SWEDISH HOUSE OF FINANCE | STOCKHOLM SCHOOL OF ECONOMICS

Newsletter March 2024

In this issue:

- Collecting household wealth data is crucial for research and could help identifying and mitigating systemic risks, preventing crises – input from SHoF researchers
- The effectiveness of a carbon tax policy is linked to its design, and it calls for a balanced approach – insights from a new study in sustainable finance
- European reforms strive to offer more flexibility and better tools for restructuring, but require further development – featured article on company liquidations

Benefits of Collecting Household Wealth Data

Sweden abolished its wealth register after removing the wealth tax in 2007. As a result, it also marked an end to database that recorded and tracked the assets and liabilities of Swedish individuals.

The issue resurfaced in discussions this March, being addressed by both the Swedish minister of financial markets, Niklas Wykman, and the head of the Riksbank, Erik Thedéen.

SHoF researchers have underlined the significance of the ability to collect relevant data.

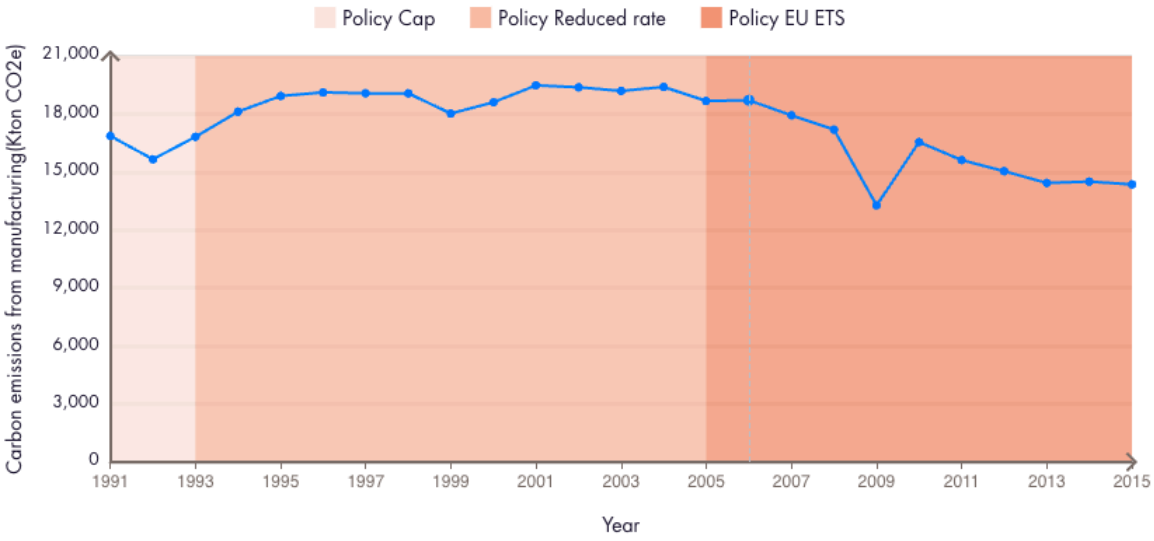
Summary of their insights:

- A wealth register is crucial for research
- Analyzing Swedes' wealth data aids in ensuring financial stability
- The register can highlight financial inequality's origins and inform education
- It also aids in identifying and mitigating systemic risks, preventing crises

Read full article

RESEARCH IN THE SPOTLIGHT

Crafting a Carbon Tax Policy that Works



Without carbon taxation, Sweden's carbon emissions from manufacturing would be around 4,000 ktons, roughly equivalent to twice the emission of Sweden's international flights in 2015, according to a new study.

"The effectiveness of a tax policy is linked to its design," authors of the study, **Gustav Martinsson** (Stockholms universitet), **Per Strömberg** (Stockholm School of Economics), and **Christian Thomann** (Royal Institute of Technology) together with **Laszlo Sajtos** (Konjunkturinstitutet), say.

Motivating all firms to reduce emissions requires a balanced approach: eliminate caps and tax reductions. However, to maintain the competitiveness of major emitters, it could be crucial to permit them to sell emission certificates when they achieve reduction targets, like in the EU Emissions Trading System.

See how different policy designs impact firms' motivation to reduce emissions using the interactive charts.

Find out more

FEATURED ARTICLE

How can Liquidation of Viable Corporations be Avoided?

Increasing insolvency rates in Sweden and worldwide underscore the need for effective corporate insolvency systems and processes.

SHoF's Director **Bo Becker** (Stockholm School of Economics), **Lars-Henrik Andersson** (Cirio), **Erik Selander** (DLA Piper), and **Louise Sjödahl** (Ackordscentralen) discussed Swedish reforms and the EU's push for restructuring over liquidation.

The meeting was held in collaboration with SNS.

Key takeaways from the discussion:

- Rising insolvencies are linked to the recent volatile environment with high inflation, high interest rates, and energy costs
- European reforms strive to incorporate strengths of the U.S. Chapter 11, offering more flexibility and better tools for restructuring. Examples include the ability to renegotiate or reject contracts, access debtor-in-possession financing, and cramdowns to limit creditor veto power.
- Despite the new law's benefits, complexities and costs may deter small businesses from engaging in the reconstruction process. There is room for further development, including clearer regulations and specialized courts for insolvency matters.

Read more

ABOUT SHoF

The Swedish House of Finance (SHoF) at the Stockholm School of Economics is Sweden's national research center for financial economics.

SHoF is an equally private and government funded, nonprofit, nonpartisan organization. It hosts approximately 40 resident research fellows with research assistants, as well as around 30 PhD students in finance.

Sweden's national research center in financial economics

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