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Abstract

This paper describes the remarkable success of Sweden over the past 15 years. The success has come after decades of sluggish growth, during which Sweden managed to lose its substantial lead in per capita income. This fits to the critique that welfare cost and high taxes reduce growth and endangers competitiveness. Since that however, Sweden engaged in a remarkable strategy of reforming the budget process, increasing the flexibility of the labour market and boosting investment into the future. Incentives are changed in the direction of promoting flexibility and to adapt to changes inferred by globalisation.

JEL: A13, E60, H10, J50, P10

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The Swedish Economic Model

1. Introduction and outline of the paper

The European Union does not match the US with respect to the growth of output, productivity or employment since the early or mid 1990s. Unemployment is now higher than in the US, and employment rates are lower – both in contrast to past trends. Many international analyses, such as that of the OECD, the IMF and the European Commission blame explicitly and implicitly high welfare costs and low market flexibility for this disappointing performance. The European Socio-Economic Model with its emphasis on social expenditures and high taxes is seen as barrier to competitiveness in a globalising world. The main fact contradicting this assertion is that the three European countries which performed best in the past fifteen years, Sweden, Finland, and Denmark belong to the Scandinavian type of the European Model. This is the most comprehensive one, with highest emphasis on social cohesion, redistribution and ecological awareness. Among these, Sweden may be seen as the prototype, with its long history of welfare, and its high taxes. Sweden experienced a long and steady decline of its lead in per capita income versus European average accompanied with recurrent devaluations and then a deep crisis in 1992/93. Since that Sweden ventured courageous reforms which made it one of the best performing countries in Europe, essentially keeping its high standards of welfare and social cohesion, while making the labour market more flexible and budgets sustainable.

The paper is structured as follows. In the next section we define the European Model. It is to our understanding is not only a "social model" proper, but is shaping also incentives, efficiency and competitiveness, and has an impact on security, education, innovation and health. We therefore prefer to speak of a model of European society or a Socio-Economic Model. We then distinguish between different types of European Models with Sweden as a member – maybe even the prototype – of the Scandinavian Model and indicates performance differences in the long run and since the nineties. Section 3 outlines elements of change in the economic policy performed in the Scandinavian countries, concentrating on those in Sweden. A three-tier policy strategy for the most successful countries is outlined (following

Aiginger, 2004). Section 4 mentions some recent problems re-emerging in Sweden, and what measures are proposed by OECD or planned by the new government. Section 5 describes common elements of the strategy of Scandinavian countries which could indicate the substance of a "Reformed European Model". Section 6 summarises.

2. The European Socio-economic Model

We follow *Aiginger and Guger* (2005) and define the European Socio-Economic Model in terms of responsibility, regulation and redistribution:

- Responsibility: a rather broad responsibility of society exists for the welfare of individuals, sheltering them against poverty, and providing support in case of illness, disability, unemployment and old age; society encourages, and actively promotes and often provides education, health, and the support of families (the latter through transfers as well as the provision of care and housing facilities);
- Regulation: labour relations are institutionalised; they are based on social dialogue, labour laws and collective agreements. The business environment is rather regulated and is shaped by social partners (on the branch and firm level). Administrative and economic regulation for product markets exists. Business start ups depend on permits and partly on qualification of owners or managers.
- Redistribution: transfers, financial support and social services are open to all groups; differences in incomes are limited by redistributive financial transfers, taxation, taxes on property and on bequests.

If we differentiate between types of the European Model, the Scandinavian Model is the most comprehensive, with a high degree of emphasis on redistribution; social benefits are financed by taxes. The Nordic Model relies on institutions working closely together with the government, trade unions are strongly involved in the administration of unemployment insurance and training, and the model is characterised by an active labour market policy and high employment rates. The Continental Model emphasises employment as the basis of social transfers. Transfers are financed through the contributions of employers and employees. Social partners play an important role in industrial relations, and wage bargaining is centralised. Redistribution and the inclusion of outsiders are not high on the agenda. The Liberal Model emphasises the responsibility of individuals for themselves, its labour market is not regulated and its competition policy is rather ambitious. Social transfers are smaller than in the other models, more targeted and "means tested". Labour relations are decentralised, and bargaining takes place primarily at the firm level. In the Mediterranean countries, social transfers are small; families still play a significant role in the provision of security and shelter. Trade unions and employer representatives are important to the rather centralised bargaining process for wages and work conditions. Employment rates, specifically those of women, are low.

