Rescaling Social Welfare Policies
A comparative study on the path towards multi-level governance in Europe

Rescaling Social Welfare Policies in Sweden

National report provided by
Åke Bergmark
Renate Minas
Institute for Future Studies

Stockholm
February 2006
# Table of contents

Introduction 3

1 Changing contexts: demography, economy, society, politics 5
1.1 Socio-demographic patterns and trends 5
1.2 The State, its organisation and normative foundation 8
1.3 The Market, commodification and labour market performance 10
  1.3.1 Current topics 12

2 Institutional analysis: actors and governance arrangements 13
2.1 Identification of the territorial institutions and their development 13
  2.1.1 Summary 15
2.2 Changing institutions 15
  2.2.1 Summary 18
2.3 Resources flows among territorial levels 18
2.4 Horizontal institutions and actors (subsidiarity) at each level 21
2.5 The division of labour 22
2.6 The model of regulation: how does coordination take place? 24

3 The process of rescaling in the four policies in Sweden 27
3.1 Social assistance and local policies against poverty 27
3.2 Employment policies 29
3.3 Care for the elderly 32
  3.3.1 Current topics: Increased debate on care for elderly 35
3.4 Integration of migrants 35

References 40
Introduction

When classifying countries into different social policy clusters or regimes types, Sweden is normally placed in categories such as the social democratic regime (Esping-Andersen, 1990) or the encompassing model. The overarching principles of these regimes are universalism and equality. Universal programs covering the entire population and offering them basic security are combined with earnings related benefits for the economically active population. The principal goal of the welfare state is often defined in terms of poverty reduction, but he Scandinavian Countries have gone further and also included the ambition of reducing overall inequalities in society (Kangas and Palme, 2005). The Swedish welfare state promotes the principle that all citizens should be equally entitled to a decent standard of living and particularly supports those needing help to be able to participate in society. Other distinctive characteristics of the Swedish welfare state are comprehensive social services and the degree of institutionalization (Kangas and Palme, 2005). The Nordic Countries are often labelled as “Service States”. The Nordic model combines an extensive social insurance system with labour market policies that promote full employment, equal opportunity and an equitable distribution of wealth.

Since 1980 gross total benefit social expenditures lied about one third of GDP towards 1990 and shot up with the economic downtown in the beginning of the 1990’s (with a peak of 39 percent in the beginning of the 1990’s) but levelled out to 33 per cent in 2001 (OECD Adema and Ladaigue, 2005). Both regarding social transfers and services Sweden is in the lead concerning social service spendings among other European Countries (Kangas and Palme, 2005). High spending on disability and unemployment helps to prevent poverty and social exclusion in these groups. Similar, generous support to families and housing subsidizes child bearing and helps to smooth the life-cycle income of families (Kiander, 2005). As a result child poverty is low in the Nordic countries. Comparing poverty rates there are clear indications that social policy provisions are important for explaining variations in poverty.

In a study by Eurostat the share of population in EU countries, which is at “risk of poverty” (defined as an income less than 60 per cent of the medium income) shows that the Nordic countries have the lowest poverty rates (Kiander, 2005).

Table 1  Relative Poverty Rates for the Total Population, Children and the Elderly, Sweden 1995-2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population Poverty Line (Percent of Median)</th>
<th>Children Poverty Line (Percent of Median)</th>
<th>Elderly Poverty Line (Percent of Median)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>40  50  60</td>
<td>40  50  60</td>
<td>40  50  60</td>
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<tr>
<td>1975</td>
<td>2.8 6.5 12.5</td>
<td>1.0 2.4 5.0</td>
<td>1.4 13.9 35.0</td>
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<td>1981</td>
<td>3.0 5.3 7.7</td>
<td>2.3 4.8 18.6</td>
<td>0.1 2.9 11.8</td>
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<td>1987</td>
<td>4.4 7.5 12.5</td>
<td>1.8 3.5 6.3</td>
<td>1.1 7.2 20.6</td>
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<tr>
<td>1992</td>
<td>4.1 6.7 12.1</td>
<td>1.6 3.0 6.2</td>
<td>1.5 6.4 19.8</td>
</tr>
<tr>
<td>1995</td>
<td>4.7 6.6 10.0</td>
<td>1.3 2.6 5.5</td>
<td>0.8 2.7 7.8</td>
</tr>
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<td>2000</td>
<td>3.8 6.5 12.3</td>
<td>1.8 4.2 9.2</td>
<td>2.1 7.7 21.2</td>
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</tbody>
</table>

Source: http://www.lisproject.org/keyfigures/povertytable.htm
Table 2  
Income Inequality Measures

<table>
<thead>
<tr>
<th>Year</th>
<th>Gini Coefficient</th>
<th>Percentile Ratio (90/10)</th>
<th>Percentile Ratio (90/50)</th>
<th>Percentile Ratio (80/20)</th>
</tr>
</thead>
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<tr>
<td>1975</td>
<td>0.215</td>
<td>2.73</td>
<td>1.53</td>
<td>1.92</td>
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<tr>
<td>1981</td>
<td>0.197</td>
<td>2.43</td>
<td>1.51</td>
<td>1.76</td>
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<tr>
<td>1987</td>
<td>0.218</td>
<td>2.71</td>
<td>1.51</td>
<td>1.89</td>
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<tr>
<td>1992</td>
<td>0.229</td>
<td>2.78</td>
<td>1.59</td>
<td>1.91</td>
</tr>
<tr>
<td>1995</td>
<td>0.221</td>
<td>2.61</td>
<td>1.56</td>
<td>1.76</td>
</tr>
<tr>
<td>2000</td>
<td>0.252</td>
<td>2.96</td>
<td>1.68</td>
<td>2.01</td>
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</tbody>
</table>

Source: [http://www.lisproject.org/keyfigures/ineqtable.htm](http://www.lisproject.org/keyfigures/ineqtable.htm)

The Gini coefficient usually used to measure income inequality, but can be used to measure any form of uneven distribution. The Gini coefficient is a number between 0 and 1, where 0 corresponds with perfect equality (where everyone has the same income) and 1 corresponds with perfect inequality (where one person has all the income, and everyone else has zero income). The Gini index is the Gini coefficient expressed in percentage form, and is equal to the Gini coefficient multiplied by 100.
1 Changing contexts: demography, economy, society, politics

1.1 Socio-demographic patterns and trends

Table 3 Some socio-demographic patterns and trends 1960-2004

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<tr>
<td>Total population Dec. (million)</td>
<td>7,4</td>
<td>8,0</td>
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<td>8,5</td>
<td>8,8</td>
<td>8,9</td>
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<tr>
<td>Persons 0-17 year in %</td>
<td>27,3</td>
<td>24,8</td>
<td>23,8</td>
<td>21,9</td>
<td>21,8</td>
<td>21,6</td>
<td>21,5</td>
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<tr>
<td>Persons 65- years in %</td>
<td>11,8</td>
<td>13,8</td>
<td>16,4</td>
<td>17,8</td>
<td>17,2</td>
<td>17,2</td>
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<td>Foreign citizens in %</td>
<td>2,5</td>
<td>5,1</td>
<td>5,1</td>
<td>5,6</td>
<td>5,4</td>
<td>5,3</td>
<td>5,3</td>
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<tr>
<td>Share foreign citizens in %</td>
<td></td>
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<tr>
<td>Born abroad</td>
<td></td>
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<tr>
<td>Share born abroad in %</td>
<td>4,0</td>
<td>6,7</td>
<td>7,5</td>
<td>9,2</td>
<td>11,3</td>
<td>12,0</td>
<td>12,2</td>
</tr>
<tr>
<td>Born</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Birth rate (per 1000)</td>
<td>13,7</td>
<td>13,7</td>
<td>11,7</td>
<td>14,5</td>
<td>10,2</td>
<td>11,0</td>
<td>11,2</td>
</tr>
<tr>
<td>Summerad fruktsamhet 2,13</td>
<td>1,94</td>
<td>1,68</td>
<td>2,14</td>
<td>1,55</td>
<td>1,72</td>
<td>1,75</td>
<td></td>
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<tr>
<td>Immigrants per 1000 of population</td>
<td>3,5</td>
<td>9,6</td>
<td>4,7</td>
<td>7,0</td>
<td>6,6</td>
<td>7,1</td>
<td>6,9</td>
</tr>
<tr>
<td>Emigrants per 1000 of population</td>
<td>2,0</td>
<td>3,6</td>
<td>3,8</td>
<td>2,9</td>
<td>3,8</td>
<td>3,9</td>
<td>4,1</td>
</tr>
<tr>
<td>Increase of population</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of population per 1000 of population</td>
<td>4,8</td>
<td>9,5</td>
<td>1,8</td>
<td>7,4</td>
<td>2,4</td>
<td>3,9</td>
<td>4,0</td>
</tr>
<tr>
<td>Marriage</td>
<td>50 149</td>
<td>43 278</td>
<td>37 569</td>
<td>40 477</td>
<td>39 895</td>
<td>39 041</td>
<td>43 088</td>
</tr>
<tr>
<td>Divorce</td>
<td>9 563</td>
<td>12 943</td>
<td>19 887</td>
<td>19 357</td>
<td>21 502</td>
<td>21 130</td>
<td>20 106</td>
</tr>
</tbody>
</table>

