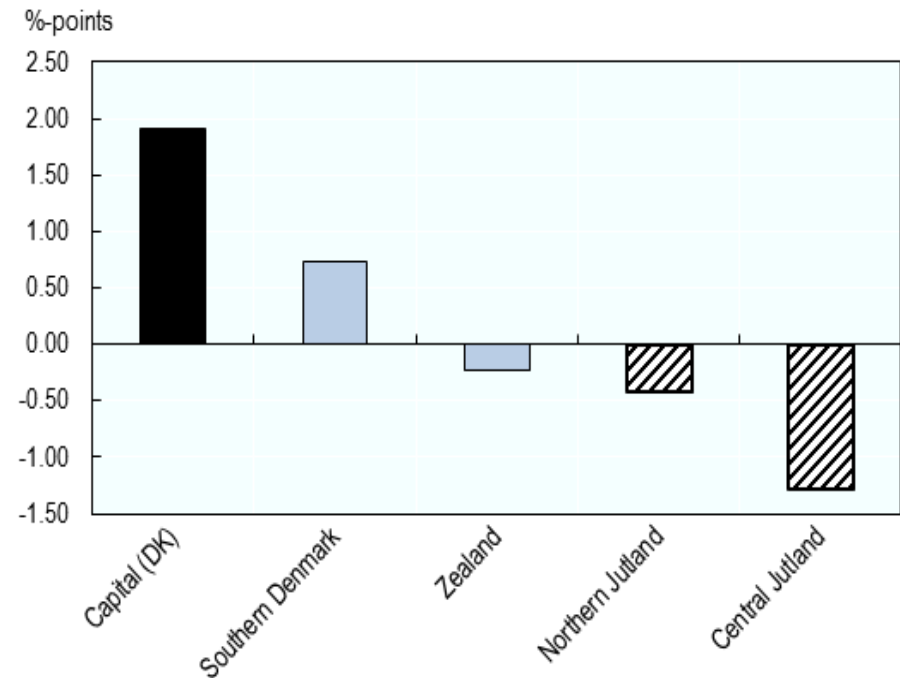
Keeping pace

Diverging

SWEDEN



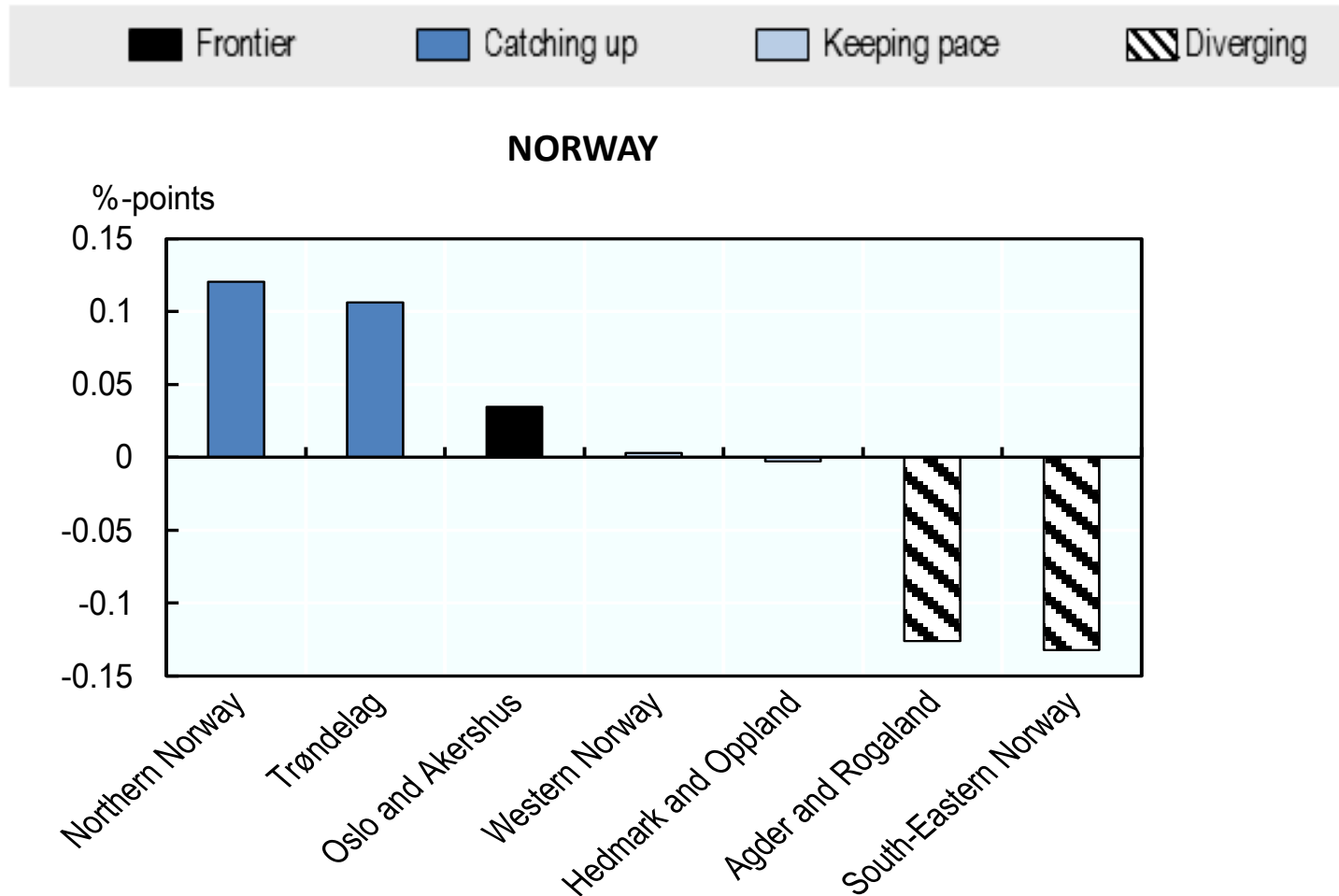
DENMARK



The contribution of a region is defined as the difference between the national annual average labour productivity growth rate and the