

Summary in english

Today changes in society take place more rapidly than ever before. As a consequence it is more and more essential for organisations and institutions to study the ongoing transformation in society and try to make preparations in order to be able to meet with the demands of the future.

The National Tax Board of Sweden (NTB) has begun a project in order to create a basis for discussions and decisions concerning its role and future assignment in the perspective of the year 2010. This is the first step containing an analysis of the main factors which will influence the future development. The report describes three alternative possibilities of development (scenarios). On the basis of the result of the first step, there will follow two more steps. The purpose of step 2 is to try to explain how the expected changes might influence taxation and collection and step 3 will point out alternative ways of future performance and to what extent the necessity of change will call for reorganisation.

This report describes six main areas which are supposed to have great influence upon future work of the NTB: globalization, IT, lines of work and business, the European Union, the divided society and the ethics in society. In each area we have studied relevant literature, participated in seminars and interviewed experts in different fields. The report therefore presents the opinions of these authors, scholars and experts. Furthermore part two of the report tries to summarize - as neutral as possible - the opinions of a large number of people who participate in the debate of the challenges of the future.

The result of these studies is a pattern containing the following ingredients which are supposed to have great influence upon our future.

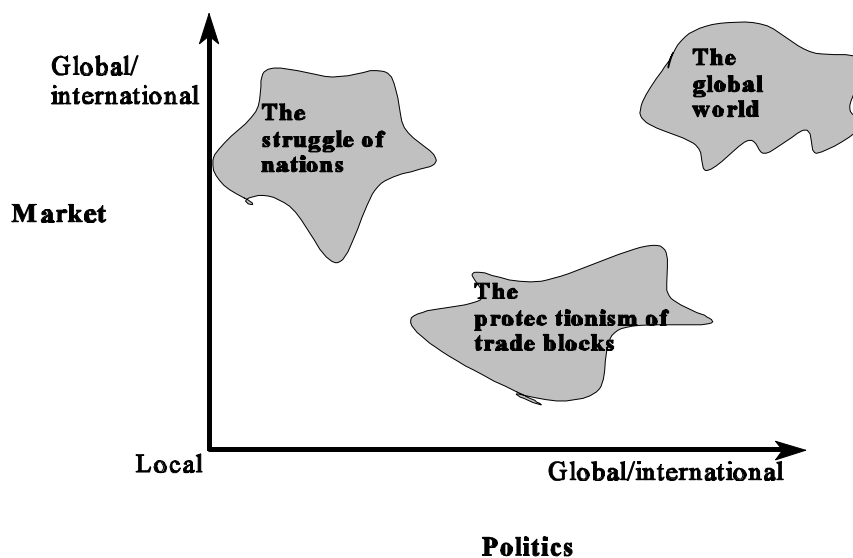
- physical distances decrease and cultural differences become more important
- businesses are more international - in some cases without a national base
- the economy is global, the movement of capital is free and investors will look for the optimum return
- the nation state has difficulty in steering its own economy
- increased competition between nations
- the welfare of nations will depend on the existence of conditions that support economic growth
- more emphasis on the connection between economic growth and environmental demands
- the development of IT - from a way of storing and processing data to the Internet and world wide communications - has great importance in most fields
- concentration on core operations and increased use of subcontractors
- virtual enterprises will be a reality
- businesses compete all over the globe to employ highly skilled labour
- a remarkable growth is expected in connection with electronic commerce
- the harmonization of taxes and the collection of taxes and other debts is crucial for a prosperous development
- necessity of intensified cooperation between Revenue Organisations of different countries
- the ongoing establishment and the change of the European Union incl the treatment of Eastern Europe will be of great importance not only to Europe

- regions are expected to play a new and more important role, economically and politically
- the transformation to a society where only a small proportion of the labour force is occupied with the production of goods - at least in the developed countries
- increased political engagement from citizens concerning local questions and less engagement in the politics of nations
- greater differences in wages and incomes of individuals
- new multicultural values
- cocooning - greater stress on family values
- new ethical standards
- increased rate of international economic crime

There are two dimensions that have a significant impact upon the development of the society. One is the market dimension and the other is the political dimension. Both can be studied on a scale from local to global level. By combining the essential ingredients mentioned above in these two dimensions the report presents three alternative scenarios for the Swedish society in the perspective of the year 2010.