Source: Statistics Sweden

Increasing life expectancy, combined with changes in fertility, results in an EU population that is becoming increasingly older. This demographic ageing means that the number of older people is growing while the share of those of working age (15 to 64) is decreasing. For Sweden, the life expectancy lies over the average for the EU with an increase for women from almost 79 years (1980) to nearly 83 years (2004) and for men from nearly 73 years (1980) to 78 years (2004). One of the most obvious changes in Sweden is the aging of the population, especially the share of people elder than 80 years. In the year 2004, slightly more than 5 per cent of the population was older than 80 years.

Both the proportion of marriages and divorces was relatively stable in Sweden over the last 20 years. There were about 4 marriages per 1 000 inhabitants (not shown) and the proportion of divorces was between 2,2 and 2,6 per 1 000 inhabitants. With 1,75 the total fertility rate in Sweden in 2004 is clearly below the replacement level, only in 1990 it was slightly above with 2,13.
The share of immigrants, defined as born in a foreign country, is another dramatic socio-demographic change in Sweden during the last 25 years. The share immigrants has increased from 7.5 percent in 1980 to 11.8 in 2002.

In 1990, 86 percent of the Swedish male population aged 15-64 were employed, a rate that decreased noticeably to 73.6 in 2004. For women, the respective trend was from 81 percent in 1990 to 70.5 per cent in 2004. Most dramatically, however, is the pattern of the employment rate for the youths. Here the rate dropped from 66 per cent to 37.6 per cent within 5 years that was from 1990 to 1995, the climax of the economic crisis in Sweden. Still, the employment rate lies low, that shows that entry in the labour market still is difficult for youths. Correspondently, the rates for unemployment have increased for all groups, mostly however for the youths.

The expenditures for social protection has increased over time, also here was the point of culmination 1995 and lies now around 32 percent of the GDP, that is the highest share within the EU. By function, the highest amount is spent on old age and survivors.

Table 4 Some socio-demographic patterns and trends

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Population</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Old age index</td>
<td>92.1</td>
<td>93.5</td>
<td>96.6</td>
<td>2004</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Share of &lt;80 (f/m)</td>
<td>4.6</td>
<td>4.9</td>
<td>5.3</td>
<td>2004</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life expectancy (f/m)</td>
<td>78.8/72.8</td>
<td>79.7/73.8</td>
<td>80.4/74.8</td>
<td>81.4/76.2</td>
<td>82.0/77.4</td>
<td>82.7/78.4</td>
<td>2004</td>
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<tr>
<td>Dependency rate</td>
<td>27.7</td>
<td>27.4</td>
<td>26.9</td>
<td>26.5</td>
<td>2004</td>
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<tr>
<td>Child in single parent family</td>
<td>n.a.</td>
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<tr>
<td>Fertility rate</td>
<td>1.68</td>
<td>1.74</td>
<td>2.13</td>
<td>1.73</td>
<td>1.54</td>
<td>1.75</td>
<td>2004</td>
</tr>
<tr>
<td>Births out of wedlock</td>
<td>39.72</td>
<td>46.35</td>
<td>47</td>
<td>52.96</td>
<td>55.33</td>
<td>55.4</td>
<td>2004</td>
</tr>
<tr>
<td>Divorce</td>
<td>2.4</td>
<td>2.4</td>
<td>2.3</td>
<td>2.6</td>
<td>2.4</td>
<td>2.2</td>
<td>2004</td>
</tr>
<tr>
<td>Immigrant population (foreign-born)</td>
<td>7.5²</td>
<td>9.2³</td>
<td>10.5</td>
<td>11.3</td>
<td>11.8</td>
<td>2002</td>
<td></td>
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<tr>
<td>Share of 1person households</td>
<td>n.a.</td>
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<tr>
<td>Share of 5&lt;persons households</td>
<td>n.a.</td>
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<tr>
<td>Employment rates</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Male (15-64)</td>
<td>85.2</td>
<td>73.1</td>
<td>75.1</td>
<td>73.6</td>
<td>2004</td>
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<tr>
<td>Female (15-64)</td>
<td>81.0</td>
<td>68.8</td>
<td>70.9</td>
<td>70.5</td>
<td>2004</td>
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<tr>
<td>Youth (15-24)</td>
<td>66.0</td>
<td>37.6</td>
<td>42.2</td>
<td>39.2</td>
<td>2004</td>
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<tr>
<td>% of fixed term contracts</td>
<td>14.7</td>
<td>15.8</td>
<td>15.5</td>
<td></td>
<td>2004</td>
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<tr>
<td>% small sized firms (&lt;15 empl.)</td>
<td>32 (1998)</td>
<td>38.4</td>
<td>2003</td>
<td></td>
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<tr>
<td>% employed in industrial sector</td>
<td>31.6</td>
<td>28.6</td>
<td>26.9</td>
<td>24.4</td>
<td>23.9</td>
<td>22.6</td>
<td>2004</td>
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<tr>
<td>Emplyoment impact of parenthood</td>
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² Statistics Sweden
³ Statistics Sweden
Table 4  Some socio- demographic patterns and trends (continued)

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<tr>
<td>Total unemployment rates (15-64)</td>
<td>2,9</td>
<td>1,7</td>
<td>8,8</td>
<td>5,6</td>
<td>6,3</td>
<td>2005</td>
<td></td>
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<tr>
<td>Male (15-64)</td>
<td>3</td>
<td>1,7</td>
<td>9,7</td>
<td>5,9</td>
<td>6,4</td>
<td>2005</td>
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<tr>
<td>Female (15-64)</td>
<td>2,8</td>
<td>1,7</td>
<td>7,8</td>
<td>5,3</td>
<td>6,3</td>
<td>2005</td>
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<tr>
<td>Youth (15-24)</td>
<td>6,9</td>
<td>4,4</td>
<td>19,1</td>
<td>10,5</td>
<td>16,3</td>
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<td>Long term (15-64)</td>
<td>2,3</td>
<td>1,4</td>
<td>1,2</td>
<td>2004</td>
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<tr>
<td>Per capita in PPS</td>
<td>2937,2</td>
<td>4308,2</td>
<td>5267</td>
<td>6234,8</td>
<td>7334</td>
<td>8258</td>
<td>2003</td>
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<tr>
<td>As % of GDP</td>
<td>28,8</td>
<td>30,0</td>
<td>33,1</td>
<td>34,6</td>
<td>31</td>
<td>33,5</td>
<td>2003</td>
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<tr>
<td>On family/children</td>
<td>11,3</td>
<td>9,2</td>
<td>9,5</td>
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<td>On old age and survivors</td>
<td>37,4</td>
<td>39,4</td>
<td>40,2</td>
<td>2003</td>
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<tr>
<td>On labour policies</td>
<td>2,921</td>
<td>2,261</td>
<td>2003</td>
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<td>On active labour policies</td>
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<td>1,042</td>
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<td>Unemployment covered</td>
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<td>% on social assistance</td>
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<td>4,7</td>
<td>3</td>
<td>2003</td>
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<td>% on contributory based policies</td>
<td>5,3</td>
<td>9,4</td>
<td>8,8</td>
<td>2003</td>
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<td>60% median pre-transfers</td>
<td>43</td>
<td>2004</td>
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<td>60% median post-transfers</td>
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<td>2004</td>
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<td>Gini index</td>
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<td>Business-ranking</td>
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<td>2002</td>
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<td>GDP development</td>
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<td>Public deficit (to be defined)</td>
<td>73,7</td>
<td>52,8</td>
<td>51,1</td>
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1.2 The State, its organisation and normative foundation

