

# COPE

Combating Poverty in Europe

## Work Package 5 – the national arena for combating poverty

# National report: Sweden



**LUND**  
UNIVERSITY

Anna Angelin, Håkan Johansson, Max Koch, Alexandru Panican  
Lund University, School of Social Work

Deliverable D5.5

FP7 project ‘Combating Poverty in Europe: Re-organising Active Inclusion through Participatory and Integrated Modes of Multilevel Governance’

Grant Agreement no. 290488

Coordinating Organisation: Carl von Ossietzky Universität Oldenburg (CETRO)



This project is funded by the European Union under the 7<sup>th</sup> Framework Programme

## Contents

Figures.....	3
Tables.....	3
Abbreviations.....	3
Foreword.....	4
Introduction.....	5
1. The changing demand for minimum income since 1990 .....	6
1.1. Structural drivers of increasing demand for minimum income protection .....	6
1.1.1. The protective capacity of unemployment insurance .....	6
1.1.2. The protective capacity of employment.....	8
1.1.3. The protective capacity of the family .....	12
1.2. The impact of the economic crisis since 2007 .....	14
2. Institutional and Policy Legacies in National Anti-Poverty Policy .....	17
2.1. The minimum income protection architecture in the mid-2000s .....	17
2.1.1. The development of the role of means-tested provision in the national social protection system since 1945 .....	17
2.1.2. The structure of minimum income provisions for working-age people .....	18
2.2. The extent and structure of ALMP in the mid-2000s.....	19
2.3. The extent and structure of other services of potential relevance to working-age minimum income claimants in the mid-2000s .....	22
2.4. Governance of minimum income provision and related services in the mid-2000s .....	23
2.1.1 Administration and policy making.....	23
2.1.2 Delivery.....	25
3 The Dynamics of Active Inclusion Reform .....	28
3.1 The political construction of the reform agenda .....	28
3.2 Policy legacies and feedbacks .....	31
3.3 Institutional constraints and opportunities .....	32
3.4 The EU's influence on national-level policy development.....	34
4 The National Policy Framework for Active Inclusion .....	37
4.1 The structure of minimum income rights .....	37
4.1.1 Institutionalization .....	37
4.1.2 Benefit structure and generosity .....	39
4.1.3 Benefit administration (see also 4.1.1 and 4.1.2).....	40
4.2 The activation of minimum income claimants .....	40
4.2.1 Personalization.....	40
4.2.2 Conditionality .....	41
4.2.3 Service provision .....	42
4.3 The organisation of active inclusion delivery systems .....	43
4.3.1 Structure and operation of lead agencies, inter-agency coordination .....	43
4.3.2 Marketization .....	45
5 Assessment .....	47
5.1 A national strategy?.....	47
5.2 A strategy for all working-age groups?.....	47
5.3 A multi-dimensional approach to working age poverty? .....	48
Conclusion .....	50
References.....	52

## Figures

Figure 1 Replacement rate of sickness insurance after taxes (1920-2010) in terms of average worker's income.....	7
Figure 2 Replacement rate after taxes of unemployment insurance (1920-2010) in terms of average worker's income .....	8
Figure 3 In-work poverty in Sweden and selected EU countries.....	11
Figure 4 Share of single parent households in all households (Sweden and selected EU countries).....	12
Figure 5 Poverty of single parents in Sweden and selected EU countries.....	13
Figure 6 Unemployment by age groups: 25-74 and 15-24 years.....	15
Figure 7 Governance map of minimum income service provision.....	24
Figure 8 Minimum Income Service Provision in Malmö .....	26

## Tables

Table 1 Selected Labour Market Indicators.....	10
Table 2 Self-employment as percentage of employment (15-74 years) .....	10
Table 3 Employment rate (overall and by age), (long-term) unemployment rate .....	14
Table 4 Poverty: total and by age, gender, household and employment characteristics .....	15
Table 5 Social assistance indicators 1991-2011 .....	19
Table 6 Expenditure on labour market policies .....	20

## Abbreviations

**The National Board of Health and Welfare** (Socialstyrelsen) observes, analyses and give further instructions to local authorities on how to interpret the Social Services Act, yet without having any legal mandate to impose changes ([www.sos.se](http://www.sos.se))

**PES Public Employment Services** (Arbetsförmedlingen) is the national and central state funded and administered employment service, responsible for job-seeking, matching those who need employees with jobseekers ([www.arbetsformedlingen.se](http://www.arbetsformedlingen.se))

**The Swedish Social Insurance Agency** (Försäkringskassan) is responsible for administering national social insurance benefits and provides financial protection for families, children, disabled persons, illness and old age ([www.fk.se](http://www.fk.se))

**SAF – Svenskt Näringsliv – The Association of Swedish Companies**: represents 60,000 small, medium and large size companies across 49 sectors ([www.svensktnaringsliv.se](http://www.svensktnaringsliv.se))

**SKL** (Sveriges Kommuner och Landsting): the Swedish Association of Local Authorities and Regions represents the governmental, professional and employer related interests of Sweden's municipalities, county councils and regions (<http://english.skl.se/>)

**The Swedish Trade Union Confederation** (Landsorganisationen – LO): the central organisation for 14 affiliates which organise workers within both the private and the public sectors. The 14 affiliates together have about 1.500.000 members of whom about 693.000 are women. ([www.lo.se](http://www.lo.se))

**UI**: Unemployment Insurance

**VET**: vocational education and training model.

## Foreword

Reducing poverty and social exclusion is one of the main challenges for ensuring social cohesion in Europe. The research project COPE – Combating Poverty in Europe: Re-organising Active Inclusion through Participatory and Integrated Modes of Multilevel Governance’ – analyses trends in poverty and social exclusion in Europe, and examines the dynamics of minimum income protection policies that potentially help alleviate the risk of poverty in Europe. A particular focus is on the situation of single parents, long-term unemployed and the working poor, who face particular risks of poverty and social exclusion. To what extent have minimum income policies functioned as last resort social security for these three groups, and in what sense can ‘active inclusion’ policies credited with protecting them from poverty and social exclusion?

Co-financed by the European Commission in the 7th Framework Programme, the COPE project unites researchers and stakeholders from six European countries, the UK, Italy, Poland, Sweden, and Norway. Having started in February 2012, COPE runs over a three-year period. COPE’s method is comparative – analysing developments in five European countries (Poland, Germany, UK, Sweden and Italy). Its focus is inherently multi-level, looking in turn at developments at European, national and local level.

The present report is part of COPE’s effort to uncover the dynamics of national level policy reforms in the area ‘active inclusion’, namely reforms affecting national policies that specify the adequacy of minimum income benefits, the provision of employment services, as well as the organisation of access to social services. It focuses particularly on the three groups; single parents, long-term unemployed persons, as well as the working poor.

The present report is complemented by national case studies covering developments in the other four countries. It feeds into a comparative report on similarities and differences in the development of minimum income protection across Europe, to be published later in 2013.

## Introduction

There is a significant variation in how the various key challenges in relation to the ‘active inclusion’ targets of the Europe 2020 strategy are addressed. While major European countries such as Germany have carried out qualitative changes in their institutional architecture of social protection and minimum incomes schemes (MIS), Sweden is generally regarded as a case of institutional inertia. Summarizing the first results of the Swedish team of the FP7 project *Combating Poverty in Europe*, the report assesses the cogency of this argument at the example of recent trends in governance and delivery of minimum income protection (MIP), that is, in the Swedish context, of social assistance. It scrutinizes the existing national level framework – relevant welfare delivery institutions and their coordination and cooperation – with respect to the pursuit of the social inclusion agenda. The report furthermore delineates relevant policy developments since the 1990s by focusing on marketization and decentralization trends and on the division of labour in the delivery of welfare and, particularly, MIS between different institutions, authorities and external actors on the national and local level. Statistical data on labour market and social protection indicators are also presented. Furthermore, the report evaluates 16 qualitative interviews on these developments with national level representatives of government, opposition, social partners and voluntary sector.

Our main argument is that the institutional structure of minimum income schemes at national level – the social assistance system – has indeed remained largely intact. However, we also argue that an exclusive focus on social assistance would disguise the changes in the function of social assistance that are due to changes in other areas of welfare delivery, namely labour market policies: from an original security system of last resort for individuals in a temporary crisis situation and/or with complex and multiple disadvantages into one that permanently provides income protection in circumstances where the remaining welfare system is downsized. In conclusion we agree with our respondents that nothing is fundamentally wrong with the social assistance system per se but that the neighbouring pillars of the welfare system, namely the unemployment and sickness insurance system, cover people increasingly insufficiently so that there is an increasing burden on the social assistance system. The report also points to substantial deficits in the coordination and cooperation of different agencies and actors involved in welfare delivery and MIP, which together have the potential of seriously undermining an efficient application of the active inclusion agenda in Sweden.

# 1. The changing demand for minimum income since 1990

## 1.1. Structural drivers of increasing demand for minimum income protection

### 1.1.1. *The protective capacity of unemployment insurance*

Sweden has a so-called Ghent system of unemployment insurance (UI), that is, unemployment funds run by the trade unions. There are 32 private unemployment insurance funds, which must all be approved and registered by the Unemployment Insurance Board. The UIs are funded by tax revenues and membership contributions. Though membership in an UI is not compulsory for employees, being a member for at least 12 months prior to unemployment is a requirement for receiving income-related benefits. In the context of the recession of the early 1990s, the Social Democratic government changed the income protection system for unemployed persons several times. In particular, the government tightened the conditions for receiving UI and curtailed recipients' chances of renewing their entitlement to UI through participation in different forms of labour market programs. The government also imposed stronger demands on the unemployed in terms of geographical and occupational mobility. Formal replacement rates decreased (Johansson 2001b and 2006a).

The present conservative-liberal government made the reform of the UI a major task for its first period in office. Implemented changes included the increase of waiting days, the necessity for unemployed persons to accept any job throughout the labour market from the first day of unemployment, and the reduction of compensation from day 200 of unemployment. The protective capacity of the UIs was also affected by governments' 'neglect' of changes. For example, the maximum replacement level of UI was not increased since 2002. At the same time, higher financial burdens were placed on the different UI organizations. The aim that these should become more or less self-financing based on membership fees implied that the cost for unemployment protection grew dramatically for certain labour market groups, specifically for those with high risks. This led to an involuntar<sup>2</sup> exit for many low-income members who were too financially strained to prioritize substantially elevated member fees.

Presently, unemployed persons are entitled to unemployment benefits, if they fulfil the following *basic job search conditions* defined by the Public Employment Services (PES). The unemployed must demonstrate:

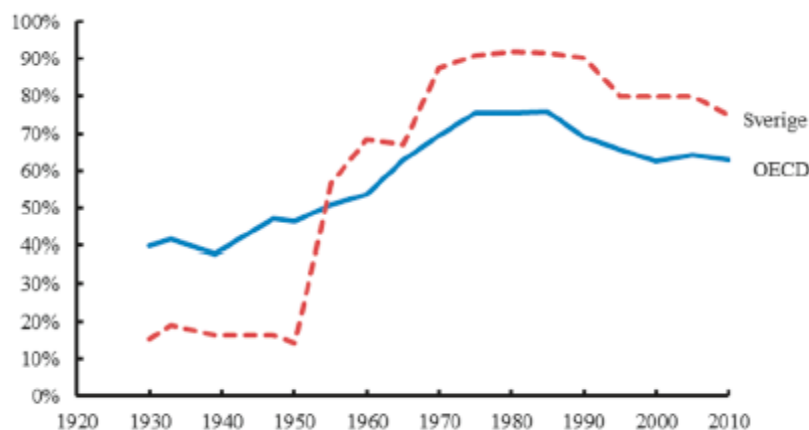
- i) ability to take an offered job and work for at least 3 hours a week or at least 17 hours a week;
- ii) readiness to accept an offered job (unless formal exceptions are approved by the PES);
- iii) to be registered as formally unemployed at the PES;
- iv) willingness to participate in the development of an individual action plan and activity in seeking a suitable job and in participating in a labour market training programme assessed as suitable by the PES ([www.arbetsformedlingen.se](http://www.arbetsformedlingen.se), accessed 2012-05-28).

To be eligible for the UI implies to have been a member of an UI fund for at least twelve months. Unemployed persons who do not meet these membership conditions are entitled to the less generous unemployment assistance if they are at least 20 years old. Moreover, it is

necessary to have worked at least 80 hours per month during at least six months or at least 480 hours during six continuous months with at least 50 hours per month. Benefits are paid in equivalence for up to 300 working days (420 calendar days). Benefits can be extended to up to 150 additional days for those unemployed with children below 18 years. There is also a waiting period of 7 days at the start of a new unemployment spell. Unemployed workers who are not members of a registered UI fund but meet all other conditions are entitled to a basic insurance benefit, which amounts to 320 SEK a day for a person who has worked full time. The income related unemployment benefit amounts to 80 percent of previous earnings (for the first 200 days) and, for the remaining period, to 70 percent of previous income; the minimum amount is 320 SEK a day and the maximum amount 680 SEK a day. The maximum amount translates into a total replacement benefit of 18,700 SEK a month before tax. After expiry of the maximum benefit duration, unemployed persons receive 65 per cent of their previous income, if they participate in the labour market program *Job and Development Guarantee*. Special conditions apply for the young unemployed, who receive the maximum benefit rate of 80 percent only in the first 100 days of unemployment. It is then reduced to 70 percent and drops to 65 per cent from day 200. Young people, who are neither entitled to the income-related benefit nor unemployment assistance and have completed upper second education, receive 135 SEK a day (Tatsiramos & van Ours 2011).

Ferrarini, Nelson & Palme (2012) compared Sweden and the OECD in terms of actual replacement rates in cases of sickness and unemployment and found that the Swedish income protection system has ‘fallen from grace’. While it displayed slightly higher replacement rates in terms of sickness insurance, it now features lower replacement rates in terms of UI than the OECD average.

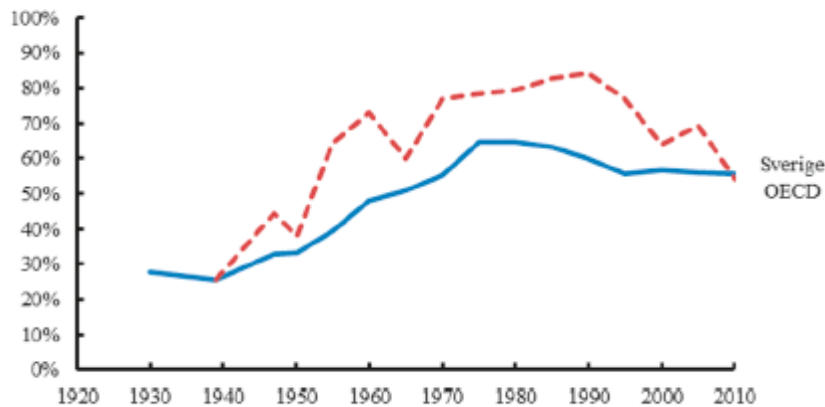
Figure 1 Replacement rate of sickness insurance after taxes (1920-2010) in terms of average worker’s income



Source: Ferrarini et al. 2012.

Figure 2 Replacement rate after taxes of unemployment insurance (1920-2010) in terms of average worker's income

c) Arbetslöshetsförsäkring



Source: Ferrarini et al. 2012

In summary, the generosity of the Swedish UI has decreased considerably over time (Figure 2). Key policy reforms or the neglect to reform have crucially contributed to this. The fact that the maximum ceiling was not increased not only implies that the actual replacement rate does not follow price and wage increases, but also that a large proportion of the unemployed population receive less than 80 percent of their actual income from the UI. This development was accompanied by a series of tax cuts for the employed (*jobsskatteavdrag*). Arguably, if reforms in the 1990s were driven by financial and economic crises, more recent reforms followed more explicitly ideological concerns in terms of shifting risks and responsibilities from the state onto individuals.

### 1.1.2. The protective capacity of employment

Until the 1980s, Sweden's employment system was based on central collective bargaining, which was designed to achieve wider normative goals such as full employment and wage equality. The wage determination process comprised of central wage negotiations between employers' organizations (Svenskt Näringsliv, SAF) and trade unions (Landsorganisationen, LO), sector level bargaining on the application and adjustment of the central agreements, and company-level negotiations on any remaining details (Pestoff 2005).<sup>1</sup> The state, mostly represented by Social Democratic governments, played an active and engaged role in bringing about the 1938 Saltsjöbaden Agreement, the institutional basis of the new socio-economic model (Koch 2005). Subsequently, governments could withdraw from the management of wage bargaining, which was increasingly carried out in the form of bipartite bargaining between strong unions and a highly centralized employer organization. As state intervention into wage determination procedures became increasingly unnecessary, governments supported the general growth strategy through complementary labour market and welfare policies. Active labour market policies stimulated, *inter alia*, geographical mobility and retraining, and were therefore always 'supply-oriented'.

<sup>1</sup> For most unions there is a counterpart employers' organization for businesses. The unions and employer organizations are independent of both the government and political parties, although the largest federation of unions, the National Swedish Confederation of Trade Unions (LO), always has maintained close links to the largest political party, the Social Democrats.



Both wage determination and the role of the state appeared to change dramatically in the early 1990s, when a Center-Conservative government deprioritized the ideal of full employment in favour of other economic considerations such as price stability and the reduction of the budget deficit (Koch 2006: 71-3). Policy proposals focused on strengthening the role of the company-level in wage determination and improving the competitive position of the employers. Employers' taxes and contributions were reduced, fixed-term employment contracts were facilitated, and welfare entitlements were reduced (Pontusson and Swenson, 1996). The Swedish Employers Association (SAF) withdrew its representatives from tripartite boards in 1991 (Pontusson 1997). However, the program was not carried out in the way envisaged by the Conservative government of that time. Fears that the 'Swedish model' would collapse completely and would be replaced by one based on uncoordinated bargaining at company or individual level were not realized.