same rate excluding the indicated region, cf. OECD Regional Outlook (2016).



Norway is closer to the *distributed* model

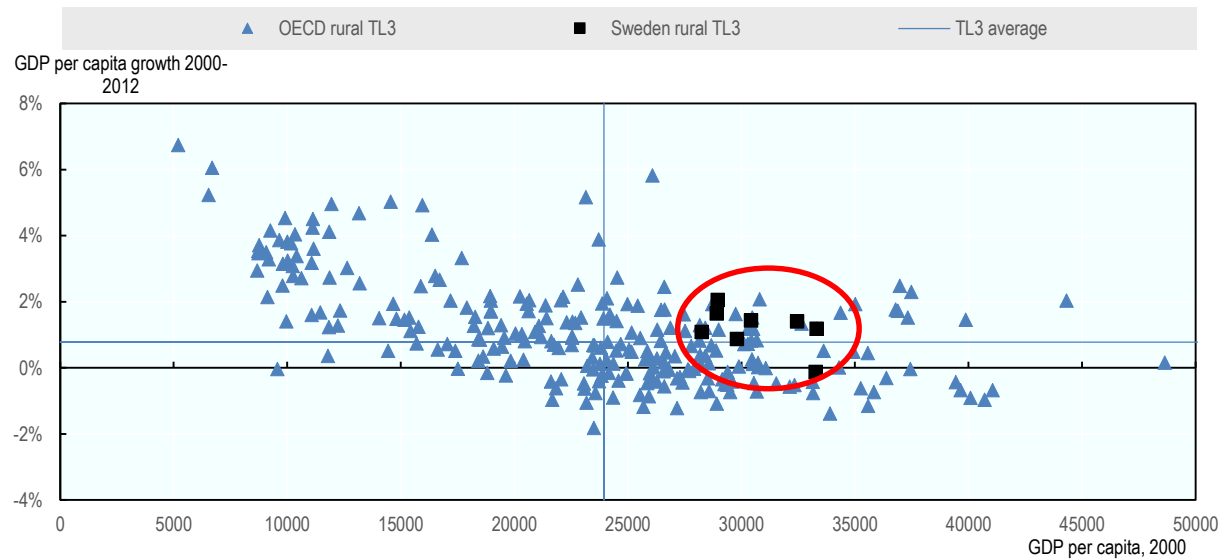


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High level of prosperity in Rural Sweden