Sweden is a parliamentary democracy, which means that all public power proceeds from the people. At the national level, the people are represented by the Riksdag which has legislative power. The Government implements the Riksdags decisions and draws up proposals for new laws or law amendments. Every four years, Swedish citizens go to the polls to elect their representatives in the Riksdag. The Riksdag appoints a Prime Minister who is given the task of forming a Government. The Government governs the nation, implementing the Riksdag's decisions and initiating new laws and law amendments. It is assisted in its work by the Government Offices and around 300 government agencies. Basic provisions defining how Sweden shall be governed are enshrined in the Constitution. In these fundamental laws the relationship between decision-making and executive power is set out and also the freedoms and rights enjoyed by citizens (www.regeringen.se).

The relationship between the national and the local (here only municipal) governments is characterized by cooperation in a variety of areas and in different forms but also by constant changes in the division of labour between these levels of government. The overarching responsibility lies however at the Swedish Cabinet and Parliament since they decide on the overall framework of public sector activities. There is a general consensus that within these limits given by the national level, the local authorities ought to enjoy a large autonomy to shape and carry out public programs on the basis of varying local conditions (Swedish Institute, 2005).

Design/constitutive frame

The regulatory power of the national level can occur through different elements. One is the legislative or a constitutive steering. The State provides supervision and guidance to local governments through its power to pass laws and issue ordinances and regulations, and through oversight of local governments by State agencies. Swedish municipalities’ activities are steered by two kinds of constitutions (författningsstyrning), those based on the general powers granted to municipalities by different general laws such as the Instrument of Government, the Local Government Act and the Administrative Procedure Act and those based on special legislation.

General laws

The Instrument of Government (RF 1974:152) lays down the basic premises of the Swedish administrative system, stating that “all public power shall be exercised with respect to the equal worth of all and the liberty and dignity of the private persons. The personal, economic and cultural welfare of the private person shall be fundamental aims of public activities” (Swedish Government Offices, 2005).

The Local Government Act defines the roles of the municipalities. The Local Government Act contains ground rules for the allocation of power and responsibility in municipalities. It provides a broad framework for their activities and is designed to strengthen local self-government. Strong emphasis has been placed on the importance of providing local inhabitants with opportunities to monitor and influence the decision-making process (Swedish Institute, 2005). The law was renewed in 1991 giving the municipalities’ greater authority in determining their internal organization, and this resulted in extensive changes in the structure of the public sector (Swedish Agency for Public Management, 1999). The traditional division of boards according to different sectors was abandoned by three quarters of the municipalities (Swedish Government Official Reports, 1996).

On a general level there is also the Administrative Procedure Act that regulates the activities of the municipalities in great detail. It was introduced in 1971 with the aim to protect the individual citizens’ legal security when dealing with public administrations. The Administrative Procedure Act regulates for example the processing of cases in a rather extensive way. Of great rele-
vance is also the municipal obligation to inform local inhabitants about the administration’s services and activities and the requirement of accessibility (4§ and 5§).

**Special Acts**

Within specific sectors where authority has been delegated from the national government to the municipalities’ special acts regulate activities. These are for example the Education Act, the Health and Medical Service Act or the Planning and Building Act. Another one is the Social Service Act that is the most important special act in this context. The special acts are known as a special type of law, a so-called framework law. That means that the law states general intentions and requirements regarding for example the eligibility for social assistance but without formulating detailed regulations. However, regulations formulated by Government agencies such as the National Board of Health and Welfare can supplement through regulations. This construction of the law allows the municipalities’ wide latitude to make their own decisions on how to deliver social services.

During the 20th century, at the price of the world’s highest tax burden, Sweden built up what is often called the world’s most generous general social welfare system, with such elements as virtually free (that is, tax-financed) schools, child care, health care, pensions, elder care, social services and various economic security systems. Social security benefits such as pensions, unemployment benefits, cash benefits during illness and parental insurance are financed through employer's fee, owner-manager fee, general pension fee, taxes plus return of funds. When looking at the financing of the social security programs in Sweden shows how the average financing share from the insured, the employers and state authority for three major social insurance schemes (old-age, sickness, unemployment insurance) has developed between the last 50 years. The most apparent trend is the increased importance of social contribution from employers for the financing of social security schemes and the accompanying decrease in importance in the financing share coming above all from state authorities, but also from the insured (Sjöberg, 2005). Between 1930 and 1995 the employers share increased from 0 to 80 per cent. During the same time, the financing share from state and local authorities decreased from around 44 per cent to roughly 18 per cent. However, the financing share coming from the insured has increased since the early 1980.

In a comparative perspective, the perhaps most distinguishing mark of the “Swedish welfare state” is the comprehensive system of publicly financed or heavily subsidized welfare services. Social services in Sweden (including care of the elderly and sick) have essentially been financed through general taxes. The most important source for local government for financing the production of these services is tax revenues, which constitute around two-third of the total local government revenue (Sjöberg, 2005). The local government tax is a proportional tax which is imposed upon a tax base consisting of wages and income from most social security schemes (the only major cash benefits which are not taxable and therefore not included in the tax base of local governments are social assistance and child allowance). The local government tax varies between different municipalities and county councils, but was on average in 2000 about 20 per cent in municipalities and close to 10 per cent in county councils.

At the end of the 1990’s wages and associated benefits accounted for around 70 per cent of the base of local governments, transfers income from old-age pensions for approximately 20 per cent and income from other (taxable) social security schemes for around 8 per cent (Sjöberg, 2005).
**User financing**

By financing municipal activities and controlling demand for services fees for services traditionally played a rather important roll for Swedish municipalities (Swedish Institute, 2005). Another general trend was an increase in user financing. Higher fees were introduced for both childcare and old-age care and were also income-related to a greater extent than before. Patients’ financing of medical care increased significantly as a result of higher patient’s fees and larger personal contributions to medicines and dental care (Palme et al, 2002).

The privatisation of both financing and management remained a marginal phenomenon, while publicly financed services produced by private actors increased substantially in all welfare service sectors – childcare, school education, medical care, old-age care, care of substance abusers, and child and youth welfare services. Market-oriented administrative practices also became more widespread in that part of the welfare service sector which remained under public control. Taken as a whole, the 1990s were a period of greater decentralisation, user financing and market orientation.

Profit centres and performance-based financing systems have been introduced in many places and more than half of the country’s municipalities have introduced organisational models that mean that assistance decisions are separated from execution of the decisions. Contracted care of the elderly, i.e. publicly financed and regulated care of the elderly undertaken by other actors than the municipalities themselves, quadrupled during the decade and in year 2000 included eleven per cent of those in special accommodation and nine per cent of home help hours. The rate of increase was particularly strong 1999 and 2000 (National Board of Health and Welfare, 2001e). For-profit operations are those that are most prevalent and most rapidly growing. Of all employees involved in privately run care of the elderly three-quarters worked for for-profit-generating companies during the year 2000. This represents an increase from 28 per cent in 1993. Privately-operated care of the elderly is more common in larger population centres and in municipalities with a small proportion of residents with a low level of education (Trydegård, 2001). An increasing share of care of the elderly is provided by a small number of large companies. In 1999 the four largest private actors accounted for half of the contracted operations (National Board of Health and Welfare 1999a).