In 1994, once again it was an active state that initiated the reorganization of the wage determination process and wider development strategy. After a brief period of uncoordinated decentralization of collective bargaining including the withdrawal of the employers from tripartite boards, both the trade unions and the Social Democratic government, which had been voted back into power, convinced the SAF to return to collective bargaining, which was now to take place mainly at sector level (Table 1). The Central Bank, which was made formally independent in 1993 but continued to be linked to the government's positions through its representatives on the board of the bank, supported sectoral wage developments from a more general perspective with a complementary interest rates policy. A further method supported by the government, which, if necessary, influenced the wage determination process, was the introduction of an 'arbitration institute', where all labour market parties were to be represented. This new institution was given the power to intervene in wage bargaining in the case of its outcome being assessed as unfavourable for general socio-economic development. Its main function, however, was to create and enforce a common basis for negotiation before actual bargaining rounds began. Employers signed up for the new system of wage determination as they viewed it to be part of a wider strategy.

By international comparison, employment protection (measured as *Employment Protection Legislation* by the OECD) has been at the relatively high level of 2.86 for the last two decades (Koch 2013). Since 1993, when EPL decreased from 2.90 to this level, there were no changes. Over 70 percent of the Swedish labour force was unionized in 2008, which is a high rate in comparative perspective. However, membership is decreasing fairly rapidly. The Union Density rate (UD, Table 1), which expresses net union membership as a proportion of wage and salary earners showed an upward tendency until 1994, when UD peaked at 87.4 percent; thereafter UD has fallen continuously to 68.9 percent (a level just slightly under 1960, when it stood at 71.1 percent).

The transition from national level wage bargaining to sector-level bargaining with additional local or company bargaining is also reflected in the *Coordination of Wage Bargaining (WCoord)* index (Table 1). Until the 1980s, economy-wide bargaining predominated based on enforceable agreements between the central organization of unions and employers or on government imposition of a wage schedule, freeze or ceiling. Thereafter, industry or sector level bargaining with no or irregular pattern setting, limited involvement of central organizations but also limited freedoms for company bargaining became more common. *Government Intervention in Wage Bargaining (Govint)* has mostly been interpreted in terms of providing an institutional framework of consultation and information exchange, thereby supporting and extending private sector agreements, and/or conflict resolution mechanisms

that link the settlement of disputes across the economy e.g. through the mediation of state arbitrators. Only in crisis years such as 1991 did the government directly participate in wage bargaining (Table 1).

**Table 1 Selected Labour Market Indicators**

<b>Year</b>	<b>UD</b>	<b>Level</b>	<b>WCOORD</b>	<b>GOVINT</b>
1960	72.1	5	5	2
1965	66.3	5	5	2
1970	67.7	5	5	2
1975	74.5	5	5	2
1980	78.0	5	5	2
1985	81.3	4	4	4
1990	81.5	3	3	3
1995	86.6	3	3	2
2000	80.1	3	3	2
2005	76.0	3	3	2
2010	68.9	3	3	2

**Source:** Visser (2011)

#### *Share of people in part-time employment and in self-employment*

The percentage of part-timers in the total workforce increased from 19.5 percent in 2000 to 24.7 percent in 2005 and 26.4 per cent in 2010 (Eurostat: online data codes: tps00159, ifsa\_e2gis). Part-time employment among men amounted to 9.1 per cent in 2000, 10.3 per cent in 2005 and 12.2 per cent in 2010. Among women, part-time employment is more prevalent amounting to 35.7 percent in 2000, 39.2 percent in 2005 and 39.7 percent in 2010 (Eurostat 2012; Furåker 2013). The percentage of self-employment in the total workforce decreased slightly over the last two decades. In 1995 the share of the work force was 11.7 percent and in 2011 the self-employment rate amounted to 10.3 percent (Table 2).

**Table 2 Self-employment as percentage of employment (15-74 years)**

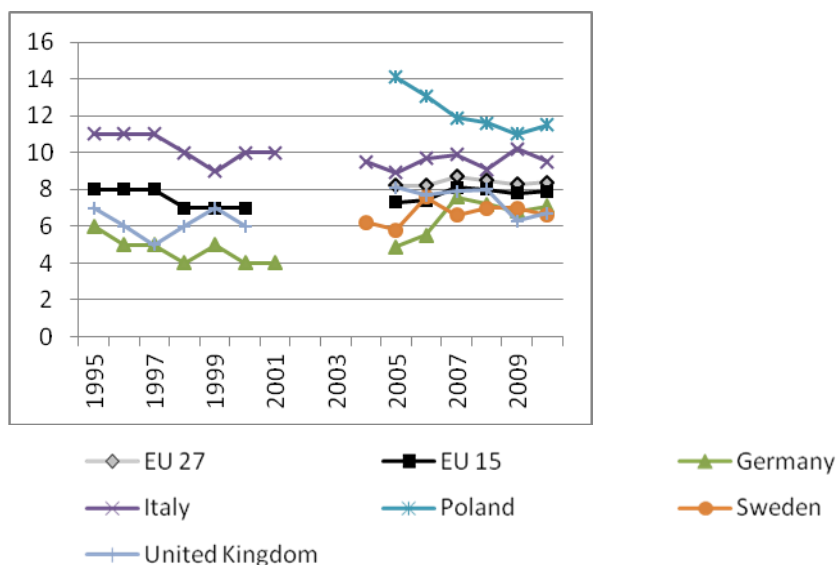
<b>1995</b>	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2011</b>
11.7	10.6	10.3	10.7	10.3

**Source:** Eurostat (ifsa\_egaed and ifsa\_egaed data bases), accessed on 20/04/2012.

#### *In-work poverty*

The percentage of in-work poverty as a share of total employment oscillated between 6 and 7 percent between 2004 and 2010 (Figure 3). By European standards, this is relatively low (Goerne 2011).

Figure 3 In-work poverty in Sweden and selected EU countries



Source: Eurostat

As a consequence, in Sweden, in-work poverty is not considered a major problem. No specific policies have been launched to reduce the number of the working poor. The majority of the working poor is 30 years old or younger and work more than 30 hours a week. The highest risks for in-work poverty are to be found among people working in agriculture, hotels and restaurants (Goerne 2011). Another group considered to be at high risk of in-work poverty is self-employed people (Halleröd & Larsson 2008). According to Goerne (2011) low-skilled employees, low-wage earners (72.4 percent of the Swedish working poor are low-wage workers), part timers, households with children (particularly with more than one dependent child) and employees working in small workplaces are at higher risks of in-work poverty. Employees on fixed-term contracts have the highest risk of in-work poverty among EU countries (Olsson 2010).

Finally the gender dimension is important: women's participation in the labour market is strong, but women are at a higher risk of receiving low wages and of in-work poverty than men.

#### *Employment and unemployment in the 1990s*

During the economic crisis of the early 1990s, the employment rate decreased from the comparatively high figure of over 80 percent of the work force in 1991 to just over 70 percent in 1994. Unemployment increased from 2 percent to 8 percent between 1991 and 1993. In 1993, the youth unemployment rate stood at 18 percent. In the same period, the number of people in employment decreased by 540,000 persons (Johansson 2001a; 2001b & 2006a; Johansson & Hornemann Møller 2009). Shrinking production, high unemployment and decreasing employment translated into increasing poverty rates during the 1990s. As a consequence, the costs for the social assistance scheme doubled between 1990 and 1997. A further result of the economic and financial crisis of the early 1990s was that, in 1997, more than 400,000 households, or about 10 percent of all households, received social assistance (Socialstyrelsen 1997).

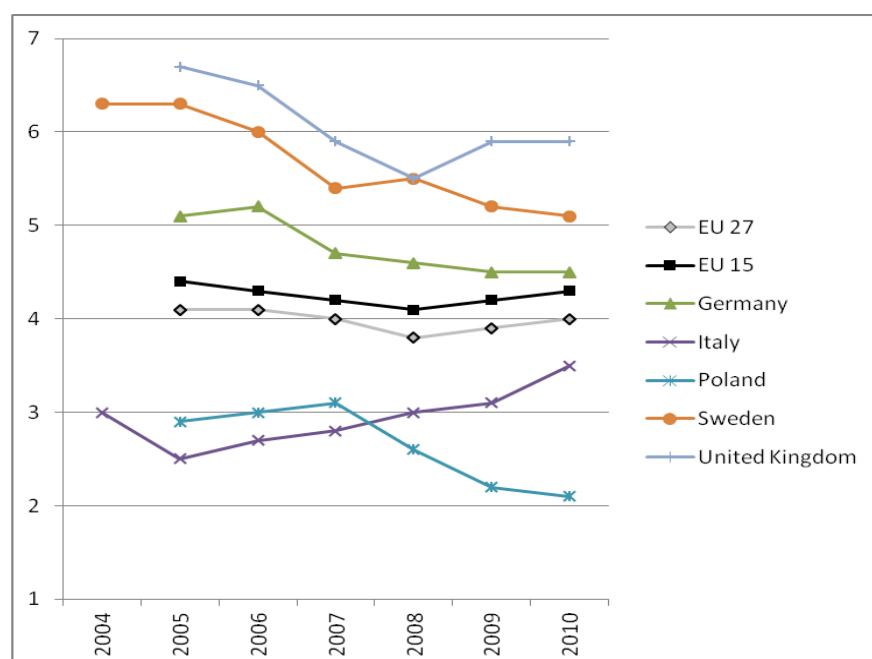
### 1.1.3. The protective capacity of the family

The share of single parent households in all households is comparatively high in Sweden (Figure 4) and the tendency is downward, decreasing from 6.3 to 5.1 percent between 2004 and 2010.

Since most Swedish citizens expect childcare services to be universal, the issue of labour market participation of single mothers is not discussed in a moralizing way. Neither is the division of labour between the roles of the state vs. that of the family in the provision of social protection (e.g. for young persons) a major issue. In fact, the Christian Conservative party is the only political force that argues for a change of the benefit schemes to strengthen the capability of families (that is, especially mothers) to stay at home and take care of young children. Though in government, the influence of this party is limited. Rather often, it finds itself in open contradiction to other parties of the governing right-wing ‘alliance’, particularly the Liberal Party.

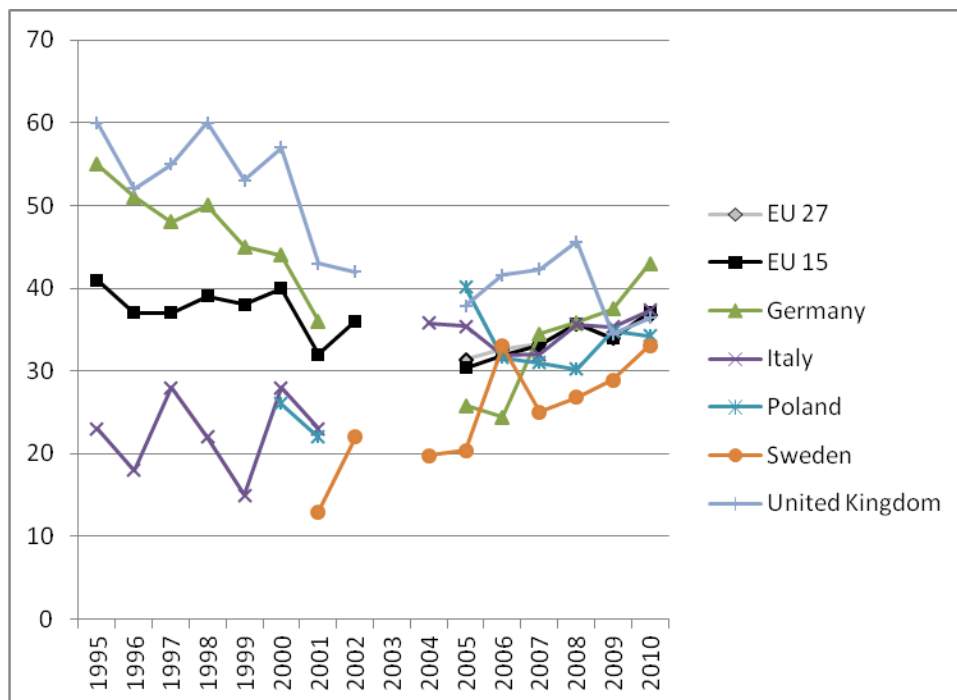
Single mothers have been identified as one of the groups losing out in terms of social and economic resources (Stranz & Wiklund 2011). 20 percent of all mothers were single parents and 60 percent of them had at least one child in 2010 (SCB – Välfärd 2010). On average single mothers earn less, work more often part-time and find it more difficult to establish themselves in the labour market. Single mothers bear a stressed financial situation, are at larger risk of poverty and overrepresented in living on social assistance allowance. Furthermore, the education level of single mothers is lower than that of mothers in a partnership. The average proportion of single mothers receiving social assistance in 2005 was five times than that of mothers in a partnership. Even if the Swedish welfare state provides a supportive environment for single mothers, these still have a 12 percent lower chance of leaving social assistance than the total population. Single mothers are also the group most likely to begin to live on social assistance (Dahlberg et al. 2009).

Figure 4 Share of single parent households in all households (Sweden and selected EU countries)



Source: Eurostat

Figure 5 Poverty of single parents in Sweden and selected EU countries



Source: Eurostat

There are several factors that explain the relatively high proportion of single mothers on social assistance. First, maintenance support levels, which the parent that does not live with the child must pay, hardly increased since the 1990s – a fact that has been severely criticized by single parent advocate organizations. As a result, the maximum maintenance support paid to the parent with whom the child lives is SEK 1 273 per child and month (unless the parents have agreed on a higher compensation); secondly, the poverty reducing capacity of the various social insurance systems policies targeted at families decreased over the last decade. Consequently, the previously equalizing effect of these systems in relation to vulnerable families is less pronounced; thirdly, social rights arising from the social insurance system presuppose previous work experience to an increasingly greater degree. Yet, at the same time, labour market entry and establishment is more and more delayed leaving an increasing amount of parents relying on the flat rate basic level of 225 SEK per day. This is an insufficient income level that often requires social assistance supplement. This is especially prevalent among single parents where no contributing income from a partner is provided.

Single parents can claim unemployment assistance to the same extent as other citizens. If unemployment benefits are insufficient to provide a reasonable living standard, a parent is entitled to apply for ‘top up’ social assistance. During the first year of a child’s life primary caretakers are supported by parental benefits. Yet, as mentioned previously, for those who lack stable work experience these benefits are often insufficient to make ends meet. Parents who stay at home with their children are not entitled to unemployment benefits in this period.

## 1.2. The impact of the economic crisis since 2007

Since the mid-1990s, Sweden enjoyed a sustained economic upswing fuelled by strong exports and rising domestic demand. In the fourth quarter of 2008, Sweden entered a recession. Heavily dependent on exports of autos, telecommunications, construction equipment, and other investment goods, the country was hit hard by the contraction in external demand due to the global financial and economic crisis. As a result, GDP fell 4.9 percent in 2009. Yet in 2010 and 2011, Sweden's GDP grew by roughly 5 percent annually. However, growth projections for the near future were repeatedly revised downward. Sweden entered the 2008 financial crisis with a budget surplus due to prior economic growth and conservative fiscal policy. This allowed Sweden to ride out the crisis better than most other economies (US State Department: <http://www.state.gov/r/pa/ei/bgn/2880.htm>).

Table 3 Employment rate (overall and by age), (long-term) unemployment rate

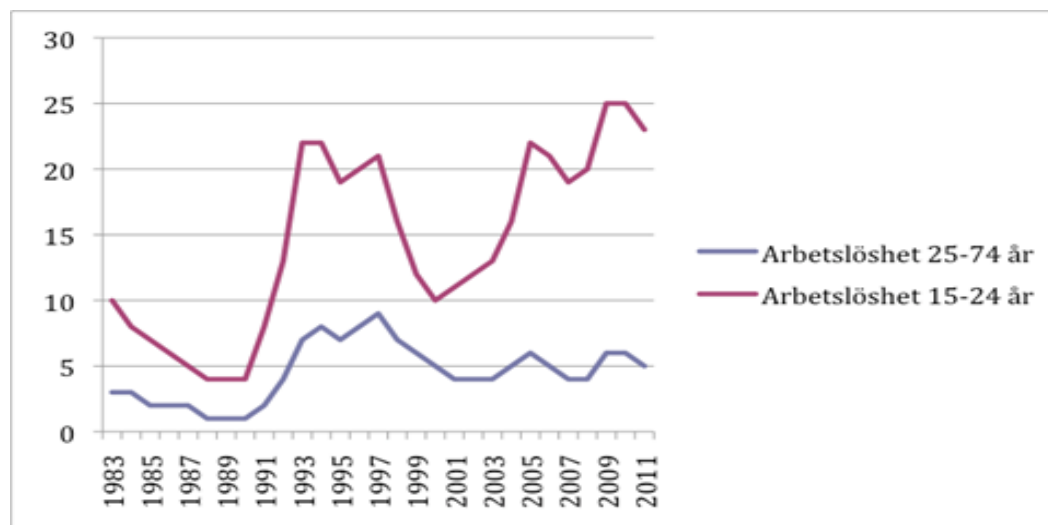
Years	Employment rate total (16-64)	Employment rate youth (19-24)	Unemployment rate (total)	Longterm unemployment as % of unemployment
1995	70,7	36,5	9,0	20,6
2000	71,1	36,9	5,5	30,7
2005	72,5	38,7	7,9	17,8 (2004)
2010	72,7	38,7	8,6	17,8

Source: OECD

Compared to the turbulent 1990s, the 2000s were a more economically stable decade in terms of key labour market indicators. From 2000 and until 2010, the employment rate remained fairly stable at levels between 70 and 73 percent (Table 3). Unemployment rose during much of the 1990s, reaching its peak in 1997 at 10.5 percent. By 2000, it receded to 5.5 percent. Between 2000 and 2010, the unemployment rate increased to 8.6 percent. The long-term unemployment rate had increased from 12.7 percent in 2008 to 17.8 in 2010. However, this is considerably below the EU-15 value at 40 percent in 2010 and also considerably below the Swedish level 2000. Hence, the post-2007 downturn has hitherto been less severe than that of the early 1990s.