Rural regions GDP per capita and growth (2000-2012), Sweden and OECD



Source: OECD (2016), "Regional economy", OECD Regional Statistics (database).

Swedish regions are relatively wealthy and growing strongly compared to OECD averages.



Rural areas in the north have generally performed better

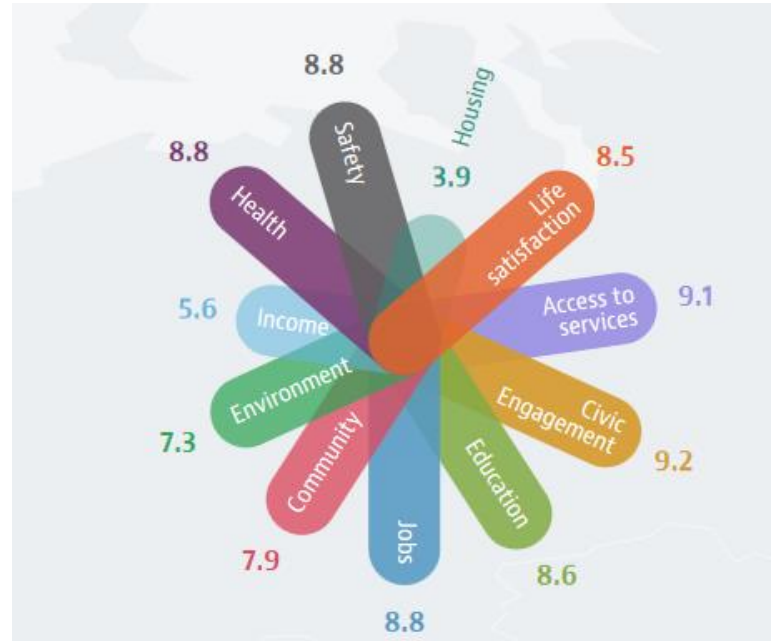
Productivity growth for Sweden's rural regions (pre and post crisis)

Region	Sector	Productivity growth 2000-2008	Prod. growth crisis 2007-2008	Prod. Growth crisis 2008-2009
Blekinge County <i>South</i>	Manufacturing	1.58%	0.72%	-6.84%
Kronoberg County <i>South</i>	Manufacturing	1.82%	-1.16%	-6.76%
Kalmar County <i>South</i>	Manufacturing, electricity plants, agriculture	2.07%	2.22%	-9.63%
Gotland County <i>South (island)</i>	Manufacturing, agriculture, tourism	1.15%	-2.12%	-3.94%
Dalarna County <i>Centre</i>	Manufacturing, tourism	1.75%	-2.54%	-6.49%
Västernorrland County <i>North</i>	Natural resource (forestry)	1.14%	-0.50%	0.88%
Jämtland County <i>North</i>	Natural resource, tourism	2.10%	7.80%	-2.52%
Västerbottens County <i>North</i>	Natural resource (mining)	2.05%	-1.42%	-3.24%
National average		1.83%	-1.17%	-3.39%



How's life in your region?

