

Sweden Has a Long History as a Pioneer of Capitalism



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An international survey of 34 countries by the polling firm Ipsos MORI for my book *In Defense of Capitalism* on popular perceptions of the market economy and capitalism found that Sweden was among the group of countries where support for the market economy is at its strongest.

Swedes were presented with six statements about a “good economy” – three that supported a strong influence of the state and three that supported a free market economy. An analysis of the responses to the pro-state and pro-market statements reveals that statements in favor of a stronger role for the government are met with 21 percent approval, compared with 26 approval for pro-market statements in favor of a reduced role for the government. Dividing the average of positive statements by the average of negative statements yields a coefficient of 1.21. A coefficient greater than 1.0 means that pro-economic freedom attitudes dominate, a coefficient less than 1.0 means that anti-economic freedom opinions dominate.

In only six of the 34 countries in which the survey was conducted was support for the market economy even greater than in Sweden. Support did decline somewhat when the word “capitalism” was used, but even then, support for capitalism was significantly higher in Sweden than in all other European countries – with the exception of the former socialist countries Poland and the Czech Republic. In our survey, there are only nine countries that exhibit more pro-capitalist tendencies than Sweden, in contrast to 24 countries where attitudes toward capitalism are negative. The most positive attitudes toward capitalism are held by people in Poland, the USA and South Korea.

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Today, many people – wrongly – associate Sweden with the term “democratic socialism.” But the “socialist” period in Sweden did not last very long, roughly from 1970 to 1990. The period before that, from 1870 to 1970, was characterized by “decentralization and limited government” and during these

years, Sweden had one of the least regulated economies in Europe, as the renowned Swedish economist Assar Lindbeck has shown.

Adam Smith's book *The Wealth of Nations*, published in 1776, has become famous all over the world, but eleven years earlier (1765), the Finnish-Swedish economist Anders Chydenius published a booklet, *Den nationella vinsten* (in English: *The National Gain*), which presented very similar thoughts to those contained in Smith's book. The Swedish book was very thin (36 pages) and not comparable to Smith's monumental work, but the central theses were identical. Chydenius explains that politicians lack the knowledge to recognize which businesses have the greatest chances of success. When government decisions favor a particular business, he argues, people are drawn to it who would otherwise engage in more productive activities elsewhere in the economy. He points out that parts of Sweden that had more free-market economic policies were also more successful economically at the time. Like Smith, Anders Chydenius advocated free trade and opposed excessive government regulation.

In a recent [paper](#) on "The evolution of the Swedish market model," the economists Nima Sanandaji, Victor Ström, Mouna Esmaeilzadeh and Saeid Esmaeilzadeh show that "Sweden historically pioneered many aspects of a modern market economy." One example: Sweden hosted the world's first public company, which financed the Falun copper mine, supplying two-thirds of the world's copper production in the seventeenth century. This mine is the origin of the first public company in the world. The first known share in the Falun mine was awarded in 1288. Companies with shares are a cornerstone of the modern capitalist market economy, "and it is relevant in an account of the evolution of the Swedish market model to point out that the oldest known company with shares in the world has roots in the country," the four authors explain.

The first bank to issue credit notes and the first central bank were also established in Sweden. "This is again an example of how the Swedish market model has influenced the development of global economics." Sweden was also the first country to allow women to pursue professions and own businesses.

And how are things today? After the socialist aberrations of the 1970s and 1980s, Sweden has returned to the capitalist path.

In the Heritage Foundation's most recent [Index of Economic Freedom](#), Sweden is among the ten most market-oriented economies in the world.

In 10th place in the 2023 index, Sweden is well ahead of the USA (25th). What is particularly remarkable is how Sweden's score has increased. Sweden gained a total of 16 points over the past 28 years – rising from 61.4 points in 1995 to 77.5 points in 2023. Only a handful of countries, including Vietnam and Poland, saw a somewhat larger increase in economic freedom. In comparison, the United States lost six points during the same period and, with a score of 70.6 points, is now well behind Sweden.

Rainer Zitelmann is the author of the book *In Defense of Capitalism* <https://in-defense-of-capitalism.com/>