Table 1: Performance in growth and employment: long run vs. recent 15 years

	GDP growth p.a. in %		Unemployment rate		Employment rate		GDP per capita at PPP 2005
	1960/1990	1990/2005	1990	2005	1990	2005	1,000 €
Scandinavian Model	***3.4***	***2.4***	***4.7***	***5.8***	***73.3***	***74.2***	***29.7***
Denmark	3.0	2.2	7.2	4.8	76.4	77.0	28.9
Finland	3.9	2.1	3.2	8.4	74.1	68.7	27.0
Netherlands	3.4	2.4	5.8	4.7	64.9	74.4	29.2
Sweden	2.9	2.0	1.7	7.8	83.0	73.4	27.8
Norway	3.8	3.2	5.2	4.6	74.8	76.3	36.1
Continental Model	***3.6***	***1.6***	***7.3***	***8.9***	***63.6***	***65.8***	***25.4***
Germany	3.2	1.6	6.2	9.5	69.5	70.0	25.3
France	3.8	1.8	8.5	9.7	59.7	61.6	25.5
Italy	4.0	1.3	8.9	7.7	57.4	62.8	24.3
Belgium	3.4	1.9	6.6	8.4	58.3	61.9	27.6
Austria	3.5	2.2	3.1	5.2	74.6	74.1	28.6
Anglo-Saxon Model Europe	***2.6***	***2.7***	***7.3***	***4.7***	***70.7***	***72.1***	***27.8***
Irland	4.1	6.7	13.4	4.3	54.6	69.0	32.5
United Kingdom	2.5	2.4	6.9	4.7	71.8	72.3	27.5
Mediterrean Model	***4.6***	***2.8***	***10.9***	***9.1***	***55.6***	***64.0***	***21.7***
Greece	4.5	3.0	6.4	9.8	54.7	55.5	19.6
Portugal	4.8	2.1	4.8	7.6	69.8	70.5	16.7
Spain	4.6	2.9	13.0	9.2	53.2	64.5	23.1
Anglo-Saxon Model Overseas	***3.6***	***3.0***	***5.7***	***5.2***	***72.1***	***72.7***	***34.0***
USA	3.5	3.0	5.5	5.1	72.4	72.7	34.8
Canada	4.0	2.8	8.2	6.8	71.2	74.2	27.9
Australia	3.8	3.5	7.0	5.0	69.2	73.3	28.2
New Zealand	2.4	3.1	7.8	3.7	53.7	60.2	21.3
EU 15	***3.4***	***2.0***	***8.0***	***7.9***	***64.2***	***67.1***	***25.4***
Japan	6.1	1.2	2.1	4.4	74.7	75.2	25.7
Catching-up Model	**.**	***3.0***	**.**	***12.9***	**.**	***57.7***	***16.1***
Czech Republic	.	1.4	.	7.9	.	66.9	17.3
Hungary	.	4.5	.	7.2	.	56.0	14.7
EU 15/USA	0.96	0.66	1.45	1.55	0.89	0.92	0.73

Source: Eurostat (AMECO); as to sub-aggregates weighted average over countries; EU 15 reported.

The Scandinavian Model is practised at least in Sweden, Finland and Denmark. Some studies include Norway, but many do not, since it is rich in oil and is not a member of the EU. Whether the Netherlands are part of the Scandinavian Model or nor is in debate. But unquestionable Sweden is the prototype. It has the longest history in welfare, and had enjoyed a lead against the European average in GDP per capita of more than 30% for a long time after World War II.