Youth unemployment is a serious issue in the Swedish labour market, which is aggravated in the context of the crisis. Not only have youth unemployment – as in many other European countries – been significantly above those of the adult population (Angelin 2009), it has been increasing even during economic upturns. At nearly 25 percent, the Swedish youth unemployment rate is the highest in the Nordic countries and considerably above that of continental countries such as Germany. Moreover, labour market participation for the youngest group (age 15-19) is almost non-existing: Only 0.8 percent of all employed in 2011 were between 15 and 19 years old (SCB 2011). Young people's difficulties to enter the labour market have had consequences for their socio-economic status. A greater proportion of young adults live in relatively scarce economic circumstances compared to two or three decades ago. The poverty rate for young people aged 16–24 was almost 27 percent in 2010. A growing group of young people is also affected by mental ill health and this is aggravated by severe difficulties in establishing themselves in the housing market (Mann & Magnusson 2003; Gullberg & Börjesson 1999).

Figure 6 Unemployment by age groups: 25-74 and 15-24 years



Source: Eurostat.

Overall, poverty increased slightly from 11 percent in 2001 to 12.2 percent in 2010 (Table 4). Poverty among young people has remained considerably higher and increased faster than the average, from 18 percent in 2001 to 26.9 percent in 2010. The gap between youth and overall poverty indicates that relative poverty is partly a temporary phenomenon. Young people have their occupational career ahead of them and therefore earn less than the average. As their careers develop, many of the originally ‘poor’ manage to occupy middle- and upper income ranks, thereby leaving poverty. However, youth poverty increases quicker than the national average, indicating particular labour market integration issues at this life-stage.

Table 4 Poverty: total and by age, gender, household and employment characteristics

Year	Poverty (total)	Poverty (youth)	Poverty (women)	Poverty (men)	Poverty (single persons with dependent children)	Poverty (unemployed)	Poverty (employed)
2000	11	18	10	11	13	26,5	
2002	10	23	10	11	22	26,9	
2005	9,5	23,4	9,2	9,7	20,4	40,5	5,5
2006	11,8	27,3	11,0	12,6	33,0	38,9	7,4
2008	11,5	24,9	11,4	11,5	26,8	26,5	6,8
2010	12,2	26,9	12,4	12,1	33,1	25,2	6,6

Source: Eurostat

There appears to be no significant gender gap in terms of relative poverty (Table 4). By contrast, unemployed persons are four times more likely to be exposed to poverty than

employed persons. This gap remains roughly constant over the years. The most significant changes have occurred with respect to single parents' poverty risk. Not only are single persons the most exposed to relative poverty, this situation is rapidly aggravating over time. While, in 2001, the poverty risk of single parents was just slightly above the national average (13 versus 11 percent), by 2010, the poverty rate among single parents was almost three times as high than that of the national average (33.1 versus 12.2 per cent). This indicates that gender poverty – in combination with the household status – is an important factor behind poverty, since much more single households with dependent children are headed by women than by men.



## **2. Institutional and Policy Legacies in National Anti-Poverty Policy**

Though our respondents agreed that ‘poverty’ per se was a non-issue in policy-making in the recent past, this was evaluated in different ways. A trade union representative, for example, expressed the view that the government would make people believe that the poverty issue is ‘under control’ and that, therefore, there is no need for such debate. While the poverty debate silenced, respondents generally thought that the change in government in 2006 led to a ‘hardening’ in the dealing with poor and unemployed people and that the importance of employment creation in poverty-related policies increased. One interviewee felt that the societal contract that characterized the 1970s does no longer exist. While poverty was then mostly seen as a societal and structural issue, it is now increasingly seen as an individual problem and dysfunction. Several interviewees pointed to government statements in which poor people are portrayed as lacking motivation to work and/or actively look for employment. Consequently the government was portrayed as tending to present cuts in unemployment as in the best interest of the unemployed and poor, since their incentive to work is meant to increase with the reduction of benefits. Following this sort of rearticulated work ethic, the poor are not meant to live well on benefits; instead they should be incentivized to actively look for and take up work.

### **2.1. The minimum income protection architecture in the mid-2000s**

#### ***2.1.1. The development of the role of means-tested provision in the national social protection system since 1945***

The Swedish welfare state is often characterized as ‘universal’, that is, built on extensive social protection systems and a wide spread umbrella of social welfare services. Job-seeking, labour market training and childcare services are accessible for everyone irrespective of labour market status and affiliation to benefit scheme.<sup>2</sup> Most of these income schemes and support structures are funded, administered and regulated by the state and/or regional and local governments. In most model descriptions, issues of distribution and rules of distribution play key roles. Here, many scholars have pointed to traits like the pursuit of egalitarian values, equal distribution of incomes, low poverty and the ambition to secure broad and universal access to income maintenance and services within health, care and education (Hvinden 2011; Kautto et al. 2001; Kangas & Palme 2005).

In Sweden, the national regulatory system of MIP is the social assistance system. People normally claim social assistance if either economically active but not entitled to unemployment benefits or economically inactive, e.g. due to health reasons. In 1998, an amendment was made in the Social Services Act that increased the municipalities’ opportunities to force social assistance applicants to accept activation measures. However, no major reforms of the social assistance system were carried out in the last decade. Formally, the last MIP-relevant reform was carried out in 2001 and consisted of minor corrections of the Social Services Act from 1990. Through this amendment the right to appeal against decisions taken by local authorities concerning social assistance was reintroduced. Neither was there any legal change made with regard to the basic MIP infrastructure nor in relation to social services / employment services. No new transfer payments were implemented within

---

<sup>2</sup> However, there are some municipalities that reduce the access to full time child care to unemployed parents.

the MIP framework either. Neither does the social assistance system specifically refer to SP, LTU or WP. A limited list of actors was involved in these debates.

Despite the universal tradition, non means-tested benefits play a significant role in welfare provision. These include unemployment insurance schemes, incapacity benefits and early retirement benefits. Some changes were indeed carried out in the sickness insurance in terms of level, duration and replacement rates. In the 1990s, the government introduced waiting days in the sickness insurance. The formal replacement rate decreased from 90 percent to 80 percent and later to 75 percent of the former employment related income and this had direct effects on the actual replacement rate individuals received. All these reforms were decided and implemented by Social Democratic governments, which, however, raised the formal replacement rate back to 80 percent at the end of the 1990s. The Center-Conservative governments (in office since 2007) made the sickness insurance one of its main priorities, implementing stricter rules and regulation on ‘work tests’ and also established rules on how many days one is eligible for sickness insurance benefits.

Reflecting the advanced degree of decentralization of administration and delivery of social assistance, a large body of Swedish research indicates that the assessment for eligibility, the treatment and the amount of cash benefits significantly depends on where in the country applicants apply (Byberg 2002). There is even variation within the same organization depending on who makes the decision. Clients with comparable needs for help do not obtain the same decision and treatment, and those who receive social assistance do not acquire the same cash benefits (Hydén et al 1995; Gustafsson et al. 1990). The ability to predict decisions is limited for the client who must rely on the official’s discretionary power (Puide 2000; Minas 2005; Billquist 1999). This explains to some extent why several clients that experience financial strain, which would actually entitle them to social assistance, often avoid to apply for benefits because the process for granting social assistance is perceived as deeply arbitrary (Mood 2004; Gustafsson 2002) and associated with a lack of respect of their integrity, autonomy and self-determination. It was noted by several of our interviewees (see 3.1 below) that this process is furthermore linked to stigma and feelings of shame (Angelin 2009).

### ***2.1.2. The structure of minimum income provisions for working-age people***

The number of households and individuals on social assistance changed considerably over time, and social assistance costs have fluctuated accordingly (Table 5). These changes were not only due to structural and institutional factors such as modifications in the social security systems, demographic changes and labour market conditions but also to altering durations of social assistance spells and the complexity of social problems individual households face.

The percentage of the Swedish population on social assistance oscillated between 4 and 8 percent between 1991 and 2011. The number of households on social assistance peaked at 386 000 in 1997 as a result of the economic and employment crisis of the early 1990s. In the period 1998-2007, the tendency was downward, and the number of households on social assistance decreased to 215 000. The increase to 247 000 by 2010 is likely to be caused by the current global financial crisis and its employment effects. However, our respondents also pointed to modifications in the unemployment and health insurances as a result of which a relevant number of clients were transferred to the social assistance system. There was a slight decrease in the number of the households on social assistance between 2010 and 2011.

This crisis cycle is also reflected in the total costs for social assistance. Like the number of households on social assistance this expenditure grew steadily between 1991 and 1997, when they amounted to over 12 000 000 000 SEK. In the period 1998-2006, social assistance expenditures decreased to levels below 9 000 000 000 SEK. In the circumstances of the global financial and employment crisis this expenditure increased again to levels over 11 000 000 000 SEK. There was a slight decrease in social assistance expenditure between 2010 and 2011.

**Table 5 Social assistance indicators 1991-2011**

<b>Year</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<i>Costs for social assistance (in 1000 SEK)</i>	5,633,603	7,012,352	8,743,404	10,393,914	10,785,495	11,883,582	12,377,009	11,415,282	10,458,159	9,513,653	8,697,940
<i>Number of households on social assistance</i>	282711	312115	357822	381756	372765	387220	386859	352851	312863	278047	252429
<i>Number of persons on social assistance (18-65 +)</i>	338714	370967	429018	461884	451819	470848	470120	430552	378808	340258	306543
<i>% of population on social assistance</i>	6	6	7	8	8	8	8	7	7	6	5
<b>Year</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	
<i>Costs for social assistance (in 1000 SEK)</i>	8,523,958	8,267,961	8,675,606	8,583,644	8,709,747	8,857,744	9,464,730	11,059,236	11,594,455	11,247,898	
<i>Number of households on social assistance</i>	236363	228341	228811	225338	218584	211605	215172	237304	247210	235973	
<i>Number of persons on social assistance (18-65 +)</i>	286225	275656	276266	271606	264191	254731	258858	284352	293653	281016	
<i>% of population on social assistance</i>	5	5	5	4	4	4	4	5	5	4	

**Source:** National Board of Health and Welfare

## **2.2. The extent and structure of ALMP in the mid-2000s**

Sweden has a long tradition of active labour market policies in socio-economic regulation. Reflecting the economic cycle, costs for both passive and active labour market policies (including PES) measured as percentages of GDP skyrocketed in the early 1990s and have been falling since (Table 6). The most recent crisis was reflected in an increase in costs for labour market policies after 2008. However, expenditure levels continue to oscillate significantly below levels of the 1990s.

In most years, the country spent more on active measures than on passive measures (Table 6). When, prior to the turn towards activation, many other European countries prioritized passive

spending on labour market policies, Sweden continued to spend several percent of GDP annually on active measures. Bengtsson (2012) indicates that at the end of the 1980s, when unemployment levels were at extremely low levels of below 2 percent, Sweden spent approximately 2.6 percent of GDP on active measures to provide the unemployed with employment.

**Table 6 Expenditure on labour market policies**

	1990	1993	1995	1997	1999	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
<i>Total costs (percentage of GDP)</i>	2,56	5,71	4,62	4,1	3,84	3,07	2,57	2,4	2,48	2,44	2,29	1,75	1,43	1,84	1,87
<i>Active measures (including costs for PES plus training and education)</i>	1,68	2,95	2,35	2,12	2,21	1,72	1,45	1,12	1,09	1,16	1,23	1,02	0,85	0,93	1,14
<i>Costs for passive measures</i>	0,88	2,76	2,27	1,98	1,63	1,35	1,12	1,28	1,39	1,28	1,06	0,74	0,58	0,91	0,73

**Source:** OECD

In the early 1990s the number of unemployed people rose quickly and stood at 9 percent in 1995 (Table 3). This meant a huge challenge for Swedish labour market policies: From handling marginal unemployment to handling ‘mass’ unemployment. The costs for active measures remained fairly high throughout the 1990s (over two percent of GDP), yet have since the start of the Millennium decreased to around one percent (Table 6). The costs for passive labour market spending have decreased in a similar fashion, indicating a general economic recovery and lower unemployment levels.

It is difficult to fully assess how active labour market policies changed throughout these years. However, authors such as Bengtsson (2012), Lindvall (2011) and (Ulmestig 2009) have good reasons to argue that rising unemployment levels had tremendous effects on the content of active measures. As the number of participants nearly four-doubled in a short period of time, the effectiveness of existing ALMPs started to decline, and this is likely to have affected the legitimacy these policies enjoyed among the general public.

The mentioned authors suggest a general reorientation of different types of active labour market measures. One of the reasons why Sweden spent relatively huge amounts of money on active measures during the 1980s was that most labour market programs included vocational training elements and were fairly expensive. Individuals’ participation in these training measures also counted as qualification for a new unemployment spell. At the beginning of the 1990s, over 60 percent of all unemployed took part in vocational training. In 2001, this number had declined to just over 30 percent, and, more recently, to below ten percent (Bengtsson 2012). Instead of placing unemployed people in training, the main goal of Swedish active labour market policies has become job-searching, matching and coaching. Since the start of the Millennium, various so-called ‘guarantee’ programs were introduced, the main purpose and activity of which was to assist people in the search for work; for example by helping them to write CVs, providing them with computers to search jobs and setting up individual action plans as a tool to plan labour market re-entrance. In fact, one of the main reforms has been to offer coaching services to the unemployed, that is, to motivate

them to look for jobs and develop their skills for instance in terms of presenting themselves to a broader public or future employer.

Today the main labour market program is the Job and Development Programme (for people over 25 years of age). It is divided into three different stages. During the first stage (first 150 days) the unemployed undergoes an in-depth assessment of qualification and skills and is enrolled in job-search activities, especially through coaching support. The second stage (additional 300 days) focuses more on different forms of work training, combined with job-search activities. The last and final stage implies that the unemployed person is placed in subsidized job activities, mostly so-called artificial jobs, which should not compete with 'ordinary jobs'. This final stage has been heavily criticized by participants and unions for becoming a kind of end-solution for the unemployed and for consisting of meaningless activities with little connection to the ordinary labour market. Participation in the Job and Development Program does not entitle to another spell of unemployment insurance benefits. In recent years, approximately 50 percent of the unemployed people aged 25-64, who were enrolled in active measures, took part in the Job and Development Guarantee and approximately 20 percent participated in a similar programme for young unemployed (Data from *Arbetsförmedlingen*, March 2013).

The present Center-Conservative government has also pushed for an increasing role and development of private profit-oriented providers within these programs in order to offer unemployed people different types of coaching activities and to allow unemployed people to choose from a variety of providers. Although the trend towards less costly job-search programs was already introduced by the Social Democratic government at the start of the Millennium, these programs have become the main form of active labour market policies for the present Center-Conservative government. This government has combined these job-search activities with reforms that reduced the costs for hiring unemployed persons. These reforms have taken many different forms, but were generally targeted towards young unemployed, long-term unemployed, people of old age, and specific sectors of the labour market (e.g. a reduction of social costs within the service sector).

Furthermore, contextualizing Sweden in the European context necessitates addressing the role of local municipalities that has become more prominent. We contend that Swedish active labour market policies have increasingly taken a dual feature and can now be characterized as a two-tier system, since local measures have complemented centrally regulated measures administered and run by the PES (Thorén 2012). This development started during the economic recession in the 1990s. Parts of active labour market policies were decentralized to the municipalities, above all the responsibility to cater for the young unemployed (by means of the so-called Youth Development Guarantee program, see Johansson, 2006). The development of the local tier is also due to extensive reform activities by local authorities. Municipalities started to craft out local active labour market policies as a policy area, designed and modelled according to their own conditions and needs. As social assistance costs rose quickly (Table 5), many local politicians started to question why they should pay for the costs of unemployment; particularly since unemployment – more precisely, not being entitled to unemployment insurance – became the main reason why people applied for social assistance. As a result, within a few years local activation projects mushroomed across the country. Since that time, local municipalities continued to develop local activation measures and their own administrative units to govern local unemployed persons, often directly linked to eligibility tests for social assistance benefits.

In a report from 2007, the SKL estimated that municipal expenditures on labour market policies amounted to approximately 2.7 billion SEK per year between 2000 and 2005 (SKL 2007). A more recent study (SKL 2011) indicates that 85 percent of the municipalities have local labour market units – run and paid for by the local budget – that not only complement but also compete with the PES. A previous study by Salonen and Ulmestig (2004) suggested that, in the early 2000s, over 800 local activation projects were run by local authorities involving more than 13 000 participants. While we lack current data on participation in local ALMP projects, a USK (2011) report from 2011 suggests that approximately 8000 social assistance claimants were referred to the local labour market unit in the city of Stockholm alone.