### 1.3 The Market, commodification and labour market performance

Although working life has changed rapidly, the labour regulations of the 1970s have largely remained in place. Labour relations usually function quite well at Swedish companies, especially in terms of productivity and few days lost due to industrial actions. Collective bargaining and strong trade unions are main features of the system. Problems have emerged at the national or political level, whereas companies usually get along well with their employees and local unions. Over the past 15-20 years attitudes in many fields have changed in Sweden, perhaps mainly as a result of globalisation, immigration and events elsewhere in Europe since the 1980s. Sweden joined the European Union in 1995 but decided in a 2003 referendum not to adopt the euro common currency (Sweden.se).

**Trade unions**

The unions may not be quite as influential as they used to be, but they are still very confederations are for blue-collar workers, clerical employees and professional employees. Over the years LO in particular has played a more important role than its equivalents in other countries. The main reasons have been its large membership, a centralised collective bargaining system and the fact that the Social Democratic Party, closely linked with LO for over a century, has been in power for most of the time since the early 1930s (1932-76, 1982-91 and since 1994). With 1.89 million members (but fewer than 1.5 million still active in the labour market), LO is the largest
confederation, covering more than 80 per cent of workers in their fields of interest. LO has, however, lost 30,000-40,000 members a year since the mid-90s. Young employees do not join unions as often they used to, especially in LO. Union membership is relatively low at small and start-up enterprises, especially in information technology and other high-tech sectors. But one reason for Sweden’s high union membership figures compared to other countries is that since the 1930s, the unions have run the country’s (today 40) tax-financed unemployment benefit funds (Sweden.se). Unemployment insurance is handled by 40 benefit funds, formally independent but in reality run by the unions. Unemployment benefits are almost entirely financed by taxes.

Collective bargaining

Over the years, Sweden has tried to avoid pursuing a state incomes policy. There is no statutory minimum wage, as the unions are strong enough to reach agreements on their own. For many years, pay increases and other conditions of work have been regulated almost entirely by nationwide collective agreements. But due to heavy taxation, the inflation rate (although low since about 1992) and the lack of increases in real pay for many years, there was growing political interference in this area. The most important function of collective agreements is to preserve labour peace. In 2003, however, 627,541 employee days were lost in Sweden due to strikes in portions of the municipal sector. If no labour contract is in force, industrial action is permitted. Collective agreements also have a norm-creating function; i.e. a company and its unions are not allowed to stipulate conditions that are poorer than those fixed by the applicable contract. Given the strong trade unions, these agreements have effectively served as minimum wage regulations (Sweden.se).

Employment

Sweden has a high labour market participation level. Today’s labour force of some 4.2 million people comprises about 47 per cent of the population and about 77 per cent of those aged 16-64. About 24 per cent of all employees work fewer than 35 hours a week. The large number of part-timers is, above all, the result of the very large increase in the number of women in the labour market, particularly in the public sector. During the 1940s, women accounted for just about 25 per cent of the labour force. In 2004, this figure is around 48 per cent (Sweden.se). In all the Nordic countries the employment rate is currently higher than the EU average and the Nordic unemployment rates are lower (except in Finland) (Kiander, 2005).

However, the 1990s can be described as a decade of mass unemployment in Sweden. A considerable part of the population was affected by unemployment at some point in the course of the decade. As many as 1.8 million people – almost 40 percent of everyone aged between 18 and 60 in 1991 – was registered as a jobseeker some time between 1992 and 1999. Almost 1.6 million people were openly unemployed at some time during those years, with the average period of unemployment being 17 months. This had its background in the dramatic changes in the unemployment and employment figures for the decade. In 1999 there was 5.6 percent open unemployment in Sweden, compared with 1.6 percent in 1990 (yearly average according to the Labour Force Surveys (AKU)). The situation was at its worst in 1993, when open unemployment reached 8.3 percent, or 350,000 people. The figures for labour market participation show a similar trend, with participation in the age group 16–64 just over 84 percent in 1990 and around 77 percent in 1999.

Registered unemployment was 2004 down at 5.6 per cent. Another 2-3 per cent of the labour force is involved in national manpower or training programmes. Yet another 12 per cent, some 530,000 people, have retired before the age of 65. In 1993, temporary work agencies were allowed to do business in Sweden, after having been forbidden since 1935. Today they employ close to one per cent of the labour force.
The rise in unemployment in the 1990s also hit traditionally strong labour market groups such as the well-educated and the middle-aged. The new make-up of the unemployed as a group made its members materially stronger than they had been during the economic boom of the 1980s. For example, the number of unemployed people who were entitled to unemployment benefits increased and the risk experiencing a poor standard of living fell, at least during the initial years of the crisis (only then to rise during the final period of the crisis) (Palme et al, 2002).

Young people were one of the social groups whose circumstances deteriorated most clearly in the 1990s. Unemployment rose rapidly in the first years of the 1990s; in 1993 nearly one in five 16–24-year-olds was unemployed. The situation became particularly acute for boys from working class families. These ran a greater risk than others of becoming unemployed, they remained unemployed longer than others, and they were less likely than young people from other social classes to go on to further education (Åberg & Nordenmark, 2000). The situation for young people improved considerably in the last years of the decade, but it was still worse in 1999 than it had been at the beginning of the decade. Between 1990 and 1999, the age at which 75 percent of everyone born in a particular year had found employment (the “age of establishment”) rose from 21 to 26 for young men and from 21 to 30 for young women (Börjeson, 2001) (Ds 2002).

1.3.1 Current topics

Pensions have been discussed a great deal. As in many other advanced industrial countries with rapidly ageing populations, Sweden’s demographic situation is problematic and the income-related (ATP) pension system devised in the late 1950s was badly in need of reform. This was a costly pay-as-you-go system, which has now been changed considerably: Starting in 1999, 2.5 per cent of the total 18.5 per cent pension fee on payrolls goes towards an individually funded pension. Pension rules are generally much stricter than before. The generous social insurance system has come under severe strain in recent years, primarily due to very high absenteeism due to employees reporting sick. It is much debated whether reporting sick has somehow become seen as a “social right”, rather like pay increases.
2 Institutional analysis: actors and governance arrangements

2.1 Identification of the territorial institutions and their development

The Swedish public sector comprises three levels of government: the national, regional and local level. At the national level we have the parliament that is the highest political decision-making body with legislative power and a general responsibility for forming national policy. At the second level resides the county councils and regions. Their main task is healthcare, regional development and growth and public transport. Each county council/region contains several local authorities, but there is no hierarchical ranking between the levels – both the local authorities and county councils/regions are entities for local self government with responsibility for different activities. Finally at the third level, there are the local municipalities (The Swedish Association of Local Authorities and Regions, 2003).

The national level

Sweden is a parliamentary democracy. The Constitution declares that all public power in Sweden proceeds from the people and that the Riksdag – the Swedish Parliament – is the foremost representative of the people. The members of the Riksdag are chosen in general elections every four years in accordance with a proportional election system. The Riksdag has legislative power and the National Government, which is accountable to the Riksdag, implements the decisions of the Riksdag and submits proposals for new laws or amendments to laws. Helping the Government in this task are the Government Offices and other central government agencies. Financial and administrative responsibility for the major social insurance programmes in Sweden also lie with the state.

The regional level

At the regional level Sweden is divided into 21 counties (2005). There are both elected county councils (landsting) and county administrative boards (länsstyrelser). The county councils are responsible for administering tasks that cannot be handled at the local level by municipalities but require coordination across a larger region, as for example health care. County councils levy income taxes to cover their costs. Taxes are levied as a percentage of the inhabitants' income. The county councils/regions decide on the tax rate themselves. Tax revenues are the largest source of income for the local authorities and county councils/regions and constitute approximately two-thirds of their total income. The county administrative boards are the central government’s representatives at the regional level; they serve as a link between the national and the regional level. The head of the county administrative board, the county governor, is appointed by the Government. The county administrative boards decide on such issues as land use and land development (for example building permits) and traffic (including driver’s licenses).