Looking at the growth dynamics in the various types of models, the long-run dynamics are all very similar. Taking 1960/1990, for example, the long-term growth rates range between 2.6% and 3.6% for three European models (Anglo-Saxon, Scandinavian and Continental Model), as well as for the Anglo-Saxon Overseas group (3.6%). It is higher only in the Mediterranean Model, and there is little variation within models (with lowest growth rates for the United Kingdom and New Zealand; see Table 1). Performance in the nineties (1990/2005) however diverged[1]). A striking divergence occurred between the Scandinavian group with enjoyed a growth rate of 2.4% fort these 15 years – despite of a severe crisis in many countries in the early nineties, while the growth rates of the countries associated with the Continental Model plummeted to 1.6%, due to low growth in Germany and Italy. France, Austria, and Belgium surpassed the group average, but did not reach the level of dynamics attained by the Nordic group.

This evidence is supported and expanded in *Aiginger* (2004), who uses a set of 12 indicators on the dynamics of output, productivity and employment, as well as on the level and changes of unemployment and fiscal balances to derive a more comprehensive "performance evaluation" of countries since 1995.

3. Reform strategies in Sweden 1993 to 2002

The Scandinavian countries in general and Sweden in specific followed a three-pronged strategy with the following elements (*Aiginger*, 2004):

- to reduce or contain private and public costs, specifically to balance wage dynamics and productivity as well as public expenditure and taxes;
- to reform institutions, and to make labour and product markets more competitive, but not by means of a simple deregulation strategy, but by targeted reforms such as training, education, and increasing geographical mobility and incentives to work;
- To boost long-run growth and productivity by supporting and encouraging innovation, education and the diffusion of new technologies.

[1]. The countries in the Mediterranean Model group and those in the Anglo-Saxon Countries in Europe came closest to the US, with growth rate of 2.6% and 2.7% for GDP, mainly since the initial starting point was at a relatively low level of GDP per capita. This holds for Spain, Portugal, Greece and Ireland; the high growth of the United Kingdom can either be interpreted by the dynamics of a "liberal model" or by geography (trade with USA, Scandinavia) or as a reflection of slow growth in the past decades.

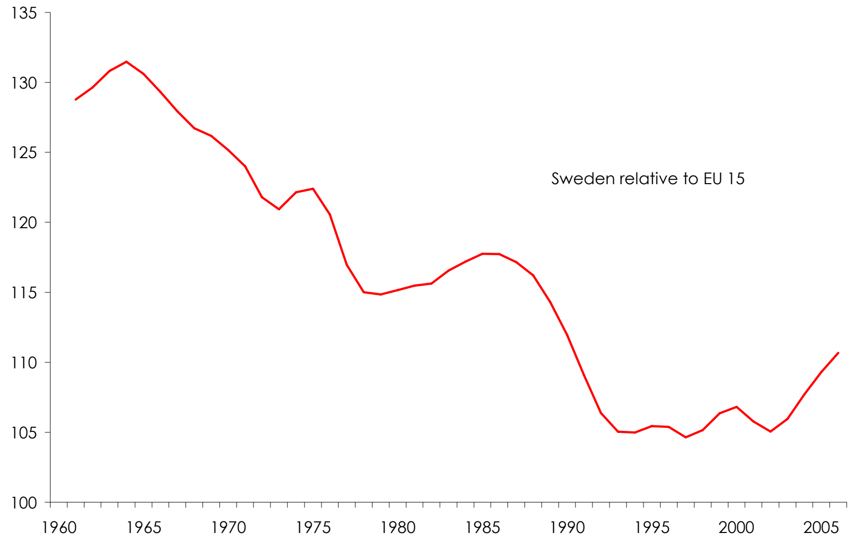
We describe these policy changes now specifically for Sweden:

Sweden had gradually lost its position as one of the leading European countries in per capita GDP by underperforming in growth over the largest part of the post World War II period. In the early nineties exports, GDP and employment decreased, leading OECD to introduce its 1994 report with the sentence, that "the current recession is comparable in depth to that of the 1930s" (*OECD*, Sweden, 1994). The reasons for the specifically strong crisis – second to that in Finland only – had several reasons: the Russian crisis effected Sweden stronger than continental countries, and Sweden suffered a specific crisis of its financial sectors (following deregulation without caring for bad loans and a tax system which favoured borrowing). Competitiveness suffered from high and rising costs without parallel increases in productivity and the Swedish industry maintained to be specialised in capital intensive basic goods under strong price competition (steel, paper) without product differentiation and specialisation in the high tech segments. See *Lindbeck et al.* (1994) for the responsibility of the welfare state from cradle to grave as the cause of Swedish problems.