One factor to understand why local authorities are involved in ALMP is illustrated by Mörk and Liljeberg (2011), who found that 46 percent of social assistance claimants mentioned unemployment as their main problem. Only 12 percent mentioned that social problems were the main reason for applying for social assistance, 8 percent sickness and 6 percent language barriers. The same authors found that when social assistance claimants were registering at the PES, they were mainly referred to a ‘rest category’ of unemployed people (*övriga arbetslösa*), indicating that the PES services had little faith in their employability. Similar results have been found in other studies. According to a recent study by the National Board of Health and Welfare, almost 40 per cent of social assistance claimants mentioned unemployment as their main barrier for income support (Socialstyrelsen, 2011). Nybom (2011) studied the placement of unemployed people on social assistance in four municipalities and found that a large majority of them participated in municipal programs (78 percent), and just 17 percent in PES projects. These figures not only indicate the duality of Swedish active labor market policies, but also point to significant coordination problems between municipalities and PES at the local level.

### **2.3. The extent and structure of other services of potential relevance to working-age minimum income claimants in the mid-2000s**

The social protection system provides citizens with universal access to services. Hence, there are no formal categorical differences between socio-economic groups in terms of having formal access to minimum income services. Yet in achieving real access there are socio-economic differences that become relevant in terms of accessing social services. For example, health care differs in terms of social strata, since not all groups are able and willing to pay the fees. The same applies to housing costs.

#### *General childcare provisions and specialised support services for single parents*

Childcare is a universal and tax-based municipal service, which is open and accessible to all regardless of marital and socio-economic status and household situation. Even though individual responsibility is otherwise increasingly stressed in social policy provision, the subsidiarity principle for families is limited to partners. Parental obligations are limited to provide for children below the age of 18 and/or in upper secondary education (Saraceno 2002). There are no specialized services for single parents.

## 2.4. Governance of minimum income provision and related services in the mid-2000s

### 2.1.1 Administration and policy making

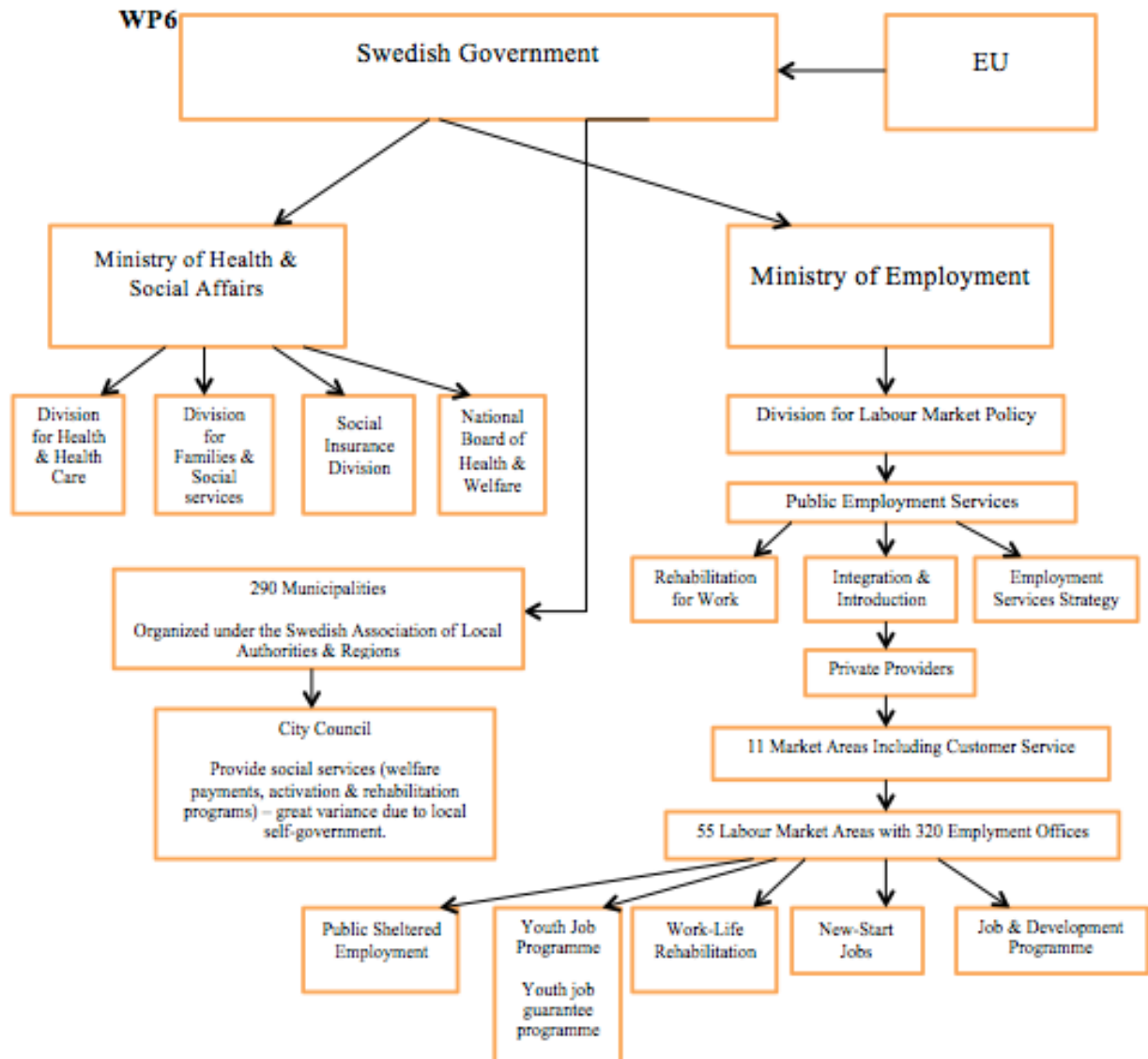
Social assistance is the main MIP scheme in Sweden. It is a means-tested benefit that is mainly under the responsibility of the 290 municipalities. How are responsibilities located and divided between the national, regional and local levels? Even though the municipalities enjoy a strong position in terms of local self-government, these are nevertheless affected by decisions taken at EU and national levels. Examples for the influence of the national level on regulation at municipality levels include social assistance legislation and the annual national standard setting by the government. The government's efforts in the area of social services consist, above all, of legislation, incentive and performance-based grants, and development efforts in cooperation with the Association of Local Authorities and Regions' (*Sveriges Kommuner och Landsting*, SKL). The Ministry for Health and Social Affairs is generally responsible for social assistance policies and implementation. Yet organization and responsibilities of and within this ministry are divided. The Ministry for Health and Social Affairs includes the Minister for Health and Social Affairs, who is also head of the entire ministry, the Minister for Social Security and the Minister for Children and the Elderly. The latter is responsible for policies and issues related to Social assistance.

Another key actor on the national arena that influences social assistance practices is the National Board of Health and Welfare (*Socialstyrelsen*). This board functions as expert and supervisory authority for the activities carried out by the social services. It supervises social services activities in order to detect and call attention to shortcomings. The board does not review or give advice on individual social assistance cases. Its primary commission is to serve as a central government agency working on overall issues such as follow-up, development, knowledge dissemination and coordination. The board also publishes general information about social assistance in their recurring general advice and a handbook on social assistance. These publications are widely distributed and put into practice by municipalities as well as by caseworkers. The board also compiles essential quarterly and annual national statistics and reports on the development of social assistance concerning distribution, uptake and expenses. At regional level, the County Administrative Board (*Länsstyrelsen*) monitors municipalities within their country district (at present 21 country councils in total). These have a limited relevance for social assistance regulation and delivery, since they mainly handle and investigate complaints on how the Social Services treat applicants and their cases.

As mentioned above, the most important regulatory level is the local level, that is, the municipalities. Sweden has a long tradition of local self-governance. It currently consists of 290 local municipalities, which are responsible for a larger share of public services than in most other EU countries. Each municipality has an elected assembly, the municipal council, which takes decisions on municipal matters. The municipal council appoints the municipal executive board, which leads and coordinates municipality work. The municipal council is the central administrative body and is assisted by a number of committees, for example the education committee and the social welfare committee. As a rule, an administrative organization is also linked to each committee. For example, a social welfare office is attached to the social welfare committee. Sweden's municipalities, county councils and regions have a great deal of freedom to organize their activities. The municipalities' responsibilities and practices are also regulated by the Local Government Act and laws and ordinances covering specific areas, for example, the Social Services Act regulating social assistance and other social services. Swedish municipalities have the ultimate legal responsibility for ensuring that

individual residents receive the support and assistance they require for leading a reasonable standard of living and for some residents this is obtained by receiving social assistance.

Figure 7 Governance map of minimum income service provision



The social services are located at municipal social welfare offices and they are responsible for administering and delivering social assistance under the Swedish Social Services Act. The actual transfer of social assistance payments is integrated and located at the social welfare office where case workers provide both services such as social work and counselling as well as accrediting and administer approved applications.

Swedish municipalities are not obliged to organize themselves in a particular or uniform way. The organization of local social welfare offices differs therefore across the country and over time. In the 1970s and 1980s, there was a tendency to locate the administration of allowance payments and decisions outside other parts of the welfare office. Decision-making and delivery of these payments were rationalized and treated as if they were similar to other



social security benefits. Thereafter, social assistance was re-integrated with the social welfare services. The degree of specialization within the social services tends to be high as social workers are normally specialized in one issue only.

The local municipalities fully fund the local social assistance systems. Hence, there is no subsidy or financial support from either central or local governments. The municipalities also have a considerable degree of autonomy and independent powers of taxation. Local self-government and the right to levy taxes are stipulated in the Instrument of Government, one of the four pillars of the Swedish Constitution. Municipalities are entitled to levy taxes in order to finance their activities. Taxes are levied as a percentage of the inhabitants' income. Municipalities, county councils and regions decide on their own tax rates. The average, overall local tax rate is 30 percent of inhabitants' working income. Tax revenues are the largest source of income for Sweden's municipalities. Due to varying income patterns, a system for equalizing costs between municipalities was introduced. 'Rich' municipalities with 'high' tax income and 'low' costs for social services pay a 'fee' to 'poorer' municipalities with lower tax income and higher costs for social services.

### **2.1.2 Delivery**

Apart from the actors mentioned under 2.4.1 no other external actors have traditionally been involved in the delivery of MIP as social assistance. However, partially reflecting the EU 2020 strategy, the current government gave greater leeway in poverty-related policymaking to voluntary organizations – both in terms of transfers and services (Johansson et al. 2011) – such as the Red Cross. However, several interviewees stressed that the role of voluntary organizations would be informative and advisory only. Hence, these organizations are said to be welcome to express their views on what goes well and wrong in terms of poverty-related issues, but they would not really be able to co-determinate the policy process. Social workers also give important advice. One of their tasks is to support jobseekers that find it particularly difficult to secure employment. Working with the client through counselling, increasing his or her self-reliance and the development of his or her own resources are tasks defined in the Social Services Act. The social welfare offices have developed links with other public authorities, especially with the local PES offices. In Malmö, for example, there is organizational and administrative cooperation by formally separated authorities under one roof, and there are regular meetings between social services and PES with regard to work tests as well as informal exchanges.

Local municipalities also developed extensive activation policies and programs (funded by local taxes, administered locally and often with a clear link to the local social assistance scheme (Johansson & Möller 2009; Thoren 2012). Due to the decentralized nature of the system, such innovations differ according to the priorities of local decision-makers.

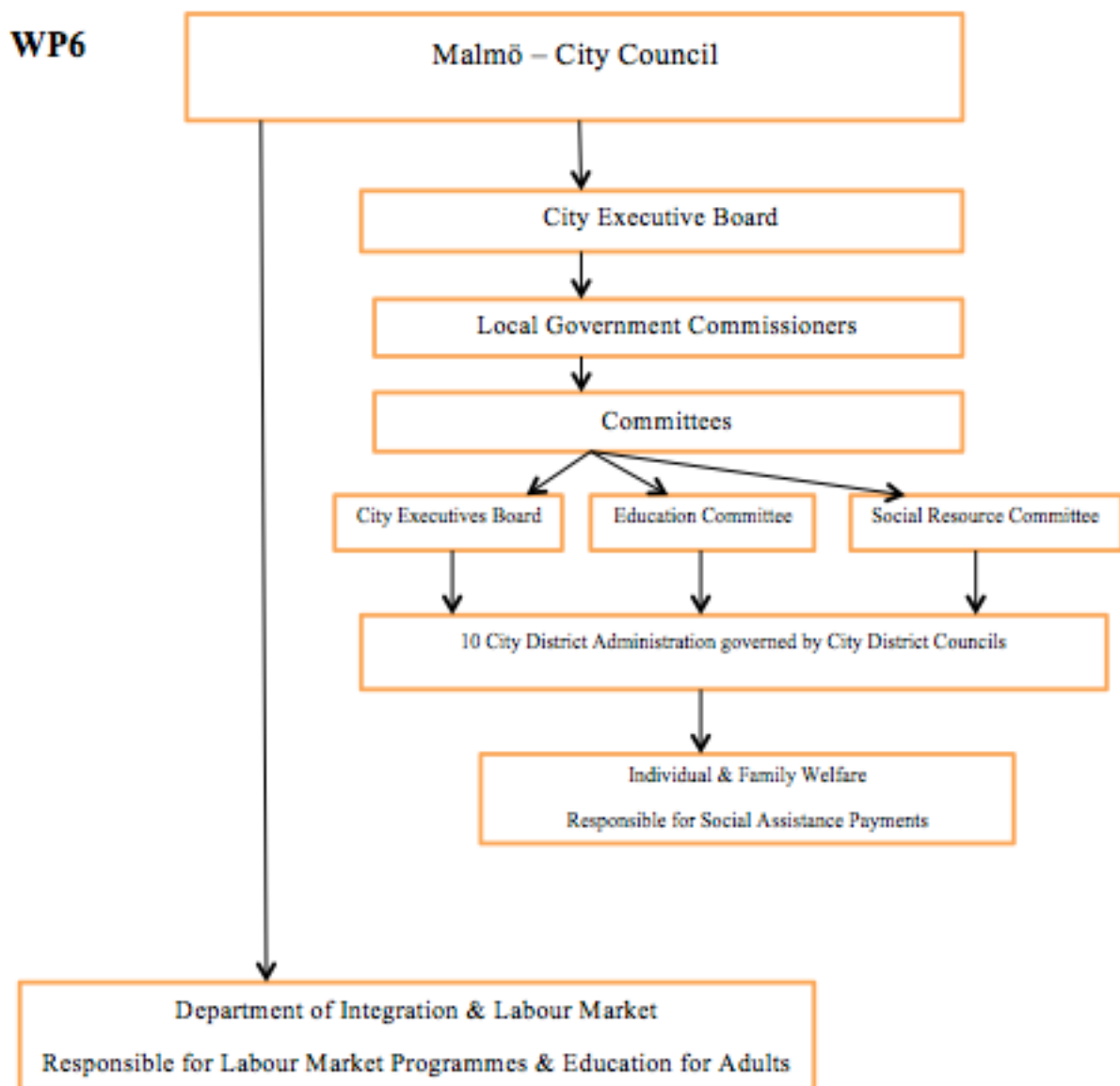
Yet unlike in a range of other European countries, there has not been a formal and nationally implemented reform towards a one-stop shop model, in which the local social welfare offices and the delivery of social assistance would be integrated; neither has there been a general pattern of integration of social welfare offices with social security offices at the local level, nor with local PES offices – a fact that is criticized by most respondents, who report massive coordination problems both within different national government departments and between authorities and organizations involved in poverty-related policies at local levels. One government representative explained that the Ministry of Health and Social Affairs is meant to cooperate with the Ministry of Finances, but, in reality, it was normally the latter that had

the final word in the decision-making in relation to benefit- and poverty related issues. A representative from the Ministry of Health and Social Affairs expressed her irritation about the accumulation of power in social affairs with the Ministry of Finances:

*I am sometimes irritated about the fact that the Ministry of Finances has so much influence in an area where it actually does not have so much expertise. I think it is a problem that the Ministry of Finances has so much influence. I think they have too much influence.*

Our interviewees also mentioned coordination problems between the departments of Health and Social Affairs and that of Labour Market Affairs.

Figure 8 Minimum Income Service Provision in Malmö



Several respondents referred to the lack of coordination in the division of labour between different stakeholders in terms of a ‘drainpipe’. Following the drainpipe-logic, every government department and public authority tends to focus on its specific responsibility and to act in accordance with its own financial leeway – without consideration of a broader perspective in poverty-related issues. Interviewees added that in circumstances, where the logic of *apres-moi-le-deluge* already predominates in the interaction between government departments, one should not expect much efficiency and success in the cooperation with other authorities and stakeholders. This also applies to the forms of cooperation and coordination between authorities and the voluntary sector and to the relations between NGOs. Two NGO representatives explained that the cooperation between different voluntary organizations is at times difficult, since each agency would be driving its particular issues and represent specific social groups without much consideration of more holistic approaches. Hence, even the voluntary sector frequently applies the ‘drainpipe’-principle.

One voluntary sector representative mentioned that there is no voluntary organization specifically dealing with social assistance recipients and explained this by the fact that no one would be willing to refer to him- or herself as ‘poor’. Another characterized Sweden’s voluntary organization scene as ‘poor’, since there is no organization that would specifically represent the poor. Still another argued that the voice of the voluntary sector in the decision-making process of poverty-related issues diminished in recent years. In this context, self-critique was expressed in terms of the voluntary sector’s lack of capability to form a common platform that could play a more important role in the political arena than minor organizations dedicating themselves to particular issues.