The local level

At the local level, the entire territory of Sweden is divided into 290 municipalities (year 2005), each with an elected assembly or council. This is a structure that has to be viewed in the light of its historical development. With the Local Government Ordinance in 1862, Sweden was divided into 2,500 cities and rural municipal districts based on old parish boundaries. In essence this di-

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4 The only exception is on Gotland (an island in the Baltic Sea) where the local authorities also has the tasks and responsibilities normally associated with the councils/regions (The Swedish Association of Local Authorities and Regions, 2003).
vision remained unchanged until 1952 when a boundary reform took place and cut the number of municipalities to 1,037 with the ambition to shape economic strong entities. A further reorganization in 1962-74 cut the number municipalities in several steps to 278 (1974) (Bergmark, 2001). By merging municipalities into larger geographical and administrative units, they were made capable to shoulder a significant part of the commitments of the growing welfare state in the post-war period (Gustafsson, 1999). In the period thereafter, the number has varied according to splits and fusions of separate municipalities.

Municipalities are responsible for a broad range of facilities and services: primary and secondary education, social services, housing, roads, water supply and wastewater processing. In recent years, municipalities have also assumed responsibility for a growing number of refugees from abroad, in exchange for special compensation from the national government. Municipalities have a fair amount of latitude in deciding what services they should offer and in what manner. However, they are legally obliged to provide certain basic services.

**Local self-government**

The Swedish local authorities are responsible for providing a major part of all public services. They have a considerable degree of autonomy, called local self-government. This local self-government has a long tradition in Sweden. It took shape in the 19th century and was regulated by the Local Government Ordinances of 1862. Since 1974 local self government is laid down in the Constitution. It stipulates that local authorities are independent bodies, free to make their own decisions within certain limits. Furthermore, local authorities are entitled to levy taxes in order to finance their activities. Taxes are levied as a percentage of the inhabitants' income. The local authorities decide on the tax rate themselves. The average, overall local tax rate is 30 per cent. Approximately 20 per cent falls to the local authorities and 10 per cent to the regions. Tax revenues are the largest source of income for the local authorities and approximately constituting two-thirds of their total income (The Swedish Association of Local Authorities and Regions, 2003). Other sources being state grants and user fees.

**Tasks of the municipal social services**

According to the Social Services Act, municipalities are obligated to provide support and services in a number of specified fields. Municipal social service programs for individuals and families are designed to support vulnerable groups and are supposed to be available to anyone who needs them. Individual and family services provide service on an individual basis to children, young people, families, substance abusers, people with psychosocial problems, women subjected to domestic violence, and others. Another significant program within the individual and family services is social assistance (economic support). The services might consist of advice, support and encouragement, care and treatment, and financial assistance. Some care and treatment can be provided without the individual’s consent (National Board of Health and Welfare, 2004a). Other major service areas are care of the elderly and the disabled.

**Development of the territorial division**

Concerning the territorial division in Sweden, there is a rather animated discussion about the future of the regional structure. Challenges emanating from demographic and economic development have enforced a more overarching examination of the whole structure. In 2003 the national government sat up a parliamentary commission with the aim to examine the structure and distribution of tasks within the organization of the society (ansvarskommitten). The commission is supposed to formulate proposals concerning a structure of all regional and municipal tasks and proposals concerning a general distribution of responsibility and tasks between municipal, regional and national level.
2.1.1 Summary

In summarizing the development described below it is possible to mention several trends. There is doubtless a trend towards decentralization, both in the direction from the national to the local level but also from the regional to the local level (Up-down-shifts) (SOU, 2003:123). At the same time we find changes in responsibility in the opposite direction, thus from the local and regional level to the national one (Down-up-shifts). There is also a number of initiatives towards increased coordination between the different levels (see point 2.5) (coordination).

2.2 Changing institutions

Changes regarding authority and areas of responsibility

As mentioned above, local government responsibility for public services has a long tradition in Sweden. The first local legislation concerning poor relief dates from the thirteenth century, when it was stipulated that the parish was the local unit responsible for caring for the poor. This responsibility has expired over time. During the phase of the welfare states expansion after World War II, the national government decided to place a great deal of the responsibility for public services on the local authorities. One of the reasons for this was that local administration was supposed to be best equipped to meet local needs. In order to make this possible the number of municipalities had to be reduced, creating local entities of a size that were able to perform the tasks overlaid by the national government.

The division of responsibility for certain activities between the different territorial levels has varied over time, including trends towards decentralization as well as centralization; meaning that one can observe both changes of responsibility for services and decision-making closer to the people affected by services (decentralization) and changes that goes in the opposite direction (centralization).

Decentralization was the dominating trend during the 1970’s.

The municipalities got several new tasks concerning for example care for elderly and disabled and within primary and secondary education (Lidman and Kolam 2003).

A new local government act (1977:179) was introduced which gave local authorities enlarged possibilities to adapt their activities to local conditions.

The decentralization trend continued during the 1980’s

Generally, national government moved away from its’ ambition to control local activities through detailed steering. This mode of control was gradually replaced by steering through goals, monitoring and evaluation. This implied a national responsibility for formulating overarching goals and the main direction of the activities as well as the financial frame (Lemne and Strömberg, 2003:123). One example is the Social Service Act, a special act that was enacted on 1982. A characteristic of this act is that it has the form of a framework law, stating general intentions and requirements without formulating detailed regulations. Several other acts were constructed in the same way such as the Education Act and the Act regarding Support and Service to Certain Functionally Handicapped Persons (LSS). The ambition was to give the municipalities authority to decide by themselves how (national) goals should be fulfilled and to minimize national steering. Another example of decentralization was the “frikommunförsöket” (the free municipality experiment), between 1984 and 1991, where some municipalities were exempt from certain regulations in the legislation (the municipalities could propose which regulations they wanted to get released of) in order to further adapt their organization to local conditions, use resources more efficiently and increase cooperation in-between municipalities.
Decentralization but also centralization can be distinguished during the 1990’s (Lidman and Kolam, 2003). The changes included increased responsibility for certain services as well as enlargement of municipal autonomy in general:

- The new local government act (1991:900) gave the municipalities more autonomy in how to organize their internal organization, resulting in extensive changes in the municipalities’ political and administrative structure (Swedish Agency for Public Management 1999).

- The transformation of the entire responsibility for school organization in 1991 to be municipal concern. Prior the responsibility was shared between the national and the local level. At the same time the responsible national authority (Skolöverstyrelsen) was replaced by a smaller organization (Skolverket).

- The Ädelreform, whereby the responsibility for long-term inpatient health care and social welfare services to disabled and elderly individuals in 1992 was transferred from the county councils to the local municipalities (for more details see part 3.4)

- The disability reform of 1994 and the psychiatry reform of 1995 whereby the municipalities in a similar manner were assigned greater responsibility of the physically disabled and people with psychiatric impairments

- The responsibility for labour-market policy efforts for unemployed youth under 20 years was transferred from the state to the municipalities in 1995 and in 1997 also for young people between 20 and 24 years (see part 3.3).

- In 1995 the municipalities also got the responsibility for providing family guidance, a task earlier handled by the county councils (Lemne and Strömberg, 2003:123).

- In 1996 the municipalities was given the majority on the local employment service committees. These committees (found in 25 municipalities) are cooperative, advisory bodies at the local level and part of the National Labour Marked Administration with the purpose to match national labour marked policy to local conditions. The reform now implied a change in the composition of the representatives by not only increasing the municipal influence but giving the municipal authorities the right to constitute the majority of the committees’ members (Ds 1999: 54).

**Examples of centralization during the 1990s:**

The National Board of Institutional Care, SiS, was established in 1994 implying a nationalizing of the responsibility for young people and adults who, in various ways, have "gone off the rails" at the national level. SIS is responsible for the implementation of secure institutional treatment in special homes for young people.