- Stockholm



Regions with similar well-being *in other countries*



Norway
Oslo and Akershus



Finland
Helsinki-Uusimaa



Denmark
Central Jutland



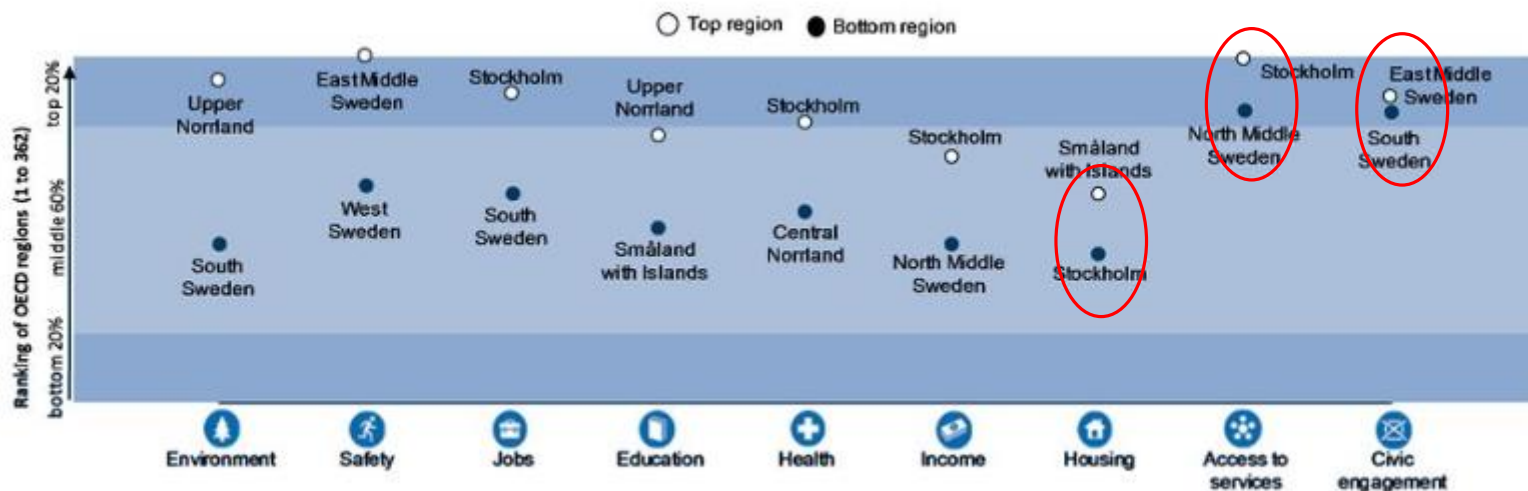
France
Pays de la Loire



How's life in your region?

Regions compared in 11 dimensions

Relative performance of Swedish regions by well-being dimensions



Note: Relative ranking of the regions with the best and worst outcomes in the 9 well-being dimensions, with respect to all 362 OECD regions.

	Topics	Indicators
Material conditions	Income	• Household disposable income per capita (in real USD PPP)
	Jobs	• Employment rate (%) • Unemployment rate (%)
	Housing	• Number of rooms per person (ratio)

	Topics	Indicators
Subjective well-being	Health	• Life expectancy at birth (years) • Age adjusted mortality rate (per 1 000 people)
	Education	• Share of labour force with at least secondary education (%)
	Environment	• Estimated average exposure to air pollution in PM2.5 (µg/m³), based on satellite imagery data
	Safety	• Homicide rate (per 100 000 people)
	Civic engagement	• Voter turnout (%)
	Accessibility of services	• Share of households with broadband access (%)
	Community	• Percentage of people who have friends or relatives to rely on in case of need
	Life satisfaction	• Average self-evaluation of life satisfaction on a scale from 0 to 10



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- Looking back looking forward an evolving paradigm shift
- Main lessons regional, urban, rural
- Preparing for megatrends, future challenges

3. A compendium of studies for Sweden

- Main lessons based on OECD studies



An Evolving Paradigm in Regional Policies

- Compensatory framework (imbalances)
- Competitiveness and growth potential (endogenous)
- Productivity growth
- Regional to national/aggregate growth
 - Structural package
 - Inequality and linkages between urban and rural
- Well-being
- Megatrends and the future



Structural changes in OECD economies

- Globalisation brought increased competition in manufacturing and tradable activities.
 - China, India, other emerging economies
- Tertiarisation of economic activity
 - Increase in share of services
- Emergence of Global Value Chains (GCV's)
 - TIVA
- Uneven impact across geographies