Restoring balances

The short run policy reaction was to bring costs into balance. The first element of this strategy was yet another devaluation of the Swedish Krona, namely of 18% vs. the Euro in the beginning of the nineties. The second element in this direction was a discretionary fiscal stability package which amounted to 7.5% of the GDP and was negotiated between the government and the Socialist party, which was in opposition at that time. Taxes were partly raised, and partly government expenditures were cut. The budget cuts did include moderate cuts in benefits and transfers, but did not change the system in principle: higher incomes had to take a higher burden in the combined impact of tax increases and transfer deduction, therefore the opposition, as well as the trade unions could accept the package. The government committed to long-term expenditure limits, with different targets for 27 expenditure categories (*Brandner*, 2003). The fiscal stability package, the long term commitment to expenditure limits, the declining costs of the bailing out of banks and a strong cyclical element inherent in Swedish budgets led to a switch from a deficit of nearly 10% in 1993 into a persistent surplus over the past ten years (see Figure 1). The policy goal of government now is to have a surplus of 2% for a full business cycle.

Figure 1: Falling down and forging ahead again
GDP per capita; EU 15 = 100; moving average over three years



Source: Eurostat, AMECO.

Wage moderation was tried first unsuccessfully as a centralized bargaining outcome for two years (Rehmberg moderation) that subsequently looked moderate as it was negotiated in 1991, but proved as being excessive in the second year. The next two year contract for 1993–95 proved to be moderate also ex-post, leading to the first decline in unit labour costs in post World War II history (*OECD*, 1994, p. 39).

Figure 2: Fiscal restraint and fiscal prudence

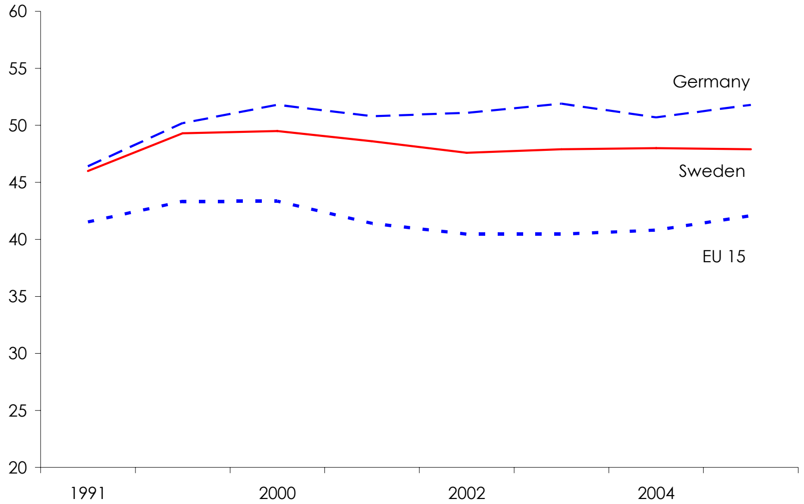
Source: Eurostat, AMECO.

Changing incentives

Elements of welfare to work reforms were introduced. An active labour market policy and low capital taxes had been long constituent elements of the Swedish system (*Marterbauer*, 2000). Institutional reforms redesigned the competition and monetary authority with the goal that tough 'after care' should make the devaluation successfully in the long term this time. Regulation of the labour market which had been slightly stricter than European average in 1990 is now below the European average. The main changes occurred for temporary contracts, where tight regulation in 1990 was changed to one of the least regulated frameworks: the overall index for labour market regulation dropped from 3.4 in 1990 to 2.4 in 1998, the fourth lowest rank. The tax wedge (the difference between gross and net wages) is now lower in Sweden than in Germany (despite of the high taxes in general). Regulation of product markets had been less stringent also in 1990, further deregulation increased the difference to other European countries. Sweden has now, apart from the United Kingdom, the most deregulated product market.