### 3 The Dynamics of Active Inclusion Reform

The rationale for addressing issues of poverty and social exclusion in the Swedish welfare state must be contextualized within its Social Democratic history. The Social Democratic welfare state intended to combat poverty and exclusion through the expansion of social protection systems. Through the creation of full employment everyone was to be made eligible for these income-related benefits, while social assistance, being the last resort, would slowly lose its significance (Johansson 2001). However, these political ambitions have not succeeded insofar social assistance has become the main and permanent income provision for an increasing group of the population. It is especially important for groups that have a marginal or unstable position in the labour market.

#### 3.1 The political construction of the reform agenda

Considering the profile of the Swedish welfare state, poverty and MIP have rarely been a highly debated issue. However, the 1990s certainly saw a debate on social assistance. This debate evolved against the background of rising social assistance costs as well as engaging scientists, journalists and politicians at national and local levels. It concerned the design of the social assistance system, the moral and legal rights and duties of social assistance beneficiaries and the variation across local municipalities. The national discourse continues to largely reflect traditional positions on welfare state development. Both Social Democrats and Conservatives tend to avoid the term poverty, since this would indicate a failure of the universal welfare state. Instead, the notion of social exclusion (*Utanförskap*) has been in the center of the Swedish political debate. In fact, prior to the election in 2006, the Center-Conservative alliance started to launch the notion of *Utanförskap* as a critique of the Social Democratic Party's failure to build a universal welfare state. Every citizen, who was either on benefits or unemployed, was, according to the Center-Conservative logic, considered 'excluded'. Yet rather than linking social exclusion to the distribution of income and issues of redistribution, the new 'Alliance' began to define exclusion as an issue of labour market participation only. As one member of the present conservative-liberal government put it:

*We are interested in the notion of social exclusion (utanförskap). So, we have got a wider approach. I dislike discussion on relative poverty. Assume the actual reality. Start instead from the actual reality.*

One government representative pointed to a recent discussion between the Ministries of Health and Social Affairs and Finances how the government should best apply the poverty-related EU 2020 benchmarks and how it should define poverty in the absence of quantitative targets that the government is keen on avoiding. Rather than 'poverty', the Swedish government prefers to talk of 'exclusion', a term it perceives broader and more adequate. In the words of a representative from the Ministry of Health and Social Affairs:

*For Sweden, we (the government) just did not want a national poverty goal. Instead, the government want to have one in relation to exclusion. That is that. ... (There is a) political resistance against having a quantitative poverty target in Sweden, because this would be too delicate politically. This, I would say, is the absolutely most important point. That the directives for Sweden are about exclusion was clear for the whole government. That was the way it was going to be.*

The Reinfeldt government accepted the traditional welfare state norms but re-modelled it in accordance with a redefined work ethic (Koch 2008), thereby putting stronger emphasis on individual duties. Our respondents agreed that the government essentially endorses a make-work-pay-strategy towards addressing and fighting poverty: If only people were willing to work and to accept the work on offer, poverty would rapidly disappear. The government has consequently moved the responsibility for poverty and unemployment from the welfare state to the individual. A trade union representative criticized the government for having

*... created a divided society with an us and them culture – us means peoples with jobs and them peoples without jobs – and (for putting) the blame of unemployment on the individuals instead of discussing structural problems. This government put the problems caused by poverty and unemployment on the individual level.*

Several of our respondents referred to the changing perception of unemployment and poverty – and particularly the belief in employment and individual responsibility as its main remedy – in terms of a paradigm shift. In the words of a representative of the Social Democratic opposition:

*Twenty years back, unemployment was debated in terms of a societal issue in the first place. Today, this is increasingly seen as an individual problem. It is 'you' who have not looked sufficiently for a job or have not done other things to find one. (In these circumstances) the individual's risk to fail increases and so does the risk to be stigmatized – not only for the individual but also for his or her family. From the structural to the individual ...*

To use C. Wright Mills' (1959) terminology, there is a transition from understanding unemployment and poverty as a structural issue towards viewing it as a personal attitude problem. Even though the majority of our respondents pointed to an increase in relative poverty in Sweden, the government would tend to avoid this topic in public debate for not being accused of having launched failing social policies. A trade union representative expressed this view:

*Today, the poverty issues are almost taboo to talk about in the political debate, because as soon as the government starts exposing the poverty problem they will also highlight a policy failure that they do not want to deal with.*

Another theme that the interviewees stressed is the increased focus on 'cheating', 'scrounging' and benefit misuse on the government's agenda and a generally more restrictive attitude towards the benefit recipients' needs. A representative of the European Anti-Poverty Network, for example, characterized the government's increasingly moralizing view:

*On the political arena, the recipients of social assistance are seen as bandits stealing from us, namely people with jobs.*

While the suspicion of scrounging towards welfare clients was expressed to have increased significantly, there was no policy strategy in place for those who are on social assistance benefits long-term or permanently. One trade unionist referred to the fact that there is neither a great deal of effort among official policy circles to understand or empathize with the

situation of long-term social assistance recipients as an ‘ideological lock-in-effect’. Several interviewees saw the government’s ignorance of the fact that a huge number of people are likely to remain in this situation as a problem. Yet the government’s view that groups, which totally lack employability, are quantitatively very limited and therefore no major policy concern was seen as unlikely to change. The same applied to the government’s tendency to largely ignore structural explanatory factors for unemployment, poverty and exclusion.

In the period prior to the government change, the so-called *national poverty targets* were an important theme in the policy debate. In 2000, the Social Democratic government expressed an ambition to half the number of people on social assistance within five years (from 115,200 to 57,600). The goal was expressed in the 2001 Spring Fiscal Policy Bill (prop.2000/01: 100) and was closely linked to the national target to increase employment levels to 80 percent. While it is difficult to assess whether these ambitions were part of national party concerns or reflected the EU Employment Strategy or Lisbon strategy, the Social democratic government did not meet this quantitative target. Almost ten years later the then party leader of the Social Democratic party launched a campaign on setting new targets in poverty reduction. Mona Sahlin argued that ‘... the development had sometimes gone in the false direction, also when the Social Democratic party had been in power’. She presented a new plan that focused, among other things, on poverty reduction defined as a reduction of the number of people on social assistance. In a critique of the government’s policies, the Social Democrats promised to lower the number of children in families living on social assistance allowance by 50,000 by 2015. Another goal was to reduce the number of people on social assistance by 25 per cent by 2015 and later to 50 per cent. The government in office did not respond to these proposals, and the Social democratic campaign fell in oblivion when the party changed the leader (Dagens Nyheter, 13<sup>th</sup> of April, 2010). It is worthwhile to note that this ‘campaign’ was launched parallel to the debate on the EU2020 strategy and the poverty targets.

Unlike in many other countries, costs and migration have not played major role in the recent reform debate. The situation was somewhat different in the 1990s, when costs for social assistance tripled in a short period of time and became a high burden for some municipalities. Though the costs started to rise again over the last years, this has not been a central theme in the national debate on poverty or a tentative reform of the social assistance system. Neither have ethnic minority and immigration been much addressed in these debates. This might be related to the recent electoral success of the Sweden Democrats – a populist nationalist party – both in local and national elections, since all other parties – left and right – have remained highly critical of the Sweden Democrats and, at the same time, anxious to not pick up and amplify their topics. Instead, our interviewees pointed out that child poverty has had top priority within the recent general Swedish poverty discourse. Another key topic is employment related, specifically the creation of employment in the context of increasing the incentive to work of social assistance recipients. Other themes include the so-called ‘social assistance dependency’, benefit fraud, the incentive structure to take up work and the reduced benefit replacement rates. Partially as result of these developments, several respondents perceived the poverty debate as increasingly stigmatizing for the poor.

Non-party actors such as voluntary organizations/interest groups and academics have also played more or less important roles in the debate on poverty, social exclusion and MIP services and delivery. However, a SKL representative argued that the current government chose to listen less to non-government actors than previous governments. The voluntary sector’s influence on the policy process is said to have generally diminished as a result. While the influence of the European Anti-Poverty Network, for example, is reported to have rather

diminished, there are notable exceptions to this rule; namely *Save the Children* that presented national reports on the magnitude of child poverty in Sweden for a decade. These were used by leading social scientists, who influenced the debate. Another respondent explained that the engagement of *Rädda Barnen* ('Save the children') also crucially contributed towards raising the issue of child poverty. Voluntary advocacy organizations representing single parent households such as *Makalösa Föräldrar* have also been important actors in their engagement for extended benefits and better services for single parent households. Social partner organizations are regarded as having played supportive roles. For example, they have established think-tanks (both to the left or the right), but these have in the view of our correspondents not been central in either establishing or defining the debate on poverty. These rather amplified the reports written by *Save the Children*.

To sum up, most interviewees regarded the government and particularly Fredrik Reinfeldt's *Moderate Party* as having the greatest impact on the debate and implementation on poverty-related policies and the social assistance system. Within the government, the Department of Finances was considered the most powerful actor in defining key policy areas, including poverty-related policies, in comparison, for example, to the Department of Health and Social Affairs. It was also regarded as capable of agenda setting for authorities and institutions outside the government including *Socialstyrelsen* and the SKL. However, many respondents perceived the government as generally uninterested in communicating policies and that the formulation of welfare strategies is reduced to a limited number of government employees.

### **3.2 Policy legacies and feedbacks**

The issue whether and the extent to which opinions and attitudes of particular groups towards social assistance have been framed and influenced by the existing benefit structure and whether these have affected problem constructions and policy solutions is complex and not easy to answer, since the Swedish system does not specify between particular categories or groups within MIS delivery. Most respondents tended to answer the question positively. Identifications and definitions of social assistance as an issue have to a large extent influenced the policy responses, particularly under the current government. Our respondents were in agreement that the most relevant and far-reaching changes concerning the social assistance system were not of a formal and qualitative character of that particular MIS but consisted instead of the impoverishment and hollowing out of the neighbouring insurance system – particularly the sickness and unemployment insurances –, which, in turn, had repercussions for the social assistance system. As one leading trade unionist put it:

*It is about the hollowing out of the welfare system and about cutbacks in unemployment benefits and sickness insurance that has led to the result that we have a lot more social assistance recipients, when the real reason is unemployment or health problems.*

A frequent interpretation in relation to social assistance was that, since the government aims at a situation where no one is in need of social assistance, reforms should not be carried out within the social assistance system. Our respondents noted a general political disinterest in issues related to social assistance in government circles, which, in fact, appear to be content with the fact that it is the municipalities that have the main responsibility in this policy area.

Since the government by and large translates 'poverty' as exclusion from the labour market, policy solutions are sought in the context of creating labour market inclusion. Most

interviewees saw the focus in the government strategy on the idea that a lack in labour market inclusion can and should be combated by a combination of incentive-increasing measures that consist of a mix of reduced and low replacement levels and activation measures. An employee of the Ministry of Health and Social Affairs refers to replacement levels of social assistance:

*There is a political perception that the level of social assistance must be kept relatively low in order not to lower incentives to take up work.*

This is also reflected in a statement by a public sector employee:

*It's harder, you sense a development where you should be very careful about being generous, that is my opinion. There is a political suspicion against and a tendency towards being very strict in relation to poor people.*

The government specifically follows solutions that create employment and investment opportunities in the private service sector. A typical example is the *ROT-RUT* programme, which offers tax rebates for repair, maintenance and similar services for private households and is sought to help creating employment in the private service sector. It also halved employers' contributions if young people are employed. According to a government representative, such policy measures would demonstrate that the government cares for the poor and social assistance recipients by facilitating their employment opportunities. Yet several of our interviewees were critical with the government's tendency to simply regard poverty as synonymous with labour market exclusion. Some held the view that those government circles that followed a simplified neoclassic rhetoric as a means to explain the mechanisms behind defaulted labour market inclusion had too much influence and were too seldom contradicted. The observation, shared by the majority of our respondents, that it is in fact the Ministry of Finances that has decision-making power with respect to 'combating poverty' points in the same direction. It is here where the final say in terms of agenda setting appears to lie and where, for example, replacement rates for the unemployed are defined. A leading ESF-employee summarizes this widespread perception:

*The National reform program seems to be written by the Ministry of Finances these days, under their lead. The Ministry of Health and Social Affairs has a subordinate role. You can interpret this in various ways of course, but why should the Ministry of Finances work with poverty reduction?*

### **3.3 Institutional constraints and opportunities**

Our respondents commented on institutional constraints to an effective minimum income policy mainly in relation to different governance levels (national and local) and to deficits in the division of labour of the government itself. The interaction between the local and national governance level is mostly described as being reduced to monetary terms, that is, the maintenance costs social assistance causes. Hence, the disputed issues include how much money social assistance actually costs the municipalities, how much it should cost them and how this is affected by changes in the government's welfare and social policies. Some respondents suggested that the government would not be interested in focusing on reform and development of the social assistance system, since it would regard it as a municipal and local



affair.<sup>3</sup> The Swedish Association of Local Authorities and Regions (SKL) was in this context not portrayed as an active actor that would develop, revise and propagate issues related to social assistance vis-à-vis the state. An employee with experience from various governmental ministries and expert investigations on social assistance expressed dissatisfaction with the status quo:

*The SKL should be an important actor on these issues, but it's just about financial issues, how much money they should have and that it costs too much for municipalities. During my entire time in the governmental administration there was no other issue they wanted to influence than the financial.*

Like relative and in-work poverty, social assistance and its monetary costs were described as nonexistent themes in the government discourse, since these could be seen as indicators for failed policy approaches. Several respondents also pointed to tensions between the Ministries of Health and Social Affairs and Finances, with the latter clearly being the more powerful actor and not prepared to prioritize social assistance by, for example, increasing benefit levels. Instead, the focus continues to be on job creation. In the course of the interviews it became noticeable that even attempts to quantitatively measure relative poverty have become delicate and tendentially unwelcome issues within government circles, insofar these have the potential to redirect the focus from the preferred employment inclusion/exclusion discourse. Several respondents stressed that in following its supply-oriented line the government tended not to involve other actors such as representatives from social partners, the voluntary sector or other experts. This government attitude was further described as potentially or actually undermining cooperation with other actors and governance levels. One respondent, who holds a leading position in an international advocacy organization against poverty, perceived the chances to influence policy and governance processes as restricted and largely symbolical. Partnership meetings were perceived as being held for formal reasons only:

*I'm familiar with the processes around the National reform program but we are not included, we are not heard, we are not allowed to participate – at best we are invited to an information meeting. This is a recurring critique from us.*

Several interviewees – including those with direct government contact – again emphasized the predominance of the 'drainpipe'- logic in relation to MIS related issues, according to which the cooperation between even neighboring policy areas such as labour market, social insurances and education is underdeveloped and sometimes nonexistent. In the words of a senior adviser to the Swedish Association of Local Authorities and Regions:

*The cooperation within the Swedish government is not particularly good when it comes to the system of social assistance. The drainpipe mentality is also present at departmental level ... The organizational culture and structures make it impossible to cooperate. Every organization wants to work on its own way, as it has been thought out and think as always in your own organization.*

A senior adviser to the Ministry of Health and Social Affairs characterizes existing forms of cooperation in very critical terms:

---

<sup>3</sup> There is as yet a lack in systematic and comparative research on implementation processes of social assistance at municipality levels.

*Cooperation between different departments? No! The cooperation does not work at all. Cooperation is a paper product. It is explained everywhere that you should cooperate but actually there are no conditions and circumstances for doing so. More important is to keep the organization's own budget. So organizational changes are required to encourage cooperation.*

In fact, if cooperation is achieved, it is usually in the events of concrete questions of fact touching on the responsibilities of several departments and actors. Yet such contacts were reported to be instantaneous and as disappearing as soon as the issue is dealt with. Lacking possibilities for budgetary synchronization were also mentioned in this context. Further repercussions include the forms of cooperation between the municipalities and the local job centers, neither of which received concrete directives from the government according to our respondents. As a result, in the absence of clear-cut guidelines, the responsibility for poverty and social assistance related issues is often avoided, and the municipalities' social services, which have the ultimate responsibility if other involved stakeholders fail to act, need to step in. In the words of a leading ESF-employee:

*The PES is governmental and the social services are municipal, and they obviously face major challenges in cooperation. At the same time they have a mutual responsibility, but it's not working.*

Despite the fact that there have been attempts to promote closer cooperation and coordination between different welfare systems (see 4.3 below), one-stop shop models that includes social security, social services and PES have not been implemented. Among the possible reasons for this is the historical division between social security, which is organized and administered by national authorities and located and governed at the central level, and social services, which are financed and administered by local authorities. It is not only social assistance that is governed by local authorities. Other services such as schools, elderly care, disability care services and child care services also regulated at this level. However, the period of experimentation of the 1990s seems to have been replaced by a different political rationale that mainly focuses on integrating different centrally administered authorities, such as tax authorities and social security and partly PES. Local social services were largely left outside. Another possible explanation is that the interest representation of local authorities as opposed to the government has weakened. The latter, by contrast, tends to keep 'all within the house', as one of our respondents from the SKL put it, that is, it is not interested in discussing issues with external bodies such as SKL. Finally, up until 2007, the costs for social assistance did not increase dramatically. The incentive for the government to carry out a major national initiative for far-reaching changes such as the implementation of one-stop models was correspondingly low.