It is necessary to emphasize that a scenario is not a forecast of what will be the actual situation a specific year in the future. Instead a scenario represents a starting point for new thoughts, discussions and preparations in order for institutions and businesses to be better equipped to meet the challenges of the future. In constructing scenarios it is recommended to make the scenarios differ because the future will certainly be very different from our present expectations.

Our dimensions and scenarios can be presented in the following way:



In the first scenario - The Protectionism of Trade Blocs - the world economy is divided into a number of very strong trade blocs. The European Union, where Sweden is an active member, has developed towards a federal state with strengthened border control and protectionistic customs duties. The common currency - the Euro - has hastened the development of the inner European market and has led to a far going harmonization between member countries. The former national politics have to a large extent been transformed to the federal EU-level. VAT, taxation on income from companies and capital as well as excise duties have consequently become

common EU-taxes administered by EU-revenue authorities. The most prominent trade blocs of the globe are - except from the EU - NAFTA and East Asia. Some countries outside these blocs are subject to an extremely difficult economic situation - mostly developing countries. The insufficient coordination on the global scene makes the work for a better environment less efficient.

Sweden has a long tradition of being a supplier of raw materials and goods of low technological status to Central Europe. This position has remained unchanged. The development of goods of high technological status is concentrated to the regions of Stockholm and Malmö. Sweden - like the EU - has a stable economic growth. The regional differences have increased due to the new role of regions emerging from the federalistic development of the EU. Sweden has been divided into 5-6 regions. The regional differences also include the levels of wages and the rate of unemployment. There is a strong tendency among Swedes to argue that the immigrants should assimilate to the culture of the country. In spite of this a number of enterprises have realised the advantages of a multicultural labour force.

The second scenario - The Struggle of the Nation State - represents a situation where the international institutions fail to coordinate the politics of nations. In spite of this the strength of the markets is evident and the businesses continuously become more and more international. The nations compete for businesses as well as investments, which increases the economic differences between countries. The businesses choose locations based on circumstances such as: national politics, optimum return on investments and fiscal policies. The speculative financial markets are regarded as a problem and they have caused several severe economic crises. The European Union has expanded eastwards and contains 26 nations. The integrated development is concentrated to the core of the EU, where Sweden does not take part.

The politics of Sweden is strongly effected by the ideal of equality. The Government still takes great responsibility for the life and the wellbeing of its citizens. In order to do this the country has had to maintain its high rate of taxation. This at the same time creates problems when it comes to competition towards some other countries. A lot of enterprises engaged in the production of goods of high and medium technology status have moved their head offices and their development units outside Sweden. In Sweden there are enterprises left dealing with raw materials and production connected to raw materials. Many high skilled labourers have left the country for countries with higher wages, lower taxes and better career opportunities. The low economic growth, the emigration of high skilled labour and the costs of measures supporting the unemployed have strained the Swedish economy. Moral issues and personal welfare are essential to the citizens. The Swedish society is divided ethnically and there are conflicts due to substantial cultural and economic differences.

In the third scenario - The Global World - enterprises become more and more global but most of them still have a national base. They act on a world wide market that knows few borders. The market is very strong and the movement of information, capital, products and labour is significant, which decreases the possibilities for small countries to form an economic policy of their own. The Nation states in stead influence the rules of the markets through different international organisations. As a consequence the OECD has been successful in harmonizing tax systems and the administrative rules of cooperation and exchange of information between countries. There is an intensified cooperation between countries all over the world concerning

taxes and the collection of taxes and other debts. An extended European Union with a strong inner market and a common currency participates in the global development. The increased international trade has a negative influence upon the environment. At the same time production has been more adjusted to environmental demands and there is a lot of research work going on looking for alternative sources of energy.

Sweden has adjusted to the demands of the market by lowering its taxes to the international level and by facilitating the preconditions for businesses. Thanks to major investments in education and IT-development Sweden has become a competitive nation on the global market with a large percentage of production of goods of high and medium technological status and with a constantly growing service sector. Sweden is characterized by a stable and strong economic growth. The rate of unemployment is low. In order to compete on the global market several regions have strengthened their relative advantages. A result of this is increasing regional differences within the country. There is also remarkably increased differences in wages and incomes of individuals. The dominating values of the citizens are individualism, creativity and a strong desire to influence one's own situation. The society is multi-cultural which gives competitiveness to the country on the global market.