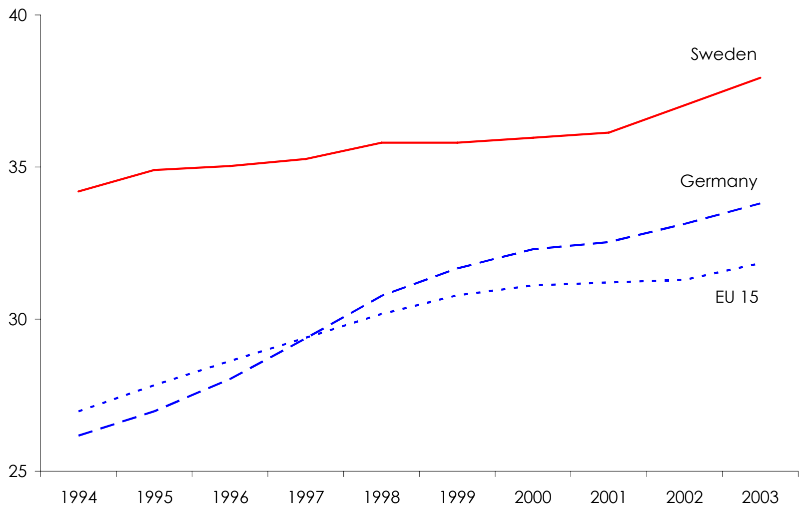
Figure 3: Flexibility of labour

Tax wedge: Difference between gross and net wage



Source: IFO Dice.
Remark: Tax wedge is defined as "Income tax plus employee and employer contributions (as % of labour costs); labour costs = gross wage earnings less personal income tax plus employee social security contributions."

Share of flexible contracts



Source: Eurostat, EU Labour Force Survey and National Accounts.
Remark: Part-time plus fix-term contracts in% of all contracts.

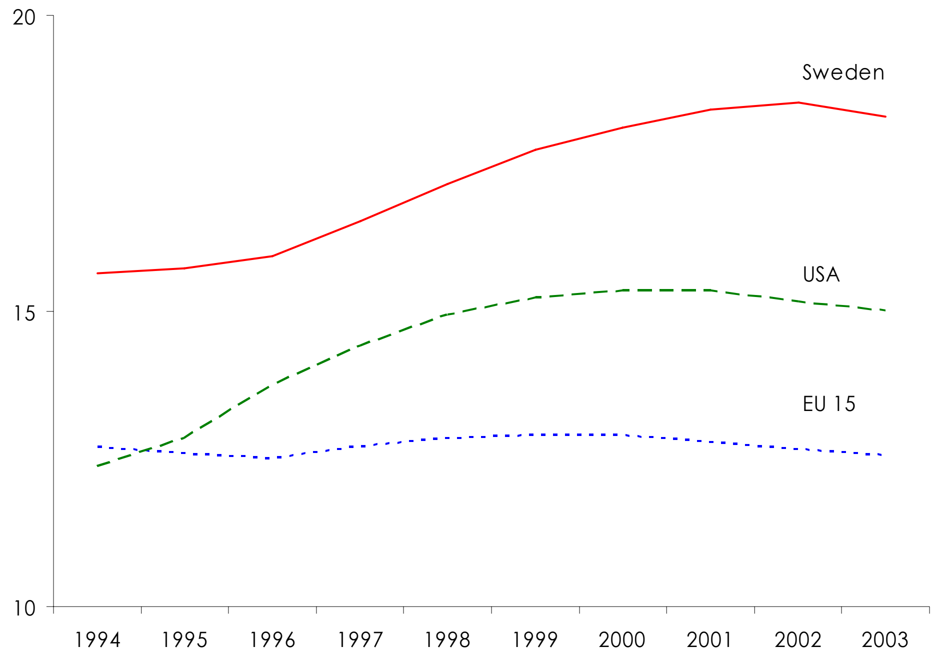
Regarding incentives, the responsibility of the first two weeks of sickness was transferred to employers (whose contribution to social security was reduced in turn). Compensation for the first day of sick leave was cancelled, sickness compensation which had been as high as 100%, was reduced to between 65% and 90% depending on the length of insurance and supplementary insurance (*OECD*, Sweden, 1994, p. 95). Replacement ratios for unemployment were reduced from 90% to 80% and the first five days remain uncompensated, work insurance assistance was reduced. In the public sector, transfers from central government to local government were reduced if the local authorities increased taxes. Government agencies introduced competition, enforced contracting out including social services and vouchers for private schools, general practitioners were allowed to compete with public services in the health sector (*OECD*, 1994, p. 91), municipalities took full responsibility for schools and care for elderly, getting lump sum transfers from the central government without being directed to specific services, thus increasing cost consciousness, as well as increasing its ability to meet demand.