A monetary benefit standard was introduced by the National Board for Health and welfare in 1985, to at serve as guideline for the monetary standards established by the municipalities. Its purpose was to harmonize assessments of what a reasonable living standard is, to limit the variation between the municipalities and to simplify case processing routines by including as many items as possible in the standard (see part 3).

Since 1995 an obligation for the municipalities to offer childcare for parents working or studying without delay exist

Between January 2001 and December 2002 a special act (lagen om inskränkning i landstingens rätt att överlämna driften av akutsjukhus till annan 2000:1440) stopped the county councils possibilities to hand over the management of hospitals to private actors
**Trend towards privatization**

An increasing trend of privatization could be observed during the 1990’s after that the non-socialists built the government and the Act on Public Procurement (1992:1528) got introduced. The new government announced “a freedom of choice revolution within the welfare services” (valfrihetsrevolution) and performed some strategic changes that facilitated contracting out of public activities (Trydegård I SOU 2001:52) New models of organization appeared such as models working with purchaser-provider split (separation of service production and exercise of authority and assessment of need), performance-based financing systems or alternative service providers in form of entrepreneurs. This trend was clearest in the first part of the decade and got also varying impact in different policy areas.

As a sign of recentralization one can characterize the central governments decision from 2002 on a reform of elderly care, the so called “max-fee-reform”. This reform restricts the municipalities’ freedom to set the charges for local services. The reform aimed at lowering the fees for approximately half of today’s help recipients and furthermore limiting the increasing variation between the municipalities (Trydegård 2004).

Another area where a national maximum fee was introduced in 2002 was child care for preschool children as a reaction of raising fees. Following this max fee was voluntary for the municipalities, but most of them chose to apply it (Andersson and Wikström, 2002/03).

**Funding**

The overall responsibility for ensuring that public activities develop in a way that is consistent with the national economic situation lies at the national level, e.g. the central government. State funding of local activities has in the mean time been an instrument for national government control. The instruments used here have normally been state grants, the tax equalisation system and legislation. Here, however, several important changes have occurred during the last 20 years:

**Trends towards decentralization**

A former system of mainly targeted state grants was replaced by block grants in 1993 giving the municipalities’ increased autonomy to prioritize municipal activities according to political preferences and to adopt them to local conditions (more about state grants in part 2.3).

As a financial compensation for the increased responsibility that followed from the Ädelreform (see part 3.4) a total sum of 20 billion SEK was being transferred from counties to municipalities. This was carried out through a change in the proportions of municipal and county taxes

**Trends towards centralization**

National government introduced a municipal tax freeze between 1991 and 1993, prohibiting local authorities to raise taxes. In 1995, municipalities that refrained tax increases got some compensation, and in the period 1997-1999 did municipalities who increased their local taxes lost half of the increased revenue generated by that increase through a reduction of state grants. (Down-up-horizontally). A revision of the tax equalization system in 1996 limited the opportunities that local authorities with a high tax capacity previously had for levying substantially lower tax rates than other (more about the tax equalization system in part 2.3). A further expression for national steering was the decision taken in 1997 to introduce a balanced budget requirement at the municipal level, meaning that municipal costs were not allowed to exceed income. (Down-up-horizontally)

In the second part of the 1990’s the use of target state grants increased again aimed to stimulate economic growth and to raise the quality within certain areas such as school and care. An example are the so called “Wärnersson-pengarna”, a new target state grant that was established in
2001 and was intended for increased staff resources in school, but only under the condition that schools did not reduce their staff size.

Since the freedom in deciding over fees in elderly care resulted in a large variation within and between the municipalities concerning the shape and the level of the fees, new regulations were introduced in the Social Service Act 2002 and 2003 (maxtaxa) aimed at minimizing the variation between the municipalities (see part 3.4)

A maximum fee (max taxa) was also introduced in the child care regarding preschool and after school care (2000). The municipalities were free to introduce the maximum fee but those municipalities that introduced the system get compensated though state grants.

**Trends towards user-financing**

A relatively large proportion of municipal revenue has traditionally consisted of fees for services provided (for example 9 % in 1999). User fees have played a dual role: to finance municipal operations and to control demand for the services in question (Swedish Institute 2005). In recent years the importance of fees increased and higher fees were launched in for example child care and old-age care (Palme et al, 2002). Many municipalities used the fees rather as an instrument of control. By raising fees, the municipalities have attempted to reduce some of the demand for public assistance (Szébehely, 2005). A fee-reform in 2002 was introduced to reduce the fees for approximately half of today’s help recipients. Initial evaluations show some indications that the proportion of recipients exempted from fees because of low income increased but shows also that many municipalities have raised the minimum fee (National Board of Health and Welfare, 2002).

**2.2.1 Summary**

In sum, several principles concerning distribution of responsibility within the public sector can be distinguished. In general, one can state that power (both regulatory and funding) has shifted both upwards and downwards.

Regulatory power has to a great extent shifted downwards towards the local level (both from the national and from the regional level) and most markedly in the 1980s and the first part of the 1990’s. The distribution of financial steering on the other hand has varied in its direction over time. The abolition of ear-marked state-grants in 1992 was a major decentralising step that subsequently has been followed by various initiatives from the state to regain some control. During the financial downturn in the 1990s national government also acted to prevent the municipalities to raise taxes (which would have affected household income in a negative way).

**2.3 Resources flows among territorial levels**

**National level**

At the national level, social security benefits such as pensions, unemployment benefits, cash benefits during illness and parental insurance are financed through employer's fee, owner-manager fee, general pension fee, taxes plus return of funds (Swedish Social Insurance Agency (2005) whereas social fees stand for the main part. The share of employer's fees has varied between 70 percent in 1991/1992 and 65 percent in 2000. The share covered by taxes increased from 10 percent in 1995/96 to approximately 20 percent of the costs in 2005.

As mentioned above a tax equalization system for municipalities and county councils exists in Sweden (since 1966). The fundamental principle of the system is to enable all municipalities and county councils to offer their inhabitants “the same standard at the same price,” despite varying structural prerequisites in terms of tax bases, age structure and geographical preconditions. The equalization system is designed to narrow the differences between structural needs
and costs. This implies that municipalities and county councils with unfavourable structural situations gain from the system and receive a state grant. Revenue equalization means that the State guarantees all municipalities and county councils 115 and 110 percent, respectively, of the average tax base per inhabitant. A municipality or county council that is below the guaranteed level thus receives a grant whereas municipalities and county councils above the guaranteed level must pay a fee. The fee contributes to finance the guaranteed level (Sweden.se). This system was introduced in 1996. Earlier, transfers were made from one municipality to another, a system that caused rather strong protest. The possibility for municipalities with high tax capacity to levy lower local taxes got limited with this tax equalization system (Bergmark, 2001) (both a bottom-up and a horizontal resource flow).

Of the different economic steering instruments used by the national government the distribution of state grants traditionally has been one of the most important. However, the abolition of earmarked grants in 1993 has made this instrument less powerful. In the second part of the 1990’s the use of a new type of targeted state grants increased again aimed to stimulate economic growth and to raise the quality within certain areas such as school and care. However, these grants were not linked to detailed regulations as in the traditional ones (up-down, bottom-up resource flow).

In 1993 the financing principle was introduced. This implies that when municipalities and county councils are assigned new tasks, they must be enabled to finance these commitments by means other than higher taxes.

**Regional level**

Direct local income tax is the main source of revenue for county councils. A special agreement, called the Dagmaröverenskommelse (the Dagmar agreement), concerning financial agreements between the state and the regions exist since 1985. Every year a new agreement is negotiated, with the possibility to prioritize different activities (SOU 1999:66). However, the extent of the compensation has changed over the years. During 1985-1992 the compensation contained an important addition for the regional economy (in 1992 15.4 billion SEK). In 1992 the compensation was reduced to 1.2 billion SEK, around 1 percent of the county councils health- and medical service expenditures (SOU 1999:66). The reduction of the compensation depends on the changes in the state grants system and other reforms.