### **3.4 The EU's influence on national-level policy development**

As outlined above, the current Center-Conservative Swedish government adopts a notion of poverty that does not include a relative and absolute definition that would be in line with the EU 2020 targets and academic debate but a labour-market related notion of poverty and exclusion. Consequently, several interviewees explained that the government was particularly unwilling to accept and positively respond to the 60 percent measurement method of relative poverty. Whereas the remaining political parties accepted the EU objective on stating the number of persons to be lifted out of poverty, the Swedish government set the goal of a '...

reduction of the percentage of women and men who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leave to well under 14% by 2020'. This labour-market related poverty goal caused intensive national debate, and was criticized by some leading representatives of the Social Democratic party, who argued that it completely broke with the common and established notions of poverty established by EU and, particularly, Eurostat (Johansson 2012). Our respondents thought that the EU discourse was welcomed and emphasized by the political opposition against the government's attempt to follow its line without 'unnecessary' EU involvement in social policy, employment and poverty related issues.

Our respondents were not or only partially aware of all aspects and dimensions of the EU 2020 goals and procedures. Especially government representatives tended to see the OMC and the National Reform Reports as a largely symbolic procedure. An employee of the Ministry of Health and Social Affairs commented on patterns of cooperation within the government and in relation to the OMC:

*We collaborate much more with other ministries now (meaning since 20-20), ministries for labour market, education and also finances have a clearer role in this. And previously we had the OMC but no one really cared about it. It was more of a symbolic report to the commission ...*

Some questions were only answered by some interviewees, and those questions that were answered included a degree of guesses and speculations. We therefore continue to miss relevant empirical material on these issues. However, the information provided in the interviews was nonetheless useful. Several respondents stressed that the 2020 reform debate, despite contrary government interests, put poverty related issues back on the political agenda and provided a motive and an opportunity structure for national voluntary organizations to mobilize (see also Jacobsson & Johansson 2009). This view is exemplified by an employee with experience from various governmental ministries and expert investigations on social assistance:

*The EU is a strange actor, very conservative on many issues but in some areas I find them being very radical. And here I think that they are going in the right direction when you raise the poverty issue and demand a quantitative definition and goal.*

It was reported that the fact that the Commission treats poverty as an important issue put the government under a certain extent of pressure to question and review its policy line – even if this was largely reduced to a minimum of departmental cooperation and coordination to formulate the national reform reports. According to several interviewees, the 2010 national reform progress report found a particularly broad echo and accentuated the concept of poverty as political issue, even though this echo was said to be rather of 'rhetoric' than actual character. Few respondents commented on the ESF and its role in the national-policy development. Yet those who did were very positive with respect to the funds' efforts, which are reported to have amplified attempts to give center stage to poverty and inclusion issues. As a leading ESF employee put it:

*From the perspective of the Social Fund the EU 20-20 and the theme year on Poverty 2010 functioned as kick-starters and inspiration. We have several projects in this area which contribute to very important work.*

Several respondents characterized the current government as unassertive and uncommunicative in relation to the inclusion of stakeholders in the 2020 reform process; namely in operationalizing how the quantitative goals can be achieved and in the writing up of the national reform reports. For example, the representative of the European Anti-Poverty Network (EAPN) perceived its organization as being marginalized from relevant policy processes. That the government does not regard the EU categories and dimensions of poverty and inclusion as central or something that should be prioritized in other ways than as a mere formality was also reflected in one of its representatives' view that poverty in Sweden is not an issue of EU relevance but instead a national affair that should be, if at all, raised in absolute and not in relative terms:

*It is more of absolute (poverty). What shall I say? This is clearly a political issue. But one thing is clear: things look better (laughter) if one focuses on absolute poverty. Then it can be said that it is going down. And then one can say that (the government) has done a good job ... Then I think that there is a resistance to use the word 'poverty'; even if people do so, they would think that we are not poor in Sweden. If one takes the absolute perspective, we are well off here. ... (The government's senior figures) do not really want us to use the word (poverty). I think I heard that sometimes from the political leadership: we are not supposed to use it when writing. We may write about children in economically vulnerable positions instead. This is how (the government) wants it.*

As a consequence, there are rare references to the EU discourse and policy goals in the debate and in the assessments of the government's achievements in this policy area. In fact, the majority of our respondents thought that most people in Sweden are not even aware of the existence of the 2020 policy framework, and, hence, that it did not have much of an impact on the Swedish debate.

## 4 The National Policy Framework for Active Inclusion

### 4.1 The structure of minimum income rights

There have not been any formal changes in the social assistance system in recent years. As one representative of the Ministry Health and Social Affairs stressed, social assistance has not been questioned in its role of guaranteeing social security of the last resort either. However, somewhat below the level of formal and legal modifications, two respondents pointed out that the social assistance service has changed for the worse in general, and in terms of increased requirements of individual clients, in particular.

#### 4.1.1 Institutionalization

According to Gough et al. (1997) Sweden belongs to the citizenship-based but residual social assistance regimes characterized by a high degree of codified rights of recipients and relatively generous benefits. Minas & Øverbye (2010; see also Bergmark & Minas 2010) define the Swedish system of social assistance provision as centrally framed and based on local autonomy. Historically, much of the responsibility for the provision of poor relief was delegated to the local arena. Though the system was revised and modernized several times, it remained essentially intact: it is still the municipalities that provide social services and social assistance. Profound alterations include the definition and composition of the ‘needy’, which have changed considerably. The Swedish post-war era was characterized by Social Democratic hegemony and an expanding comprehensive welfare state where universal benefits were directed at specific categories of the population. Examples for such benefits include the elderly and physically disabled who had earlier relied on municipal social assistance. These groups were now integrated into the general insurance schemes, thereby alleviating the local ‘burden’ of providing poor relief for relatively large segments of the population. The general trend in the Nordic countries after WWII was a move away from residual social assistance to social insurance as the main element of income protection of unemployed. However, being the ‘last safety net’, the social assistance system is highly sensitive to changes in other parts of the welfare state as well as to changes in the labour market. Cutbacks and curtailed entitlement criteria in national unemployment insurances may hence translate into increased stress on local social assistance schemes.

The central and the local arenas have a complex relationship when it comes to the regulation of social assistance. The Social Services Act, first implemented in the early 1980s, takes the form of a framework law that clarifies general guidelines and requirements for eligibility but leaves huge leeway in terms of detailed decisions on social assistance to authorities on the local level (for instance case workers in the Social Service office and local politicians) in accordance to the Swedish tradition of a pronounced local government autonomy. The Social Services Act was revised on several occasions but the basic foundation of the now 30-year old law has remained intact. Currently, it is the Social Services Act from 2001 (2001:453) that regulates the right to social assistance. The scheme is meant to be a last resort safety net for citizens with temporary financial problems. However, due to recent labour market developments, an increasing amount of citizens has found itself in a situation of long-term dependence.

Social assistance legislation is not detailed and consists of a national framework law drafted in general terms, mostly in forms of general intentions, objectives and imprecise requirements

regarding benefit eligibility. Both implementation and funding responsibilities are based on discretionary powers at local levels. The municipality and the local administrative authorities have both the possibility and responsibility to shape their own more detailed rules. The actual decision-making is carried out at the local political level by street-level administrators, mostly social workers. However, there is a national monetary benefit standard that provides a norm for the lowest level municipalities are allowed to set. Each year the government sets this national standard. The amounts for the various items included in the national standard are based on price and consumer surveys carried out by the Swedish Consumer Agency (*Konsumentverket*, KO).

In the case of social assistance, the legislator clarifies the following aspects: the claimant has the right to apply for (not to receive) social assistance. It is a matter of the official's assessments whether or not the application for social assistance is granted. The same applies to duration, size of subsidies and the recipients' obligations. In practice, the social worker defines the eligibility criteria in order to distinguish entitled from non-entitled claimants. Sweden also has one of the strictest means-testing systems within the OECD world (Saraceno 2002) according to which people must more or less totally lack own financial resources in order to be entitled to social assistance.

The social worker is a decision-making actor who has to comply with two basic criteria: (i) the claimant must be assessed as available for work and make efforts to find a job; in some way, he or she must demonstrate activity in enhancing his or her employability; and (ii) if the applicant's financial benefits can be met by other means or from other programs – for example unemployment insurance benefits, parental allowance and sickness benefits – these insurances must be used first. The work criterion can only be applied, if the recipient is capable to work. Exceptions are made for individuals in life situations characterized by severe health problems, mental illness or drug addiction, for instance. The Social Services can reduce or even reject the application for social assistance, if the applicant does not respect the job-search requirements or terms of individual 'contracts'. These assessments require a considerable use of discretionary power from practitioners. The law also enables social workers to require active participation in activation programs or education as an obligation in order to grant social assistance. Through the Social Services Act in 2001, the right to appeal against all decisions to the county administrative court was reintroduced, including against refusal of social assistance applications. This right is established both in law and in its preparatory work (prop. 2000/01:80). The claimant has a guaranteed opportunity to appeal within three weeks of having received the decision. The Social Services offices are obliged to explain every decision and then to help the client to appeal if claimants are not satisfied with the decision.

In 2005, the Social Democratic government found a Commission to develop new suggestions for reforms of the social assistance system. The Commission was titled *From Social Assistance to Work* (SOU 2007:2). The Social Democratic government gave the Commission a broad mandate, which included mapping and investigating the administrative and financial links between local social assistance services, social security and PES. Initially, the focus was on young social assistance claimants, the unemployed, and on forms of cooperation between institutions responsible for MIP delivery (one-stop-shop models). The Commission was also due to present proposals on new forms of minimum income protection systems for social assistance claimants (Dir 2005:10). However, after the election in September 2006, the newly elected Center-Conservative government made changes in the Commission directives and stated explicitly that no proposals for new MIPs would be presented. Instead, the new

government urged the Commission to take an even broader stance on the government's entire employment policy measures (Dir 2006:120). The almost 600 pages long report presented a wide and broad analysis of public measures aimed to integrate unemployed people in general and, particularly, unemployed social assistance recipients into the regular labour market. The report also included proposals on changes in secondary education, ALMP and national social security services (SOU 2007:2). The Center-Conservative government has since made few suggestions and policy proposals that would be directly related to social assistance. Most of the reform activities during the first period in office (2007-2010) concentrated on reforming the unemployment insurance, ALMP and the sickness insurance. However, in a party meeting in the summer of 2011, the Ministry of Social Affairs argued for more generous rules on meanstesting within the social assistance system. However, this statement has not gained sufficient support among other parties in the Center-Conservative alliance as yet (Dagens Nyheter 2011-06-30). According to several respondents, the government recently suggested to change the social assistance system in order to allow those social assistance recipients that establish themselves on the labour market to keep their benefits for up to six months and also to keep a share of their earned wage as an incentive to encourage work and diminish total marginal effects as all income now reduces the social assistance with the corresponding figure.

#### **4.1.2 Benefit structure and generosity**

Those who receive social assistance are entitled to 'a reasonable standard of living', defined by the government each year. This standard should represent a normal but moderate level of consumption in correspondence to what a low-income household in the respective community can expect on average. The specific monetary amounts of this standard are based on calculations from the National Council for Consumer Affairs. Recently, substantial tax cuts have contributed to a gradual widening of the income gap between citizens in employment and those relying on social assistance. The exact interpretation of a 'reasonable standard of living' for recipients of social assistance is delegated to the municipalities and, from there, to the local social workers. Each application for social assistance is assessed individually. The case worker looks at the financial situation in a thorough investigation of relevant documents, receipts, taxation, income, bank statements etc. and also checks with other official authorities to reconfirm the applicants' claimed situation.

Notwithstanding these local and professional variations, social assistance allowance is generally comprised of two parts: (i) income support for upkeep and for other items needed for a reasonable standard of living; and (ii) financial support for other living expenses. According to the national standard for 2013, the amount for a single person in national currency is 2950 SEK (about 330 euro) per month.<sup>4</sup> The income-support related benefit based on the national standard includes costs for food, clothes, shoes, leisure and play, health and hygiene, consumables, newspaper, telephone and TV license fee and housing costs (rent and running costs for water, heating, refuse collection, property insurance). Housing costs must be determined by the caseworker to be reasonable. According to the law, the assessment of what are reasonable housing costs should be based on what low-income groups in the applicant's municipality can normally afford. Reasonable housing costs for households without children are currently around 4500 SEK (about 500 euro) per month. This national standard for income support can be supplemented by financial support for other living expenses to ensure a reasonable standard of living. Though this is assessed individually by

---

<sup>4</sup> *Socialstyrelsen* frequently publishes updates that are available online at <http://www.socialstyrelsen.se/nyheter/2012november/nuharregeringenfaststalltriksnormenfor2013>.

social workers at the local level, this typically includes costs for medical and dental care, purchase of furniture, glasses, winter clothes, equipment for a baby, travel to meet own children, municipal service or funerals. Social assistance applicants have access to public social welfare services such as PES services like any other citizen. Social assistance recipients do not have any privileged access to particular public services, e.g. debt-counselling and financial advice or drug counselling, but can apply for such services to the local social welfare office. There is, hence, no automatic link between being a social assistance recipient and a having access to particular sets of services and benefits.

#### **4.1.3 Benefit administration (see also 4.1.1 and 4.1.2)**

The Public Employment Service (PES) is a public (governmental) authority with offices throughout the country. These offices normally cooperate with social services in the local arena. The PESs work with both guidance and recruitment and offer preparatory and vocational labour market training courses. The PESs often cooperate with municipalities and can also, through contracts, assign clients between their programs. One major category in this respect is the young unemployed. Both municipalities and the PES can also hire private companies on contracts where they provide for instance job coaching, training and counselling to clients.

### **4.2 The activation of minimum income claimants**

It is important to clarify the difference between national labour market programs and municipal activation programs that are designed and implemented by the municipalities. The national programs, on the one hand, are coherent and follow the same standards all over the country. The municipalities, on the other hand, develop their own activation or training programs, which is why there is huge divergence across the local arena. The last national survey and comprehensive research study that assessed this area was published in 2004 (Salonen & Ulmestig 2004; see also Thorén 2012 for a recent overview of the research on activation in Sweden). Though several studies point to the lack of knowledge on this topic, they also indicate substantial variances and different conditions in municipal handling of unemployed and benefit-dependent residents. The municipal activation programs are often directed towards the long-term unemployed and may consist of counselling, training placements in actual work places and education (from basic skills to brief introductions on how to seek employment) and shorter vocational training courses.

#### **4.2.1 Personalization**

The issue of personalization can be operationalized in different ways (Johansson 2006b & 2007). One way is the use of individual action plans as a device for both planning and administrative control on part of the welfare officer or for including clients into planning and deliberation on service delivery and dealing with complex social problems. In Sweden, individual action plans are widely used within an array of welfare systems. However, the issue of personalization must also be understood in its institutional context. Swedish social services are to a huge degree decentralized and mainly run by professional and academically skilled social workers. These normally apply methods that focus on the individual client, that is, to give professional support and advice for the individual to overcome social problems of different kinds. Social workers are specialized in various welfare areas, including in giving employment-related advice. Within MIP transfers and services, hence an individualized approach predominates that is embedded in organizational and professional practices and working procedures and expressed in devices such as individual action plans.



Within the PES, individual action plans started to be used in the mid-1990s with the aim to form a ‘contract’ between the individual and the state. These plans were to be designed in ways that the agency could monitor the candidate’s activities and, if necessary, deploy targeted placement measures. Action plans were also viewed as a contract between job seeker, employment service and the ‘breadwinner’ (for example an insurance fund). The plan was hence a sort of control of the individual to meet his or her obligations; for example, in cases of rejection of a work or labour market policy measure. Individual action plans are a general requirement to be recognized as jobseeker and hence a formal requirement to be entitled to any form of unemployment allowance (Johansson 2006b). They continue to be used by the PES.

#### **4.2.2 Conditionality**

There was a great degree of unity among those interviewees not representing the government in relation to the conditionality of activation measures. In fact, much of what has been outlined in 3.2 above was also reflected here. More particularly, most respondents commented on cuts in passive labour market benefits in combination with an expansion of activation measures to increase the incentive to work. According to a government employee who served in various ministries, the trend goes away from universal social rights

*... to substantially more means-testing. There is a test, you don’t have a right to social assistance. Your will to work must be proved and tested.*

Several interviewees stressed a general transition from ‘carrot’-approaches towards prioritizing the ‘stick’. Exceptions such as the recent government proposal *jobbstimulans* programme, which would constitute a kind of carrot-type policy since participants are allowed to keep more of their pay, were also mentioned. Yet such policies seem also to reflect the pre-dominating attitude to prioritize individual over structural factors when it come to the explanation of labour market integration (and the lack thereof).

An amendment in the Social Services Act in 1998 enabled municipalities to require participation in activation programmes as a criterion for entitlement to social assistance. This applies especially to young people under 25 years, people over 25 with a special need of knowledge-building activities and students who need social assistance during a break from their studies (Johansson 2006; Johansson & Hvinden 2007a & 200b). The Social Services can decide to demand that these applicants take part in the municipality’s or employment office’s programs and measures for the unemployed. The Social Services can therefore reject an application for social assistance, if the applicant turns down measures of practical experience or other knowledge-building activities without an acceptable reason. This applies to participation in activation through both national and municipal labour market programs. One current yet not decided government proposal suggests making activation conditional also for over 25 year old social assistance recipients. In this context, several of our respondents pointed to the moralizing nature and the exercise in disciplining that activation measures may entail for participants. According to an employee in the Ministry of Health and Social Affairs, it

*... has gone so far with the financial perspective of social work that you have lost the basic foundation and values of social services of independence, quality,*

*integrity and so on. This perspective (that of the government) is so much about control, sanctions, incentives, and so on.*

This is also reported to be reflected in the increasing debate on ‘cheating’ and social assistance benefit fraud.