Leader in research and ICT

Regarding the policy to enhance long term growth, Sweden developed the most pervasive and comprehensive programmes in order to promote information technology: the distribution of the PC for private use was made attractive by tax deduction, education expenses were enforced, alliances for electronic commerce were created, the use of ICT in government became compulsory. Sweden is today the European leader in information technology, having surpassed the US according to many indicators. It achieved this position and its lead in research by the way of a consistent long-run government assisted policy during a severe crisis in the first half of the nineties. High tech schools and universities were spread over the country; expenditures for education are the highest in Europe since 2001 and are increasing. Expenses for research and development increased from 2% in 1981 to 3.8%. The research/GDP ratio has risen from 2.2% in 1981 to 3.8% in 1999. Research expenditures are relative to GDP higher than in the US and is today among the highest in Europe and well above the US. Sweden is ranked first in the set of 16 growth drivers. It had a good position already at the start, but enforced it to a larger degree than all other countries except Finland. It is among the top 3 countries in 15 indicators and leads in seven.

Economic growth rebounded, and over the past ten years (1996 to 2005) growth of the GDP is one of the highest in Europe. Specifically high is the growth of output and productivity, with the strongest results in manufacturing and here again specifically in the telecom industries. Sweden is still a leading welfare state, and a high tax country. It has some features not expected a priori from a country with strong government: corporate taxes are rather low, labour market is flexible insofar as wages react to unemployment; pre-tax incomes differences are rather large (the low differences in final incomes originate from taxes and transfers). Sweden invests in active labour market policies, with carrot and stick strategies of obligations and training. Social expenditures to GDP declined – mainly due to less expenditures on passive measures since unemployment decreased – and are still 5% above the EU average after a ten percentage point difference in the early nineties. The overall tax rate is above the EU average by 14 points, corporate taxes were decreased from 30% to 28%, and are 2.5 points below the EU average. The most impressive part of the strategy is the high and increasing investment in research, in education and in telecom expenditures. Sweden is today among the top 3 countries for 15 out of 16 drivers of growth and has surpassed the US for example in research expenditures. The echo of the past devaluation is reflected in the below European real GDP per head.

Figure 4: Investment into the future
Expenditures in R&D, education and ICT as a percentage of GDP



Source: Eurostat, Structural Indicators.

4. The recurrence of some problems

Swedish growth is remarkable high and stable. Economic growth amounted to 2.7% in 2005 and 4.0% in 2006; forecasts for 2007 are higher than for the European average. GDP per capita, which had been only 4% higher in 1998 is now again 13% ahead (2006; see figure 1). This is still far from the 30% lead in 1960, but an impressive turnaround. Unemployment rate is 7.3%, slightly lower than in EU average (7.9%) but far higher than the best performing countries (Denmark, Netherlands, United Kingdom, Austria); youth unemployment rate is 22,6% (2005), one of the highest in Western Europe (*Swedish Government*, 2006, p. 52), rank 12 in the EU 15.