Regional Outlook Reflects this Evolving Paradigm

- **2012 : Building Resilient Regions for Stronger Economies**
 - Regional policy is part of structural package
- **2014: Regions and Cities Where Policies and People Meet**
 - Matching policies to the right geographical scale FUA
- **2016: Productive Regions for Inclusive Societies**
 - Opportunities in low density economies
- **2019 Leveraging Megatrends in Cities and Rural Areas**
 - Regional policies and future challenges and opportunities



Taking Stock of Main Policy Lessons

Compensating lagging regions does not work:

- Creates dependency, not development
- Richer regions may become reluctant to support lagging regions

OECD promotes ‘place-based’ policies focusing on:

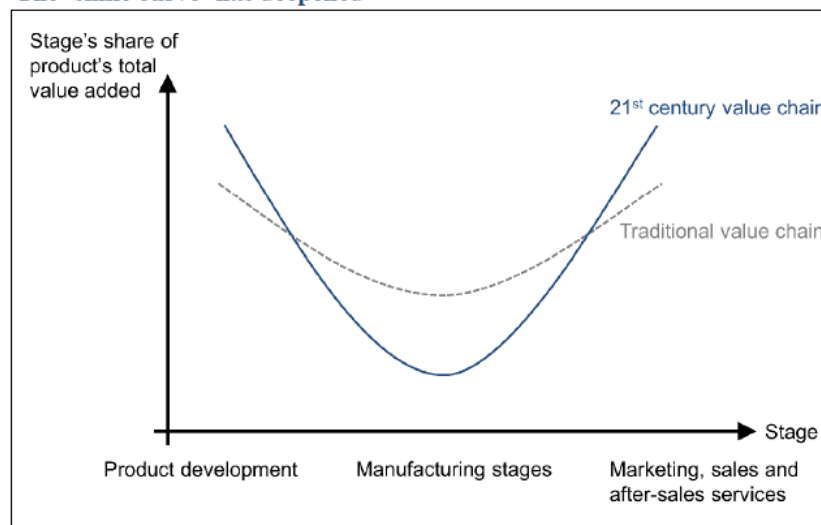
- Use of regional **specific assets** (or create absolute advantages to stimulate competition and experimentation across regions)
- Create **complementarities among sectoral policies** at the regional (or local) level
- Use of **multi-level governance mechanisms** for aligning objectives and implementation.