**Local level**

Local income tax is also the main source of revenue for the municipalities. Today the local tax base consists entirely of earned income and pension income. Local governments are entitled to set their own tax rates. In 2004, local income tax averaged 31.50 percent of taxable income (municipalities 20.79 and county councils 10.71 percent). Local variation is significant with the highest reaching 34.04 and the lowest 28.90 percent. However, over the past decade, the differences in tax rates between different local governments have narrowed (Sweden.se 2005).

Tax revenues constituted under the 1990’s between half and one third of the municipalities’ income, followed by state grants. Different kinds of fees are the third important source of income on the municipal level.

A relatively large proportion of municipal revenues have traditionally consisted of fees for services provided (see part 2.2 funding). Within the care for elderly and disabled fees covered nearly 8 percent of the gross expenditures in 1999 and within pre-school activities and after school care fees covered around 17 per cent of the expenditures (SOU 2001:57, p.54) However, rather large differences can be found between the municipalities regarding the level of fees various family types are supposed to pay and these variations have increased during the 1990’s. In 2002 a fee reform for elderly was introduced. The reform restricts the municipalities’ freedom to set the charges for local services and was aimed at lowering the fees for approximately half of
the today’s help recipients and also levelling out the variation between the municipalities. An initial evaluation of the reform showed that an increasing proportion of care recipients has been exempted from fees and that the variation in fees has decreased, but not the variation in how charges are set (Trydegård 2004).

Table 5  Financial indicators on revenues and expenditure, Sweden 1980-2004 (not complete)

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<tr>
<td><strong>Percentage of social protection expenditures</strong></td>
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<tr>
<td>As % of GDP</td>
<td>33,1*</td>
<td>34,6**</td>
<td>30,82</td>
<td>33,5*</td>
<td>(2003)</td>
<td></td>
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<tr>
<td>National government</td>
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<td>Regional governments</td>
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<td>Local governments</td>
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<tr>
<td><strong>Revenues for local governments come from</strong></td>
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<tr>
<td>Local taxes</td>
<td>60,6</td>
<td>67,1</td>
<td>68,9</td>
<td></td>
<td></td>
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<tr>
<td>Transfers from national government</td>
<td>26,6</td>
<td>21,0</td>
<td>19,0</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Transfers from regional governments</td>
<td>0,3</td>
<td>0,4</td>
<td>0,5</td>
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<tr>
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</tr>
<tr>
<td>Local taxes</td>
<td>74,1</td>
<td>67,7</td>
<td>70,9</td>
<td></td>
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<tr>
<td>Transfers from national government</td>
<td>16,3</td>
<td>24,1</td>
<td>21,6</td>
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<td><strong>Transfers from national to local government, percentage of the local revenue</strong></td>
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<tr>
<td>Earmarked grants</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>4,8</td>
<td>3,5</td>
<td>5,5</td>
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<tr>
<td>Block grants</td>
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<td>n.a.</td>
<td>n.a.</td>
<td>20,7</td>
<td>17,2</td>
<td>13,2</td>
</tr>
<tr>
<td>Other types (e.g. subventions)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1,0</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Transfers from national to regional government, percentage of the regional revenue</strong></td>
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<td></td>
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</tr>
<tr>
<td>Earmarked grants</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>5,2</td>
<td>13,2 ⁵</td>
<td>13,9</td>
</tr>
<tr>
<td>Block grants</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>11,1</td>
<td>10,9</td>
<td>7,9</td>
</tr>
<tr>
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<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
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<td>n.a.</td>
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Another area where a national maximum fee was introduced in 2002 was child care for preschool children as a reaction of raising fees. Following this maxfee was voluntary for the municipalities, but most of them chose to apply it (Andersson and Wikström, 2003).

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⁵ This increase is caused by the transformation of the responsibility of medicine to the regional level.
2.4 Horizontal institutions and actors (subsidiarity) at each level

**Institutions at the national level**

In order to supervise, monitor and evaluate various areas of public services, national governments have established a number of central authorities. In some cases these authorities are dealing with services where the provision and financing principally is a local or regional matter and in some cases they are directed towards fields where responsibility lie at state level. Important examples of the former are the National Board of Health and Welfare and the Board of Education (Skolverket), examples of the latter are the Swedish Labour Market Administration and the Swedish Social Insurance Administration.

The National Board of Health and Welfare is the Swedish national expert and supervisory authority for the social services, public health, infectious diseases prevention and the health services. The country's 20 county administrative boards are responsible for operative supervision in their counties. The National Board of Health and Welfare is organized in a central part in Stockholm and 6 regional entities. Those contain a several number of counties.

The Swedish Labour Market Administration (SLMA) has the task of translating Swedish labour market policy into practice. Towards the middle of the 1980’s the National Labour Market Board also had the responsibility for migration issues. SLMA issues guidelines, follows up activities in the counties and allocates resources. The central authority of the SLMA (Arbetsmarknadsverket - AMV) is the National Labour Market Board (Arbetsmarknadsstyrelsen - AMS). In each of Sweden's 21 counties there is a County Labour Board (Länsarbetsnämnden - Lan), to which the (325) Public Employment Services (Arbetsförmedlingar - Af) are responsible.

There are employment offices in all municipalities; in 1999 the number of local employment offices was 418 (Lundin, Skedinger 2000). Many of the larger towns and cities have specialized employment offices catering to specified occupational categories, e.g. technology, industry, caring services, economics and the arts. In smaller municipalities activities may be very sparse and the offices open only for a few hours a day (Brandt/Westholm forthcoming) Employment Service amenities are not only for the unemployed. Persons who are employed but want a change of occupation can also turn to the Employment Service, which offers recruitment and placement services for employers as well (The Swedish National Labour Market Board, www.ams.se).

The Swedish Social Insurance Administration is a new integrated government agency with responsibility for the Swedish social insurance system and replaced the 21 regional social insurance offices and the National Social Insurance Board. These regionally located social insurance offices have been converted into regional branch offices with altogether 240 local offices.

Another important authority was the Swedish Immigration Board (Statens Invandrarverk) and (between 1996-1998) the Integration Office (Integrationsmyndigheten). The actual authority since the year 2000 is the Migration Board (Migrationsverket), Sweden’s central government authority for aliens’ affairs. It is responsible for permits for people visiting and settling in Sweden, the asylum process, from application to a residence permit or to a voluntary return home (återvändande), citizenship affairs, helping out with voluntary return migration (återvandring), international work in the EU, UNHCR and other collaborative bodies and ensuring that all the relevant public authorities work together satisfactorily. The Swedish Integration Board (Integrationsverket) works to create the conditions necessary for integration in Sweden. The main task is to mobilise all actors able to effect change and contribute to diversity and integration.
Institutions at regional and local level

- Co-operative organisations

The Swedish Association of Local Authorities and the Federation of Swedish County Councils represent the governmental, professional and employer-related interests of Sweden’s 290 local authorities, 18 county councils and two regions. From 1 January 2005, The Swedish Association of Local Authorities (SALA) and the Federation of Swedish County Councils (FCC) have formed a new headquarter with joint administrative units - The Swedish Association of Local Authorities and Regions (SALAR). In 2007 the two organisations (SALA and FCC) will merge and form a new, joint federation.

County administrative boards (see part 2.1)

Institutions at the local level

- The Swedish Association of Local Authorities

The main task of the Swedish Association of Local Authorities is to safeguard the interests of municipalities, promote cooperation among them and supply the municipalities with services (see above: institution at the national level).