In general some of the incentive problems in the comprehensive social system are not solved and some have recurred lately, *OECD* (2005) monitors that

- the employment rate specifically of males had not yet recovered to its 1990 peak, due to longer education, late entry and low rates of immigrants
- Sickness and disability absences are much higher then in most OECD countries, mainly because sickness benefits are generous and easy to get
- Unemployed people would get back faster to work if the unemployment insurance and Activity Guarantee Programmes were overhauled (and the "last in first out" rule in dismissals were softened).

Now we have to recall that the OECD was always critical to the Swedish economic policy, since it did neither follow the free market approach, as propagated in the OECD Job Study nor the usual recommendation of the Paris Consensus (mimicked as "deregulate and wait" in *Aiginger*, 2006). But even observers adoring the Swedish attempt to reconcile welfare with efficiency and full employment, have to admit, that keeping an economy with high social (and ecological) responsibility competitive needs a careful design of incentives at the margin, stringent incentives to work and offers to re-qualify. In other words a constant reform to encourage activity rates and to react quickly to changes in demand is necessary in a comprehensive social system.

Signs of strain are also seen in the budget balance. Though much better than in most other European countries, the structural[2] surplus of the budget is below its target of 2% of GDP in the "best" years of the business cycle. The OECD calculates that Sweden is for several years by

[2]. Actual budget surplus amounted to 2.7% in 2006 and is forecast to amount to 2.2% in 2007.

about half a percentage point below its target. Public sector reforms – though again admirable because of its top down budget process and multi year expenditure ceiling – does not rely on outside competition and benchmarks. Public financing still implies public production (*OECD*, 2005, p. 32).

As far as sickness and disability schemes are concerned, the old problem seems to recur. ‘On a normal day nearly one fifth of potential work force is on sick leave or receiving a disability benefit’ (*OECD*, 2005). The sickness rate had been higher first, and then declined inter alia by shifting the financial load to the firms, and cancelling the payment for the first day off. But it returned to its all time high recently (edging back in the business upswing as of 2006). Government has set the target of halving the number of sick listed people by 2008. Increasing the burden for firms (either for paying a share of the expenses, or by experience rating) will be one instrument, making extensions of sickness certificates more difficult (for instance not over telephone) and encouraging a culture of mutual obligations are solutions. Sickness shall not focus on the capacity to work in the past job, but to work in general.

The replacement ratio in the unemployment insurance, which amounted to 80% and is one of the highest in Europe, is planned to be lowered after 200 days, and it will then after 300 days switch into a job or qualification guarantee. The precondition for unemployment insurance is raised from 70 to 80 hours work per month and the period for meeting this minimum is extended to one year. Social contributions will be increased, with part-time workers paying the same amount as full-time workers. These changes follow the policy mix in Denmark (with more obligation and more offers to help). A carrot and stick strategy had been applied very softly in Sweden up to now. This had prevented to reduce the unemployment to the Danish level.

Table 2: Investment into the future: Sweden surpasses USA

	1992	2003	1992-2003
	In % of GDP		
Scandinavian Model	***14.2***	***17.0***	***2.8***
Denmark	14.4	17.7	3.3
Finland	13.9	16.8	2.9
Netherlands	13.3	14.3	0.9
Sweden	15.6	20.7	5.1
Continental Model	***11.6***	***7.9***	***-3.7***
Germany	12.3	8.6	-3.7
France	12.2	8.1	-4.1
Italy	9.7	6.5	-3.3
Belgium	10.4	8.4	-2.1
Austria	12.1	8.6	-3.5
Anglo-Saxon Model Europe	***10.8***	***10.0***	***-0.8***
Irland	12.7	10.9	-1.8
United Kingdom	10.7	9.9	-0.8
Mediterrean Model	***9.2***	***6.5***	***-2.7***
Greece	7.8	5.9	-1.9
Portugal	9.4	7.8	-1.6
Spain	9.4	6.4	-3.0
Anglo-Saxon Model Overseas	***12.3***	***15.0***	***2.7***
USA	12.3	15.0	2.7
EU 15	***11.6***	***13.6***	***2.0***
Japan	7.0	11.1	4.1
EU 15/USA	0.95	0.90	-0.05

Source: OECD (MSTI); Eurostat.
As to sub-aggregates weighted average over countries; EU 15 weighted.