#### **4.2.3 Service provision**

One of the main tasks of the PES is to support jobseekers that find it particularly difficult to secure employment. Some programs are tailor-made for individuals with long-term receipt of social assistance. In ‘New-start jobs’, for example, employment is subsidized such that employers receive financial incentives and extra support for hiring a person assessed as excluded from the labour market. There is also the ‘Work-life rehabilitation’ program where individuals test their abilities to work and where their functions and skills are examined. The dimension of social training and integration is prominent and central in this rehabilitation, since it is directed towards persons who lack work experience. In general, in the last decades the focus of these programmes was not so much on education and training and more on job search and job promotion. Programmes have also increasingly targeted groups in marginal labour market positions. The reason for this was that other groups of unemployed people are seen to have greater opportunities to find employment through other ways (networks, contacts) and services (e.g. those provided for by the social partners).

When a person participates in these national labour market programs he or she is entitled to remuneration from the state. Amounts vary with previous income and whether he or she has unemployment benefits or is eligible to (lower) flat rate compensation. The crucial point is that participants do not receive social assistance in exchange for their participation. If the remuneration is too low, participants can apply for additional social assistance in order to be able to lead a reasonable standard of living. This can for instance be the case for a parent with dependent children who only receives flat-rate compensation at the lowest level.

As mentioned above, these programs are not solely intended or targeted for SA recipients but also include other labour market categories with specific difficulties. MIP beneficiaries do not have privileged access to specific social services. Social services are universal in principle, and there is generally no rule that excludes social assistance recipients from access for example to care, counselling or advice services. Even though social assistance administration is carried out by the same local social service office that also provides other social services, local regulation might exclude unemployed persons from full access to child care services. Persons within the labour market and working full time are allowed to have full child care services (the monthly fee is approximately 1200 SEK per child), while unemployed persons are only allowed a reduced number of hours of childcare (approximately 30 hours per week).

Generally, if MIP beneficiaries express a need – or are being assessed and encouraged by their case worker to have one – they are entitled to receive debt-counselling, financial advice, drug counselling and psycho-social counselling assisted and mediated by the municipal social welfare offices. There are no specific child-care provision programs for long-term unemployed, working poor or lone mothers but the right to municipal child care is accessible to almost all parents. If the child is being assessed as having specific social needs it can be prioritized and given a place within short notice. However, the normal procedure is to provide accessible childcare to all parents that are enrolled in work, training, education etc.

The information our respondents provided in relation to the service provision of MIS schemes for the working poor, single mothers and the long-term unemployed is somewhat inconsistent and partially contradictory. While all agreed that there is no policy priority for any of these social groups, our respondents had conflicting ideas about whether what is done for them is enough. This contradiction was even expressed within the government. One government MP argued that there is sufficient funding available for the three groups, but that it would be up to the local level to use them; at the same time, the individual client should be made aware of his or her own responsibility to make ends meet. However, another government representative argued that the support for our three groups in fact worsened in comparison to the 1980s, indicating the need for additional means and political action.

### **4.3 The organisation of active inclusion delivery systems**

#### **4.3.1 Structure and operation of lead agencies, inter-agency coordination**

Throughout the last decades several attempts have been launched to increase and stimulate cooperation in order to reduce costs and also to avoid that clients ‘fall between administrative responsibilities’. One such project was launched at the beginning of the 1990s and continued for some years (1993-1997) with the aim to increase cooperation between social security offices (*Försäkringskassan*) and Health Services: FINSAM. A similar project started almost at the same time and involved social security offices, health services and social welfare services: SOCSAM (1994-2001). These projects mainly functioned as joint political forums to discuss common issues and possibilities to use funding from different authorities and institutions for joint issues (*Inspektionen för Socialförsäkringen* 2010). Similar attempts to increase political and financial coordination have also taken place in the field of rehabilitation in the period prior to 2008. This list could certainly be prolonged. However, social assistance has rarely been a driver in these debates, even though it has been an issue constantly debated in terms of cooperation and coordination between local PES and local social welfare offices. Due to the decentralized nature of the Swedish welfare system, issues of integration must hence be understood as part of local innovations, local organizational changes, changes in local decision-making structures and administrative divisions and as outcomes of changing routine and professional behaviour among social workers etc. rather than as an element of national reform processes. Local municipalities have developed routines and projects to increase cooperation and coordination with other public authorities operating at local levels in various formalized forms.

In some municipalities closer and more institutionalized forms of cooperation and even integration between public authorities involved in service delivery and social assistance transfer have been developed. Examples for such local innovations include the large Swedish cities. In 2008, Stockholm introduced a model called *Jobbtorget* (The Job Square). The aim was to strengthen the city’s efforts to bring more unemployed people into work thereby reducing the city’s costs for income support. *Jobbtorget* created a joint entrance to the city’s various resources for labour market initiatives. According to official descriptions, operations have a clear job focus with the aim to help individuals find work or to begin a study. Clients are a selection of unemployed young social assistance recipients below the age of 24. The unit cooperates with the PES and other areas within the municipalities’ services. Individuals meet a personal coach, a job-placement matching expert, study counsellor and ICT experts. The unemployed client completes a job plan within 5 days. This local model hence imitates the PES through the development of local and municipality-run services for social assistance

recipients parallel to the PES system – for all unemployed persons. Similar efforts have flourished at local levels since the beginning of the 1990s (Johansson 2001 & 2006; Thoren 2012). Other high profile models – such as the *Arbets- och Utvecklingscentrum* (Work and Development Centers) used in Malmö from the late 1990s and until 2008) – directly brought together the national social security offices, PES and local social welfare service under the same ‘roof’. However, the model was not continued.

All respondents stressed that there is much room for cooperation and coordination to improve. This applies to both the national and local levels and, especially, their interaction. Some respondents argued that there is in fact a gap between the rhetoric of cooperation and its practice between organizations, authorities and regulatory levels. However, the most important detriment to a functioning interaction is seen in the ‘drainpipe’ logic (see 2.4.2 above), following which each unit deals with its respective task, within its respective budget and without consideration of the service delivery as a whole. Consequently, individual clients are of interest only as far as the respective task and the specific responsibility of the organization is concerned. There is a danger that the lack of holistic approaches that characterizes the division of labour between the different welfare entities and regulatory levels is reflected in an approach towards clients that does not address the needs of individual clients in their entirety. Indeed, one SKL representative went as far as saying that local authorities would not do anything until a national level department orders a particular way of working and cooperating.

Consequently, several respondents in fact suggested one-stop-shop solutions not only in order to be able to work from a more holistic perspective, but also to shorten the working time for individual cases and to limit the amount of contacts between clients and authorities. As yet Sweden is the only Nordic country that does not follow the one-stop-shop approach. Several interviewees also pointed to the role of the PES, which would, as publicly financed authority, not really meet its task to help unemployed persons to find work. This would frequently lead to local authorities attempting to do the *Arbetsförmedlingen*’s job, resulting, in turn, in double and parallel services doing similar or the same line of work. This was interpreted as systematically inefficient and unconstructive for the individual client, amplifying the necessity of a strengthening of one-stop-shop solutions within the Swedish welfare system. In this context, respondents with experience of ESF funded projects pointed out that the ESF would encourage the use of project means for the cooperation and integration of organizations and agencies at local level. Yet the hitherto experience would be that as soon as such joint projects terminated the cooperation between entities ended as well. Only when new funding was obtained would such cooperation be likely to resume.

Attempts to understand our respondents’ observation that the PES does not always meet its goal to help people find work in cooperation with local authorities include consideration of the differences in goals and organizational logics of PES and local service providers. The PES is governed by the central government that issues the main policy goals and principle; first and foremost, to reduce unemployment by training, education and matching. More recently, however, the mission of the PES has come to increasingly focus on marginal labour market groups, that is, to direct resources towards long-term unemployed or young people. The PES must frequently report to the central government in relation to meeting its objectives, and this is done under significant media coverage. Funding is a further important issue. The PES is responsible for active labour market policies targeted at the unemployed. It administers and finances these programmes for unemployed that are registered with the PES and is responsible to report on results to the central government. The local authorities, by

contrast, are responsible for the delivery and financing of local activation services and also for the financing of social assistance costs. Here lies a potential conflict of interests that merits further research: While local authorities aim to help people into the labour market and the PES system, they are also eager to cater for their groups. One such help is to get social assistance claimants to be registered with the PES as this allows for access to its activation services. This provides them with training subsidies, thereby also reducing social assistance costs. The main principle of the PES, by contrast, is to quantitatively reduce unemployment – which sometimes implies the blocking of access of groups with complex problems (social, psychological and poor competences etc.). The inclusion of groups that are harder to place than others into the PES would endanger the meeting of quantitative government benchmarks.

### **4.3.2 Marketization**

The issues of marketization, privatization and contracting out are salient in the Swedish welfare state and on top of the agenda of the present Center-Conservative government (Petersson 2011). Public procurement models are used to strengthen the role of other than public providers. Recently, the Center-Conservative government initiated a new Act on *Systems of Freedom of Choice* to encourage the development of consumer-citizenship models even further in areas such as social services, health services and employment services. These systems are designed to directly support the development of non-profit service providers and the direct choice of alternative providers by consumers (proposition 2008/09:29, SFS 2008:962, see also Hartmann 2011). Even though the increase of the role of private providers, New Public Management, consumer oriented models and, generally, a greater degree of choice are central pillars of the Center-Conservative government's agenda, it cannot exclusively be understood in terms of a political agenda of recent years. In fact, it is a trend that started in the early 1990s, partially promoted by the Social democratic and Green Parties. Moreover, due to the decentralized nature of the Swedish welfare services and the associated difference in the roles of private providers, 'market solutions' vary between policy areas and local arenas.

The school sector is one of the public sectors that have undergone profound changes in terms of privatization and contracting out. Private companies and non-profit organizations (foundations, for example) provide education at all levels. Today, approximately 20 percent of pupils go to private, that is, non-public upper secondary schools (Vlachos 2011). The health sector and elderly care services have been privatized to an even greater degree, whereby the state continues to control, regulate and fund services. Childcare is another part of the welfare state in which a wide variety of non-public providers can be found. The most profound changes, however, have been identified in the area of ALMPs. The Center-Conservative government, starting in January 2008, directly aimed to privatize the PES by bringing in private providers for all forms of labour market programs (job placement, job search, training etc.). In June 2010, nearly 1000 so-called 'complementary actors' were involved in the production of active labour market services and about 25 to 30 percent of the unemployed were customers of these non-public providers of both a profit- and non-profit orientation (Lundin 2011). It is noteworthy that these trends of privatization and marketization run parallel to a greater degree of centralization within Swedish ALMPs; hence, there is less involvement of regional labour market boards (Lundin & Thelander 2012). With regard to local municipality based activation services, there are no reliable information and statistics to draw upon. There are non-public actors involved in running services on a contract basis, but we lack data on the size and quality of their role.

Our respondents could not comment on the role of voluntary organizations in outsourced forms of service delivery, since this practice does not exist in Sweden. The representatives from the European Anti-Poverty Network suggested that there is a political ambition to let voluntary organizations perform social services at a lower price. However, this is seen as disadvantage for NGOs, because it would be the state that as employer runs and governs the organization's practice and not its members.

## 5 Assessment

### 5.1 A national strategy?

The Swedish national strategy for active inclusion is largely supply-oriented. While both the current Conservative and previous Social Democratic governments avoided the notion of ‘poverty’, the concept of social inclusion and exclusion (*Utanförskap*) has been in the center of the Swedish political debate for a significant period of time. However, inclusion and exclusion are in these conceptualizations hardly linked to the (re-)distribution of income and the social structure (Littlewood, Herkommer and Koch 2007). Instead, the new ‘Alliance’ government, in office since late 2006, defined exclusion as an issue of labour market participation only. Echoing earlier policy strategies in the UK (‘make work pay’), ‘active inclusion’ is here seen as almost synonymous with the creation of employment at virtually all costs. The emphasis on the creation of work and employment as a means of increasing economic inclusion is in fact so strong that even EU 2020 targets to reduce poverty are ignored in the national debate as much as possible.

While, at the national level, the focus is on a supply-oriented interpretation of labour market inclusion, the social assistance system has rarely been a driver in these debates and has formally remained intact (even though it has been an issue constantly debated in terms of cooperation and coordination between local PES and local social welfare offices). Yet due to the decentralized nature of the Swedish welfare system, issues of integration and active inclusion cannot exclusively be understood by focusing on the national level and national reform processes. Active inclusion should also be understood as result and part of local innovations, local organizational changes, changes in local decision-making structures and administrative divisions and as outcome of changing routines and professional behaviour among social workers.

### 5.2 A strategy for all working-age groups?

The supply-oriented and employment-creation based policy approach that characterizes the national strategy is generally applied to all working-age benefit claimants. However, as mentioned above (5.1), in terms of active inclusion it is important to keep the difference in mind between national labour market-oriented policies and programs and municipal policies, in particular activation programs. National programs are coherent and defined by the same standards all over the country. Yet the municipalities construct own activation or training programs and there is therefore huge diversity across the local arena. This includes substantial variance and different conditions in municipal handling of the unemployed. At the municipal level, activation programs are often directed towards the long-term unemployed and consist of counselling, training placements in actual work places and education and shorter vocational training courses. Unemployed persons are often categorized into two groups: unemployed eligible for unemployment benefits, and unemployed who receive social assistance. The latter receive less assistance from the Public Employment Services and must often turn to different agencies for support; they sometimes end up caught between two stools.

In-work poverty is not considered a major problem in Sweden and therefore no direct policies have been launched towards this labour market segment. In fact, Sweden belongs to those EU member states that do not have a national minimum wage and where collective agreements

regulate minimum pay rates. However, the current Swedish active inclusion strategy – to enhance social inclusion by creating employment at virtually all costs – has been accompanied by an increase in wage inequality, which might well set in-work poverty on the political agenda. Hence, we cannot exclude that the low-wage segment of the labour market will become a policy priority in the future – similar to the UK where a minimum wage was introduced in 1997.

Neither is there a specific policy strategy targeting single parents. Due to the public provision of affordable care facilities, single parents are just as other groups expected to be economically active. However, there are indications that additional policies may be necessary. Even though the poverty rate of single parents was among the lowest in the EU in 2010, this group (mostly single mothers) nevertheless bears a stressed financial situation, are at larger risk of poverty and overrepresented in social assistance receipt. In 2005, the proportion of single mothers receiving social assistance was five times higher compared with recipients living in couples.

### **5.3 A multi-dimensional approach to working age poverty?**

Our assessment of the Swedish approach to MI provision and combating poverty is based on previous research and our interpretation of the qualitative data from the expert interviews. It departs from the link (and the lack thereof) between the social assistance system and the remaining welfare and social insurance system. The social assistance system's original function – of providing social security of last resort for individuals in a temporary crisis situation and/or as maintenance for individuals with complex and multiple disadvantages – is potentially undermined in circumstances where the general welfare system is downsized. In other words, a formally intact and largely unchanged social assistance system can continue to function satisfactorily only so long as the remaining and surrounding pillars of the welfare system dispose of sufficient resources and continue to be capable of functioning according to the traditional 'Swedish welfare model', that is, on the basis of strong and encompassing social insurances. Yet recent research indicates that retrenchment in the sickness insurance led to increased social assistance uptake. Even though the absolute numbers of households on social assistance continue to be on levels below the 1990s, there is a 10 percent increase in the most recent period that is also reflected in municipalities' expenditure. According to our interviewees this increase cannot be explained with external factors such as the current economic, financial and employment crisis alone but also with domestic developments: our respondents agree that social assistance has received a too large significance for the unemployed and those with health impairments and that a substantial share of clients should in fact not be on social assistance at all. As the remaining welfare system covers less and less people, these are transferred to the social assistance system. Another important issue raised in the interviews was that the supportive function of social assistance is increasingly undermined through an economic conceptualization and application, in which the social work element is more and more pushed to the margins. Still other respondents expressed a more general critique of the social assistance system in terms of excessive meanstesting: The fact that clients must have used up all financial means before they are able to receive social assistance is seen as unnecessarily impoverishing them. It is also seen as counterproductive, since the social assistance system tends to lock clients in a situation, in which it becomes even more difficult to (re)establish themselves in the labour market. Even government representatives expressed the view that benefit levels are far too low in order for the system to fulfil its original function: to temporarily provide maintenance at a dignified level. Finally, in the given welfare setting, the receipt of social assistance is associated with stigma – a



perception that tends to be amplified through various disciplining practices that the diverse control procedures involve. Unemployment and poverty – once seen as structural issues – are presented as the clients' personal failure and this is regarded as an additional negative impact on social assistance clients.

A final obstacle to a truly multi-dimensional approach to combating poverty is the lack of coordination and cooperation between the different welfare services, the lack of one-stop-shop solutions in particular. In this context, our respondents confirmed previous research in perceiving the local job centers (*arbetsförmedlingen*) as partly dysfunctional organizations that do not always meet their task to cooperate with the social services in the clients' interest. We share our interviewees' assessment to regard the lack of cooperation and coordination between welfare institutions and authorities in general, and the 'drainpipe'-logic in particular, as counterproductive for the provision of satisfactory welfare services. Clients are moved about between welfare institutions as a result and involved authorities are reported as being too often unwilling to help due to tight budgets. Several respondents expressed the need for better financial coordination and organization of welfare services so that clients are not anymore rejected for financial reasons. Individual clients – including single mothers, working poor and the long-term unemployed – are too often not helped and supported by an institutional design (both at the national and local level) where holistic solutions are difficult or impossible to achieve. Municipal activation measures were also frequently criticized for being repressive and not sufficiently efficient in terms of competence and skill development. We agree with the majority of our respondents that the carrying out of labour market, social and education policies as separate entities in terms of steering, directives and budget are potentially counterproductive to the provision of a multi-dimensional approach to working age poverty.