Adding more value in tradable activities

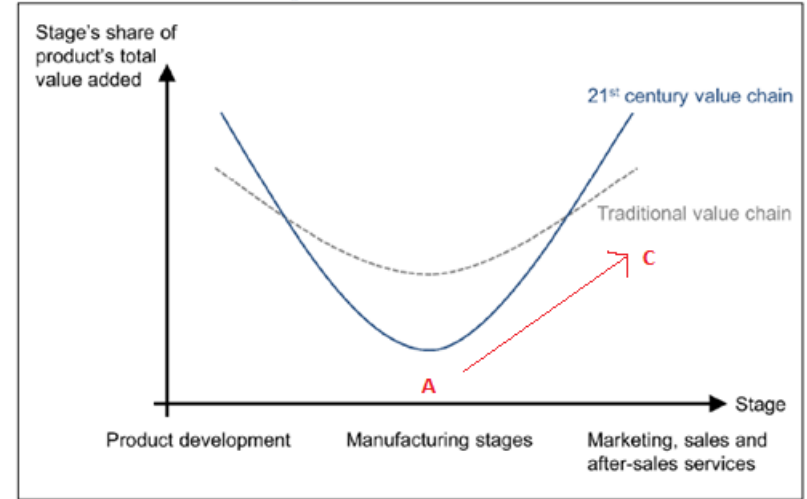
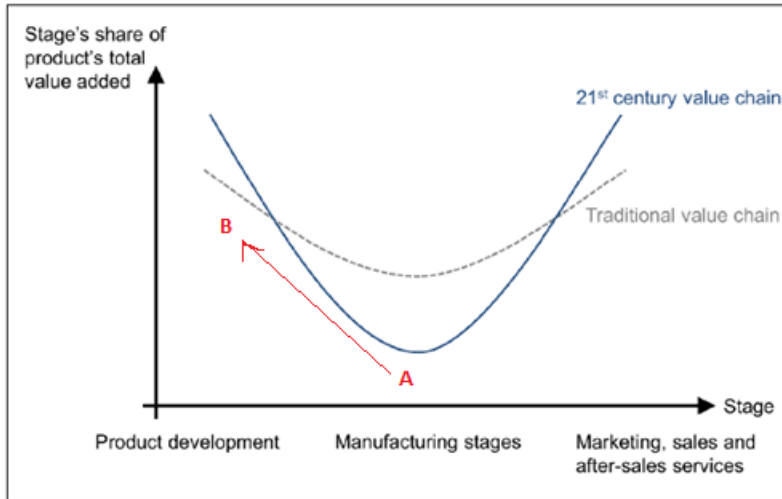
- **Identifying drivers in rural areas (smart specialization)**
 - Tradables (manufacturing), RE, natural resources, services, fisheries, forestry, agriculture, tourism, culture, natural amenities
 - Finding the niche (smart specialisation)
- **How to add value in these domains**
 - Policy focus on enabling factors: skills, accessibility, market intelligence, institutions, innovation

The 'smile curve' has deepened





Adding more value in tradable activities

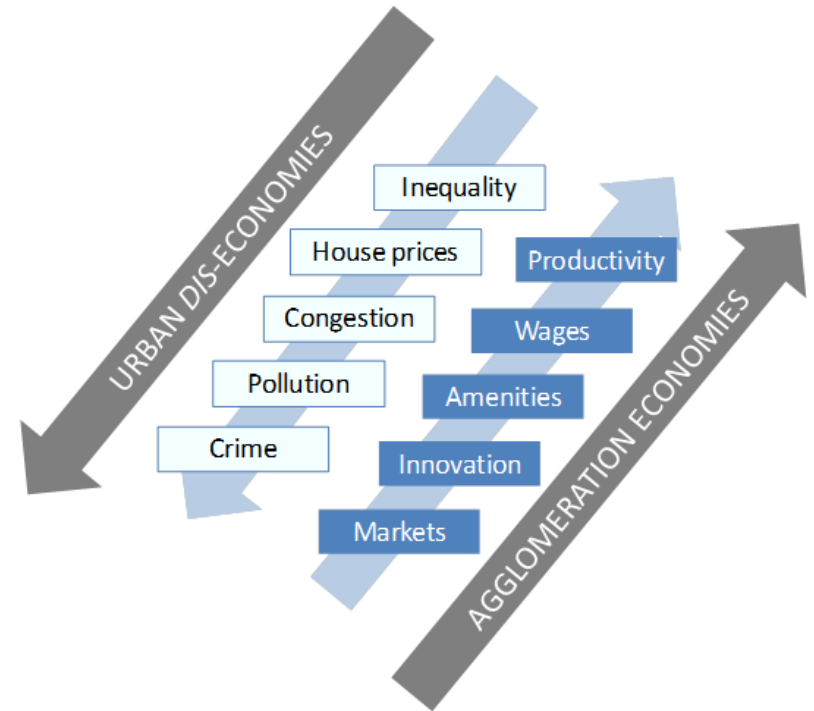


- **Differentiation of products**
 - Linking local to GVCs
 - Internationalising local firms
 - Improvements in ICT infrastructure
 - Connecting local supply chains to mult. firms
- **Retaining more value locally**
 - Developing local supply chains
 - Linking demand with labour supply
 - Local procurement frameworks
- **Diversification of economic base** to address fluctuation in external prices
- Developing **support services**
- Developing a specific **know-how**
- Leveraging benefits of **digitalisation**
- **Market research and internationalisation**



National Urban Policy Framework

- The complex urban structure and strong presence of a large number of cities suggests that cities are **hubs for job creation, innovation, and economic growth**:
- But many **policy challenges**: congestion, high levels of pollution, social inclusion problems, etc.