5. Towards a new European Model: a tentative sketch of its features

As for institutional structures and policies, the strategies of the most successful European countries (Denmark, Finland, and Sweden) show some elements which may encourage to speak about a Reformed European Social Model. Some of the features of a New European Model and its difference to the traditional model are summarised in Table 3.

Table 3: The Old Welfare Model versus a New European Model of a Reformed Welfare State

Old model of European Welfare	The Reformed European Model
Welfare pillar	
Security in existing jobs	Promoting mobility, assistance in finding a new job
High replacement ratios	Incentives to accept new jobs (return to labour force)
Structural change in existing firms (often large firms)	Job creation in new firms, service, self employment
Comprehensive health coverage, pensions, education	Coverage dependent on personal obligations
Regulation of labour & product markets	Flexibility as a strategy for firms and as a right for employees
Focus on stable, full-time job	Part-time work as individual choice (softened by some rules)
Early retirements	Encouraging employment for elderly workface
Policy pillar	
Focus on (price) stability	Focus on growth and new technologies
Asymmetric fiscal policy (deficits)	Fiscal prudence (but flexible in crisis)
Incentives for physical investment	Research, education, and new technologies are the basis
Subsidies for ailing firms (public ownership)	Industrial areas, university nexus
Industrial policy for large firms	Start ups, venture capital, services
Local champions, permissive competition policy	Enforce current strengths (cluster and regional policy) and competition

The new Reformed Model, as represented by successful policy reforms, differs from the old Welfare State in the following ways:

- The social system remains inclusive and tight, but benefits increasingly are made contingent on certain obligations; replacement rates are lower than they used to be in order to provide stronger incentives to work but still high by international standards.
- Taxes are relatively high, but in line with expenditure, aiming at positive balances in the medium term, to cover future pensions and to repay current debt; business taxes are relative low as compared to personal taxes, and the tax wedge for low incomes is kept rather low.
- Wages are high, but the position of the individual is not guaranteed, as business conditions vary. The assistance and training opportunities offered to people who lose their jobs are personalised, less bureaucratic and less centralised. The public services are complemented by private agencies.
- Welfare-to-work elements have been introduced, generally on a decentralised – sometimes even private – basis; the background philosophy being one of giving help without incriminating the unemployed for being inactive.

- Part-time work and the adaptation of work to lifecycles are encouraged – not prevented. Social benefits are extended pro rata to part-time work, which is valued as a right of the individual and as an instrument of personal choice, rather than a fate preventing gender equality.
- Technology policy and the adoption of new technologies, rather than the subsidisation old industries, are a precondition for the survival of the Welfare State, and lead to more challenging and more interesting work.

Nevertheless, the new European Model also differs from the United States Model in at least the following ways:

- Even where welfare costs are streamlined and incentives improved, the welfare system offers comprehensive insurance against economic and social risks and a broad coverage of health risks.
- Environmental and social goals, as well as the equity of income distribution and the prevention of poverty remain high on the political agenda.
- Government and public institutions play a proactive role in promoting innovation, efficiency, structural change, higher qualifications and lifelong learning. Public institutions also provide the largest share of education and health care, which is open to all residents, of high quality and available at affordable rates.
- Social partners (institutions representing employers and employees) negotiate wage formation, develop labour laws and co-determine economic policy in general.
- Government is large and taxes are high, even if there are mechanisms to limit increases in spending and goals for achieving a sound fiscal policy ('fiscal rules') in periods of high demand. Firms are partly sheltered from high tax rates; there are high taxes on consumption and specifically on energy.

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