## Conclusion

This report scrutinizes the pursuing of the active inclusion agenda in Sweden by delineating relevant policy developments in MIP schemes and the social assistance system in particular, by evaluating previous research, statistical data on labour market and social protection indicators and 16 expert interviews with national level representatives of government, opposition, social partners and voluntary sector. We broadly agree with previous research that the institutional structure of minimum income schemes at national level – the social assistance system – has remained largely intact over the last decade. In this narrow sense, Sweden is indeed a case of ‘inertia’. However, we would also argue that a too narrow focus on social assistance delivery disguises the transition in the function of social assistance within the welfare system as a whole: from an originally temporary security system of last resort for individuals in a temporary crisis situation and/or with complex and multiple disadvantages into one that permanently provides income protection in circumstances where the remaining welfare system is downsized. Hence, the social assistance system per se continues to work as it used to but neighbouring pillars of the welfare system, namely the unemployment and sickness insurance systems, cover people increasingly insufficiently so that a too large share of the unemployed is transferred to the social assistance system as involuntary long-term destiny.

The report has also highlighted substantial deficits in the government’s policy priorities and in the MIP governance set-up that together have the potential of seriously undermining an efficient application of the active inclusion agenda in Sweden. We agree with several of our interviewees that the government’s supply-oriented *arbetslinje* – the attempt to combat poverty by creating employment – complicates the following of the active inclusion principle. Not only are the social structure and inequality-related issues largely ignored in the government’s employment-centred inclusion discourse, it also rejects the quantitative poverty-related 2020 targets altogether. Hence, there is a general refusal within government circles to address relative poverty both outside and within employment that many of our respondents regard as counterproductive to an active inclusion agenda as envisioned by the EU.

The second key weakness in this regard are the forms of cooperation and coordination within the government, between government and other welfare institutions and actors, and the interaction of different regulatory levels. In relation to within-government cooperation in MIP relevant issues, several of our respondents pointed to a counterproductive accumulation of power with the Ministry of Finances, while the Ministry of Health and Social Affairs in particular would not have sufficient decision-making power. Our interviewees also mentioned a tendency within government circles not to sufficiently involve other actors such as representatives from social partners, the voluntary sector or academics in decision-making. Neither was the cooperation between neighbouring policy areas such as labour market, social insurances and education seen as sufficiently developed to practice a multi-dimensional and efficient policy effort in relation to poverty relevant issues. Existing forms of cooperation were described as shallow and instantaneous, that is, arising in events of concrete questions and fact touching, that disappear as soon as the issue is dealt with. Neither was the cooperation between municipalities and job centres and the government described in positive terms, due to a lack of clear-cut government guidelines and directives. In general, the majority of our respondents missed holistic approaches in MIP-relevant policymaking – one-stop shop solutions in particular – and criticized the predominance of a ‘drainpipe’-logic, due

to which cooperation between even neighbouring policy domains such as labour market, social insurances, education and social assistance is complicated and underdeveloped.

## References

- Angelin, A. (2009) *Den dubbla vanmaktens logik. En studie om långvarig arbetslöshet och socialbidragstagande bland unga vuxna*. Lund Dissertations in Social Work 38, Lund: Socialhögskolan.
- Bengtsson, M. (2012) *Transformation of Labour Market Policies in the Nordic Countries: Towards a regime shift in Sweden and Denmark?* Unpublished manuscript. Department of Sociology and Work Science, Gothenburg University, July 2012.
- Bergmark, Å. & R. Minas (2010) "Actors and Governance arrangements in the field of social assistance" in Y. Kazepov (ed) *Rescaling Social Policies: Towards Multilevel Governance in Europe*. Vienna: Ashgate.
- Billquist, L. (1999) *Rummet, mötet och ritualerna. En studie av socialbyrån, klientarbetet och klientskapet*. Göteborg: Institutionen för socialt arbete.
- Byberg, I. (2002) *Kontroll eller handlingsfrihet? En studie av organiserings betydelse i socialbidragsarbetet*. Stockholm: Stockholms universitet.
- Dagens Nyheter (2010) "Vi har omprövat politiken – här är våra fyra nya mål" DN debatt, Mona Sahlin. 13 april 2010.
- Dahlberg, M., Edmark, K., Hansen, J. & Mörk E. (2009) *Fattigdom i folkhemmet – från socialbidrag till självförsörjning*. Uppsala: IFAU.
- Inspektionen för socialförsäkringen (2010) *Samverkan inom socialförsäkringen. En sammanställning av uppföljnings- och utvärderingsrapporter inom verksamheter finansierade med samverkansmedel*. Rapport 2010:2. Stockholm: Inspektionen för socialförsäkringen.
- Ferrarini, T., Nelson, K., Palme, J. and Sjöberg, O. 2012. "Sveriges socialförsäkringar i jämförande perspektiv. En institutionell analys av sjuk-, arbetsskade- och arbetslöshetsförsäkringarna i 18 OECD-länder 1930 till 2010", Underlagsrapport nr. 10 till den parlamentariska socialförsäkringsutredningen ,(S2010:04), Stockholm: Socialdepartementet.
- Furåker, B. 2013 "Nonstandard Employment and Perceptions of Job Characteristics and Labour Market Situation: An Intra-Nordic Comparison", in M. Koch and M. Fritz (eds) *Non-Standard Employment in Europe: Paradigms, Prevalence and Policy Responses*. Basingstoke: Palgrave Macmillan (in press).
- Goerne, A. (2011) "A Comparative Analysis of In-Work Poverty in the European Union" in N. Fraser, R. Gutiérrez & R. Peña-Casas (ed) *Working Poverty in Europe - A Comparative Approach*. Basingstoke: Palgrave Macmillan.
- Gough, I., Bradshaw, J., Ditch, J., Eardley, T., and Whiteford, P. (1997) "Social assistance in OECD countries" in *Journal of European Social Policy*, 7, 17-43.
- Gullberg, A. & Börjeson, M. (1999) *I vuxenlivets väntrum. Arbetslöshetens konsekvenser för ungdomars livsvillkor*. Umeå: Boréa.
- Gustafsson, B. (2002) "Assessing non-use of social assistance" in *European Journal of Social Work*. Vol. 5, 149–158.
- Gustafsson, B, Hydén, L-C. & Salonen, T. (1990) *Beslut om socialbidrag i storstäder*. Stockholm: Stockholms socialförvaltning.
- Halleröd, B. & Larsson, D. (2008) "In-work poverty in a transitional labour market: Sweden 1988–2003" in H.-J. Andress & H. Lohman (ed) *The working poor in Europe – Employment, poverty and globalization*. Cheltenham: Edward Elgar.
- Hartmann, L (2011) *Konkurrensens konsekvenser. Vad händer med svensk välfärd*. Stockholm: SNS förlag.

- Hvinden, B. & Johansson H. (ed) (2007) *Citizenship in Nordic welfare states: Dynamics of Choice, Duties and Participation in a Changing Europe*. London: Routledge.
- Hvinden, B. (2011) "The Nordic Welfare Model and the Challenge of Globalisation" in M. Böss (ed) *The Nation State in Transformation: Economic Globalisation, Institutional Mediation and Political Values*. Århus: Aarhus University Press.
- Hydén, L-C., Westermark, P. K. & Stenberg S-Å (1995) *Att besluta om socialbidrag - en studie i 11 kommuner*. Stockholm: Centrum för utvärdering av socialt arbete.
- Johansson, H. (2001a) *I det sociala medborgarskapets skugga. Rätten till socialbidrag under 1980- och 1990-talen*. Lund: Arkiv.
- Johansson, H. (2001b) "Activation in the Nordic countries. Social democratic universalism under pressure" in *Journal of European Area Studies*, Vol 9, No 1, 63-78.
- Johansson, H. (2006a) *Svensk aktiveringspolitik i Nordisk belysning* [Swedish Activation Policy in Nordic Light], ESS Rapport 2006:3. Stockholm: Ministry of Finance.
- Johansson, H. (2006b) "Individuella Handlingsplaner" in V. Denvall & B. Vinnerljung (ed) *Nytta och fördärv*. Stockholm: Natur och Kultur.
- Johansson, H. (2007) "Putting the individual at the forefront: Beck and individual approaches in activation" in van Berkel, R. & B. Valkenburg (ed) *Making it personal. Individualising activation services in the EU*. Bristol: Policy Press.
- Johansson, H. & Hvinden, B. (2007a) "Re-activating the Nordic welfare states: do we find a distinct universalistic model?", in *International Journal of Sociology and Social Policy*. Vol. 27, No. 7/8, 334-346.
- Johansson, H. & Hvinden, B. (2007b) "Activation regulation in practise. Implementing activation reforms in the Nordic countries", in *Journal of Social Security Law*, Vol. 14. No. 3, 131-149.
- Johansson, H. & Hornemann Møller, I. (2009) *Aktivering. Arbetsmarknadspolitik och socialt arbete i förändring* [Activation: Active Labour market Policy and Social Work in Change]. Liber: Malmö.
- Johansson, H., Johansson L. & Scaramuzzino, R. (2011) *Mellan deltagande och inflytande - en kartläggning av brukarråd i Skånes kommuner*. Lund: Socialhögskolan, Lunds universitet
- Kangas, O. & Palme J. (ed) (2005) *Social Policy and Economic Development in the Nordic Countries*. Basingstoke: Palgrave Macmillan.
- Kautto, M., Fritzell, J., Hvinden, B., Kvist, J. & Uusitalo, H. (2001) "Introduction: How Distinct are the Nordic Welfare States?" in M. Kautto, J. Fritzell, B. Hvinden, J. Kvist & H. Uusitalo (ed) *Nordic Welfare States in the European Context*. London: Routledge.
- Koch, M. (2005) "Wage Determination, Socio-Economic Regulation and the State", *European Journal of Industrial Relations* Vol. 11, No. 3, 327-346.
- Koch, M. (2006) *Roads to Post-Fordism. Labour Markets and Social Structures in Europe*, Aldershot: Ashgate.
- Koch, M. (2008) "The State in European Employment Regulation", *Journal of European Integration* Vol. 30, No. 2, 255-272.
- Koch, M. (2013) "Employment Standards in Finance-driven Capitalism", in M. Koch and M. Fritz (eds.) *Non-standard Employment in Europe: Paradigms, Prevalence and Policy Responses*, Basingstoke: Palgrave Macmillan (in press).
- Lindvall, J. (2011) "Vad hände med den aktiva arbetsmarknadspolitiken?" *Ekonomisk Debatt* Vol. 39, No. 3, 38-45.
- Littlewood, P., Herkommer, S. and Koch, M. (2007) "Social Exclusion, the Underclass and Welfare: A critical Analysis", in Harrysson, L. and O'Brien, M. (eds.) *Social Welfare, Social exclusion: A Life Course Frame*, Lund: Värpinge Ord & Text.

- Available online at:  
<http://www.soch.lu.se/images/Socialhogsskolan/HarryssonOBrien070910WWW.pdf>.
- Lundin, M. (2011) *Marknaden för arbetsmarknadspolitiken: om private komplement till Arbetsförmedlingen*. Rapport 2011:13. Uppsala: IFAU.
- Lundin, M. & Thelander J. (2012) *Ner och upp. Decentralisering och centralisering inom svensk arbetsmarknadspolitik 1995-2010*. Rapport 2012:1. Uppsala: IFAU.
- Mann, J. & Magnusson, K. (2003) *Bostad? Var god dröj. Ungas etablering på bostadsmarknaden -Generationsstudien del 3 TCO*.
- Mills, C. Wright (1959) *The Sociological Imagination*, Oxford: Oxford University Press.
- Minas, R. (2005) "Shifting the wheat from the chaff - the organization of telephone intake and the selection of social assistance inquirers in Sweden", *European Journal of Social Work* Vol. 8, No 2, 145-164.
- Minas, R. & Øverbye E. (2010) *The territorial organization of social assistance schemes in Europe* in Y. Kazepov (ed) *Rescaling social policies: Towards multilevel governance in Europe*. Vienna: Ashgate.
- Mörk, E., & Liljeberg, L. (2011) *Fattig, sjuk och arbetslös – en beskrivning av personer i kläm mellan stat och kommun*, IFAU-rapport 2011:17, Uppsala: IFAU.
- Mood, C. (2004) "Social Influence Effects on Social Assistance Reciprocity", *Acta Sociologica* Vol. 47, No 3, 235-251.
- Nybom, J. (2012) "Activation and 'coercion' among Swedish social assistance claimants with different work barriers and socio-demographic characteristics: What is the logic?" *International Journal of Social Welfare* Vol. 22, No 1, 45-57.
- Olsson, L. (2010) *Working poor in Europe – Sweden*. Eurofound, Oxford Research.
- Pestoff, V. (2005) *Beyond the Market and State - Social Enterprises and Civil Democracy in a Welfare Society*. Aldershot: Ashgate.
- Petersson, J. (2011) "Welfare Policy at the Crossroads: New Trends and their Implications for Standardization and Diversity" in M. Koch, L. McMillan and B. Peper (eds) *Diversity, Standardization and Social Transformation: Gender, Ethnicity and Inequality in Europe*, Aldershot: Ashgate.
- Pontusson, J. (1997) "Between neo-liberalism and the German model: Swedish capitalism in transition" in C. Crouch & W. Streeck (ed) *Political Economy of Modern Capitalism?* London: Sage.
- Pontusson, J. & Swenson, P. (1996) "Labour Markets, Production Strategies, and Wage Bargaining Institutions: The Swedish Employer Offensive in Comparative Perspective", *Comparative Political Studies*, Vol. 29, 223-250.
- Proposition 1991/92:95 *Om valfrihet och fristående skolor*.
- Proposition 2000/01:80 *Ny socialtjänstlag m.m.*
- Proposition 2000/01:100. *2001 års ekonomiska vårproposition*.
- Proposition 2008/09:199 *Högre krav och kvalitet i den nya gymnasieskolan*. Stockholm.
- Proposition 2008/09:29 *Lag om valfrihetssystem*.
- Puide, A. (2000) *Socialbidrag i forskning och praktik*. Stockholm: Gothia.
- Salonen, T. & Ulmestig, R. (2004) *Nedersta trappsteget. En studie om kommunal aktivering*. Växjö: Växjö universitet.
- Saraceno, C. (2002) *Social assistance dynamics in Europe: national and local poverty regimes*. Bristol: The Policy Press.
- SCB (2010) *Välfärd - Var femte mamma är ensamstående*. No 2.
- SCB (2011) *Arbetskraftsundersökningarna*.
- SCB (2012) *Arbetsmarknadssituationen för hela befolkningen 15–74 år, AKU Första kvartalet 2012*.
- SFS 2001:453. *The Social Services Act*.

- SFS 2007:1349 *Förordning om försöksverksamhet med lärlingsutbildning. skolbarnsomsorg, skola och vuxenutbildning*. Rapport 363. Stockholm: Fritze.
- SFS 2008:962. *Lag om valfrihetssystem*.
- SKL, Sveriges Kommuner och Landsting (2007) *En effektiv arbetsmarknadspolitik! Hur kan arbetsmarknadspolitiken styras och samordnas för att fungera bättre lokalt?* Stockholm: SKL.
- SKL, Sveriges Kommuner och Landsting (2011) *Kommunerna och arbetsmarknadspolitiken. En redogörelse för aktuell lagstiftning och samverkansformer*, SKL-rapport 2011, Stockholm: SKL.
- Socialstyrelsen (1997) *Ekonomiskt bistånd för inrikes och utrikes födda 1998 – 2005*. Stockholm: Socialstyrelsen.
- SOU 2007:2 *Från socialbidrag till arbete*. Stockholm: Fritzes.
- Stranz, H. & Wiklund, S. (2011) ”I välfärdssamhällets marginal - om socialbidragstagande bland ensamstående mödrar av svensk och utländsk härkomst”, *Socialvetenskaplig tidskrift*. No 1, 42-62.
- Tatsiramos, K. & Ours J. van (2011) ”Incentive related to Unemployment insurance” Bilaga 9 i *Långtidsutredningen Välfärdsstaten i arbete. Inkomsttrygghet och omfördelning med incitament till arbete*. SOU 2011:2.
- Thorén, K. (2012) *Kommunal arbetsmarknadspolitik – en kunskapsöversikt över åtgärder för arbetslösa socialbidragstagare*. Rapporter från riksdagen 2011/12:RFR320.
- Ulmestig, R. (2009) *‘Decentralisering eller privatisering – lösningen på arbetsmarknadspolitikens problem?’* In H. Johansson and I. Hornemann Møller IH (eds) *Aktivering – arbetsmarknadspolitik och socialt arbete i förändring*. Malmö: Liber.
- USK (2011) *Beskrivning av socialtjänsten i Stockholms stad*, Rapport 2010, Socialförvaltningen Stockholms stad.
- Vlachos, J. (2011) ”Friskolor i förändring” in L. Hartmann *Konkurrensens konsekvenser. Vad händer med svensk välfärd*. Stockholm: SNS förlag.
- Visser, Jelle (2011) *ICTWSS database 3.0*, Amsterdam: Amsterdam Institute for Advanced Labour Studies.