- **Three key policy domains of integration :**
 - ❖ Housing, mobility and spatial planning
- **Integrating policies at functional scale**
- **Metropolitan governance is key**



An Evolving OECD Rural Paradigm

Rural Policy 3.0

	Old Paradigm	New Rural Paradigm (2006)	Rural Policy 3.0 –Implementing the New Rural Paradigm
Objectives	Equalisation	Competitiveness	Well-being considering multiple dimensions of: i) the economy, ii) society and iii) the environment
Policy focus	Support for a single dominant resource sector	Support for multiple sectors based on their competitiveness	Low-density economies differentiated by type of rural area
Tools	Subsidies for firms	Investments in qualified firms and communities	Integrated rural development approach – spectrum of support to public sector, firms and third sector
Key actors & stakeholders	Farm organisations and national governments	All levels of government and all relevant departments plus local stakeholders	Involvement of: i) public sector – multi-level governance, ii) private sector – for-profit firms and social enterprise, and iii) third sector – non-governmental organisations and civil society
Policy approach	Uniformly applied top down policy	Bottom-up policy, local strategies	Integrated approach with multiple policy domains
Rural definition	Not urban	Rural as a variety of distinct types of place	Three types of rural: i) within a functional urban area, ii) close to a functional urban area, and iii) far from a functional urban area



4th OECD Ministerial, April 2019

- Addressing Megatrends of (future oriented policy)
- Inequalities not a by-product of spatial development dynamics
 - Persistent and sustained gaps not sustainable
 - Addressing regional inequalities and balanced development
- Regional Policies contributing to global agendas
 - SDG's (two thirds require cities and regions)
 - Paris agreement



Economies, Societies, Environment and Jobs changing in profound ways

- **Globalisation**
- **Rapid technological innovation**
- **Digitalisation**
- **Demographic change**
 - Including migration and population ageing
- **Ongoing urbanisation**
 - Growth of megacities
- **Environmental challenges**
 - Climate change, clean air, clean water and resource scarcity

Megatrends



Megatrends bring Opportunities and Challenges for Wellbeing, Productivity and Jobs

- Cities well placed to make the most of changes (globalization and technological change)
 - Benefits of agglomeration for productivity and innovation
- Rural areas can also benefit due to their resources for sustainable development
 - Digitalisation and technology can be **transformative** to how they access markets and services, innovation and produce energy and goods
- Megatrends also generate uncertainty and potentially trade-offs between economic, social and environmental objectives
 - Automation with differentiated impact (14% at risk but 4%-40%)
 - Global distribution of production and digitalization helped improve average living standards by not all places benefited the same



Policy Consideration

- Regional policies should empower capacities of all regions to make best use of growth potential taking into account different development paths
 - Should help places to look inward to leverage specific niches, drivers of productivity
 - Encourage places to look **outwards** to strengthen linkages with neighboring areas to share knowledge, innovations amenities and resources
 - Prepare for future skills (automation (14% at risk but 4%-40%), lifetime learning, support schemes for working in transition

Support long term strategic planning and foresight activities that account for demographic change, environmental challenges, climate change and other megatrends



