Wealth Inequality in Sweden, 1999–2020

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Extended Abstract

Sweden presents a fascinating case for studying wealth inequality in the globalized era. On one hand, it is an iconic welfare state with egalitarian ambitions and strong union-led pension ownership structures. On the other hand, Sweden has several globally successful businesses and one of the world's highest billionaires per capita ratios. This apparent paradox raises fundamental questions. Is wealth in Sweden extraordinarily concentrated at the top, or do traditional measures misrepresent the true distribution of assets under Sweden's unique institutions? Addressing these questions is not only important for understanding the Swedish experience, but also for what it reveals about how broad-based asset ownership and technological development can shape inequality in modern economies.

A growing body of evidence documents that wealth concentration is high in advanced economies, renewing an interest in the economic, institutional, and political mechanisms shaping accumulation and distribution of wealth. Yet for all the attention, most studies address large countries, the United States, France, and the United Kingdom(Saez and Zucman, 2016; Smith, Zidar and Zwick, 2023; Garbinti, Goupille-Lebret and Piketty, 2021), while comprehensive evidence for smaller economies remains limited (Jakobsen et al. 2018; Andersen et al. 2022).

This paper presents new comprehensive series of the Swedish wealth distribution between 2000 and 2020, using microdata registers linking tax records, property assessments, and pension funds to macroeconomic household balance sheets. Our new database extends the administrative records collected under the former wealth tax regime (abolished in 2007) and reconciles them with national accounts in the spirit of the Distributional National Accounts (Alvaredo et al., 2020; Blanchet et al., 2021). The result is the first account of the evolution of Swedish household wealth since the early 2000s.

We document three main findings. First, Sweden's wealth inequality has declined during the past two decades. The Gini coefficient for net wealth fell from above 0.8 in 2000 to below 0.75 in 2020. The top decile's wealth share decreased from 62 to 55 percent over the same period. This decline highlights the stabilizing role of broad-based wealth ownership. Decomposition analysis reveals that expanding funded pension savings among wage earners is the main equalizing force behind this development.

Second, the composition of wealth inequality in Sweden reflects the institutional design of its labor market and welfare state. Collective wage agreements and

mandatory occupational pensions have transformed capital ownership among the middle class, with defined-contribution pension funds now accounting for roughly one-quarter of all household assets. This "financialization of egalitarianism" represents a distinctive feature of the Swedish model, whereby capital market participation has become an integral part of the welfare system.

Third, and perhaps most importantly, we highlight a conceptual duality in the interpretation of wealth inequality. Standard relative measures (such as the Gini coefficient or top shares) suggest falling or stable inequality. Yet in absolute terms—the krona differences between median and top wealth—disparities have widened substantially. The number of billionaires and the aggregate wealth of the very rich have grown rapidly, even if their proportional shares have remained flat. This divergence between relative and absolute measures echoes the broader theoretical debate on the scale invariance of inequality indices (Ravallion, 2024) and offers a novel perspective on the apparent coexistence of egalitarian trends and increasing wealth polarization.