

markets more," he says. "Right and left on these issues is not the way." However, as Pagrotsky knows, there is little appetite in Sweden for a scorched-earth assault on what is still a generous cradle-to-grave welfare state. Even a conservative economist like Anne Wibble of the Federation of Swedish Industries says: "We are not going to change the core of our ideas about public financing that provides a good welfare system."

Stockholm is not Wall Street circa 1988, a zone of unabashed greed. In a city where the (privatized) subway system is wired so you can use your mobile phone underground, practicality trumps flash. A Ferrari-Maserati dealership opened last year, but the parking lots of dot-coms around town are not spilling over with flashy cars. In fact, you're more likely to find corridors and cloakrooms filled with mountain bikes. Jonas Svensson has shelled out money for

furniture designed by Eames and Saarinen in his offices, but he still gets to and from work on his bike. "And it's not even a mountain bike," he says. Jonas Birgerström travels by train and still keeps a sleeping bag in his office in case he has to stay over. He has been agonizing for months over whether to *buy* a car, any car. The betting around the office seems to be on a Volvo. Practical man: Volvo is one of his clients.

With GINANNE BROWNELL

'Entrepreneur's Disease'

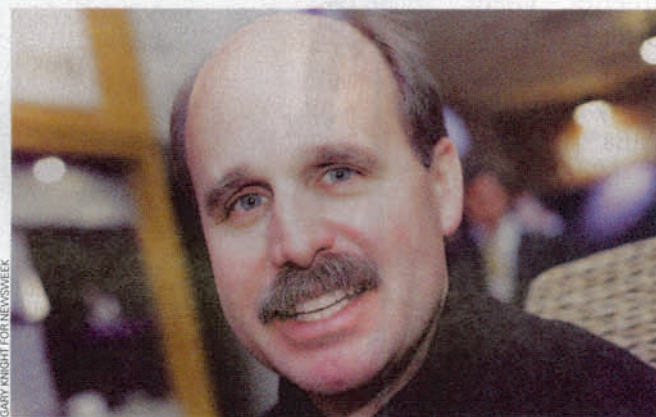
A noted futurist answers the question: why Sweden?

PAUL SAFFO IS A TECHNOLOGY forecaster and director of the Institute for the Future in Menlo Park, California. In his work, he has been traveling to Stockholm since 1987. He is a technical adviser to several U.S.-based technology companies, including AT&T and Viant, and sits on the board of directors of the Swedish Internet consultancy Framfab. In recent weeks Saffo and NEWSWEEK's Stryker McGuire discussed the Swedish IT business via e-mail. Excerpts:

McGUIRE: Paul, when I visited Stockholm, every third person I met said, "Hello, here's my business card and, by the way, I started up this company three weeks ago." What's the story?

SAFFO: You begin to wonder: is it something in the water? It really feels like Silicon Valley—though to be exactly like the Valley, the business cards have to have something out of date on them. If you stay put long enough to have completely current cards, you really aren't a player.

Entrepreneur's disease is rampant in Stockholm. It is still somewhat puzzling why this burst of Internet innovation took off there, but it is definitely the most vibrant hotbed of Internet innovation any-



Saffo says Stockholm is the hottest Net spot outside the U.S.

where outside of the United States. There is a growing sense that for dot-com companies moving into Europe, Sweden is a much more important portal than anywhere else, including England and Germany. Stockholm in particular and Sweden in general have several crucial factors in common with Silicon Valley. It is a small place, and people know each other and are always bumping into each other. In Sweden everyone graduates from one of a relatively small number of schools, and lives and works in close proximity. Sweden also has high computer usage and a technology-inclined populace. In the late '80s and early '90s, it seemed that more than any group of Europeans, the Swedes were coming to Silicon Valley. This

contrasted starkly with others who almost seemed hostile to anything in Silicon Valley because it was "American."

But Sweden is also quite unlike Silicon Valley in some ways. The biggest is that Swedes are very uncomfortable with new money, and especially conspicuous consumption. Of course, even if they wanted to consume, the Swedish tax structure would make it hard to have enough left over to be conspicuous with. I think the motivations are much like Silicon Valley in its early days—the desire to achieve what the establishment says is impossible, and to change the world.

One entrepreneur I talked to said start-ups are a kind of rebellion.

My experience is that Swedish dot-com entrepreneurs are much more respectful of their elders than entrepreneurs in Silicon Valley. The real reason that Sweden took off has much more to do with initial conditions. Its citizens have always been open to trying new technologies. It has always had comparatively low-cost telecommunications even back in the monopoly days, and those costs got even cheaper when deregulation began in the late '80s. And as Mattias Soderhielm (an exec at Framfab) observed to me, Sweden also benefited enormously from the fact that Swedish universities adopted TCP/IP (the protocol at the heart of the Internet) early on, when the rest of European institutions were standardizing on OSI [another protocol]. This meant that unlike the rest of Europe, Sweden was turning out a very large number of graduates who understood the Internet at a deep technical level—and, by virtue of hanging out on the Net, also understood its culture.

Do you see any sign that high-tech success will turn Swedes into flashy, greedy capitalists? Sweden's "show no chrome" philosophy runs deep. I don't expect to see Swedish dot-com CEOs riding around Stockholm in BMWs, Ferraris and Harleys any time soon. But there may be a change as the dot-com generation comes into its own. The company heads certainly are as restrained as their elders, but some of the new money at the fringes may be getting a bit flashy.