Policy Consideration

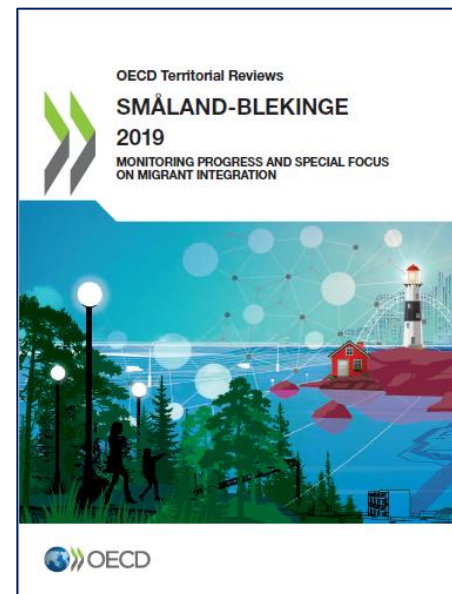
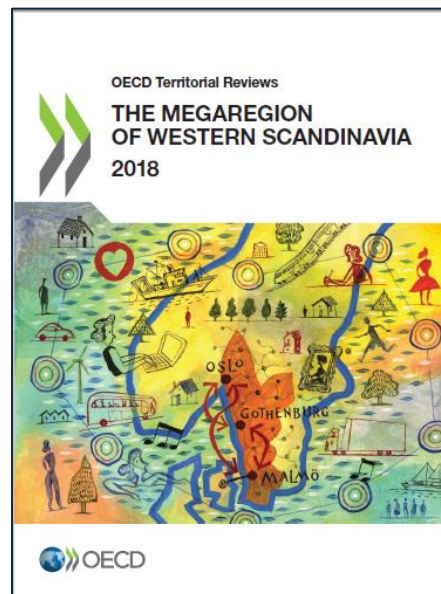
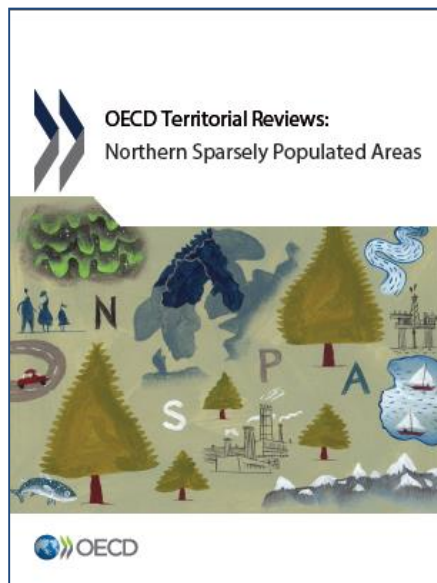
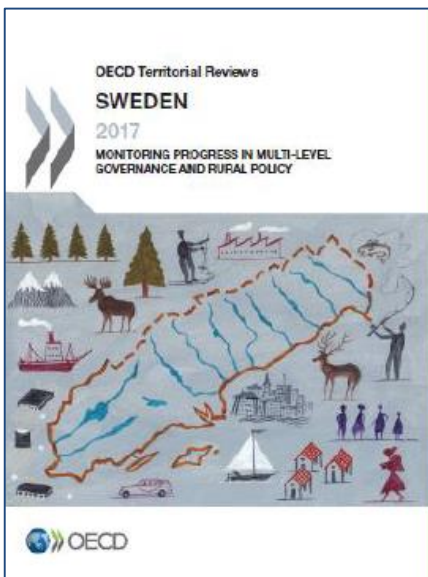
- Support LT strategic planning and foresight activities that account for megatrends
- Prepare workers and jobseekers for the jobs of the future
 - Appropriate training and education opportunities adapted to local and regional needs
 - Expanding life-long learning opportunities
 - Support schemes for workers in transition
- Leverage big data analytics, the IoT, civic technology, virtual reality, AI, and innovations in service delivery
- Connect all places to global economy through digitalization
 - Address divides in access to digital infrastructure and skills gap for workers entrepreneurs and SMEs
 - Link cities with rural areas to support sharing of knowledge, innovation, resources and amenities and valorizing regional diversity

OECD Territorial Reviews:

A series of case studies of regional policy

In OECD member countries :

- ❖ 24 National Territorial Reviews
- ❖ 9 Regional Territorial Reviews
- ❖ 5 Reviews on Regional Innovation Systems
- ❖ 23 Metropolitan Reviews
- ❖ 5 National Urban Policy Reviews
- ❖ 12 National Rural Policy Reviews



thank you

JoseEnrique.Garcilazo@oecd.org