- Social Service Offices

The municipal social services are a central part of the Swedish welfare system and operate in two main areas; care of the individual and the family and care and nursing for the elderly and those with disabilities. The former area includes measures for children and young people, families, abusers, persons with psychosocial problems and women who have been subjected to violence and other measures. The measures may be advice, support and encouragement, care and treatment, economic aid ("social assistance"), economic counselling, family law or family counselling. In special cases, certain measures can be instituted without the individual's consent. This applies to care of children and young people and care of adult drug and alcohol abusers. In care and nursing, special forms of accommodation are arranged for the care and nursing of elderly people in need of special support. The municipalities must arrange housing for people who for physical or mental reasons encounter considerable difficulties in their daily lives and hence need special accommodation. People with disabilities are entitled to support and service under special legislation (the Act on Support and Services for Certain Disabled Persons, LSS 1993:387, which provides for e.g. personal assistance, escort service, contact persons and organised daily activities (NBHW, 2003).

2.5 The division of labour

Welfare provision – management and delivery

Welfare provision can be described from a number of aspects. One is what actor that has management responsibility, is in charge of purchasing and administering the service in question. Another aspect is who is in charge of actually delivering the service and to what extent this is carried out in the same organisational content as management. A third aspect concerns the consequences of more or less detailed regulations – the amount of discretion they provide and the extent of geographical variations in coverage rates etc. that may follow.

Regulation

Municipal autonomy is never absolute, but rather defined by the scope and content of national control instruments. Apart from legislation and financial steering (described in detail above) national government has two important instruments to control and steer municipal activities and to strengthen the citizens’ position in relation to both the local government and the state i) citizens
right to appeal municipal decisions at the County Administrative Court and ii) inspecting supervision performed by national authorities, for example the County Executive Boards and the National Board of Health and Welfare (for changes in the right to appeal see part 3.2, for inspecting supervision part 2.4).

Concerning recent changes, two aspects may be emphasized: the replacement of a rather detailed national steering by a steering through goals and following evaluation that is the establishment of so called framework laws (such as the Social Service Act or the Local Government act). This implied a national responsibility for formulating overarching goals and main directions of activities as well as the financial frame but the implementation of these goals is handed over to the local level. The other important aspect strengthening the local autonomy furthermore is the establishment of the new local government act (1991:900) that gives the municipalities more authority in determining their internal organization. On the other hand, the national government also limited the municipal autonomy if the individuals’ social security was at risk, such as the introduction of the monetary benefit standard (see part 3.2) the max fee reform in elderly care (see part 3.4) and the right to appeal that first got limited but then re-changed (see part 3.2).

**Consequence: Increased discretion and local variations**

The construction of framework laws gives rather large discretion to both the local politicians in organizing the social services activities but also to the professionals in assessing individual needs. Discretion is an important part of welfare services but makes needy citizens vulnerable varying political preferences and to the sometimes arbitrary decisions by individual officers. The former may result in local differences in the content, quality and availability of services. This may challenge national welfare goals in two ways: first as something counteracting equal/common standards in content, quality and availability of services and second as a possible violation to nationally “guaranteed” minimum standards. In many respects, national government is still considered accountable for welfare policy in general. Considerable local variations and examples of low availability, quality or coverage rates is perceived as a threat to universalism and social citizenship rights (ref).

Although the last decades may be described as a period of increased decentralisation in terms of autonomy and tasks shouldered, empirical studies of municipal variation shows no unequivocal or comprehensive increase, but rather different patterns for different areas. With a rough generalization, the 1970s and the 1980s may be characterised as periods of decreased variation, while the 1990s display a more irregular pattern (Bergmark, 2001).

Taking elderly care as one example, we see tendencies of decreased municipal variation in the share of elderly receiving home based or institution based care, while there are some signs of a modest increase during the 1990s (Trydegård, 2000; Bergmark, 2001) On the other hand, the variations per se in terms of coverage, costs and accessibility are significant. For example, the most “generous” municipalities provide home help to four to five times as many persons, 80 years and over, as the municipalities in “the bottom of the league” (40 percent coverage compared to 8 percent). Differences in structural preconditions only explain a minor part of that variation (Trydegård & Thorslund, 2001). History and tradition – i.e. a form of path dependency– seems to account for substantially more.

Concerning local variation of social assistance expenditures structural circumstances within the municipalities play an important role, but it is also possible to recognize an increasing variation during the 1990’s more clearly in the second half of the decade (Bergmark 2001). No further analysis has been made to explain this increase, but possible explanations may be attributed to municipal or professional discretion. Studies on assessments of identical hypothetical applicant cases point to rather substantial variation in decisions not only between but also within municipalities (Hydén et al., 1995).
Linked to the decentralization of the labour market one can also find increasing local variation concerning labour market policy concentrated mostly to the period of the 1990’s. Increased municipal responsibility opens up for local variation. Variation can be found for unemployed social assistance recipients regarding to what extent they are defined as unemployed by the local social service officers, to what extent these unemployed are referred to various labour market programs and in the extent the unemployed are distributed in either municipal or national programs (Salonen and Ulmestig 2004). (See part 3.3)

Another type of variation is the one between national aims and local aims regarding the work performed by the employment service committee (Lundin and Skedinger 2000). The committees are steered by national regulations and thus are supposed to follow national formulated aims. Empirical study shows for potential disagreements between national and local aims could be found. Members of these committees working in the municipalities seemed to meet local needs instead of emphasizing national aims.

**Consequence: Access**

Providing service is in great extent linked to the individuals’ possibilities to get access to services. Different tendencies regarding access were observed in different sectors during the 1990’s. While increased access has characterized the Swedish child care system in the 1990’s, the tendency within care for elderly is the opposite with reduced access and a concentration of resources on those with greatest needs (Palme et al, 2002, Rauch 2005)

By law, social assistance is formulated as an individual right but eligibility is linked to an individual assessment of need. The take up of social assistance is however not only determined by entitlement, it is also determined by the implementation of the benefit and an implicit precondition for obtaining the benefit is the right and the possibility to apply for it. Yet, the initial contact that is necessary to apply often takes place in a legal vacuum, no legal requirements regulate the application process and no legal control over the process is possible. Municipal autonomy in choosing organizational solutions regarding access to social assistance results in diverging local standards when applying for the benefit and implies a risk that the balance between municipal obligations and rights and individual rights shift to the disadvantage of the citizens (Minas 2005). In general the 1990’s can be characterized as a period that implied increasing demands on (potential) recipients combined with lowered benefit levels, both facts that might be influenced the access to social assistance.

**2.6 The model of regulation: how does coordination take place?**

Taking DiGaetone/Stroms typology as a reference one would in general classify the political system in Sweden as a managerial mode of governance. In this mode of governance interaction between government officials and other actors (private and public) is based on formal, bureaucratic relations. Governing logic is the manner by which political decisions are made and key decision makers include mainly various combinations of politicians, bureaucrats and other actors. Political objectives are often concerns about effectiveness and efficiency of government policies (purposive). This is of course a very general description that needs to specify in more detail both regarding the general development and regarding the different policy areas.

**Principle modes of government**

Irrespective of the challenges in the last 30 years, a hierarchical order of government/decision making processes in the area of public policy can be found in Sweden. That means a national control of policy making through legislation and financial steering; also if in some specific policy areas financial responsibility lies on the local level such as elderly care and social assistance.
Instruments on the national level guarantee citizens social rights (to appeal municipal decisions at the County Administrative Court, inspecting supervision performed by national authorities).

However, changes that appear since the 1980’s regarding distribution of responsibility within the public sector have shifted both in the direction from the national to the local level but also from the regional to the local level (Up-down-shifts) and in the opposite direction, thus from the local and regional level to the national one (Down-up-shifts). Regulatory power has to a great extent shifted downwards towards the local level, whereas the distribution of financial steering on the other hand has varied in its direction over time. There is also a number of initiatives towards increased coordination between the different levels. Regarding the four policy areas distribution of responsibility in elderly care has shifted most dramatically and here one can find in great extent trends toward privatization. New organizational solutions got large impact in the Swedish elderly care heavily influenced by ideas rooted in New Public Management and privatization.

In sum, one can describe the development as a partial devolution, including elements such as decentralization/recentralization, privatization and various forms of coordination.

**New modes of government: partial devolution in form of decentralization or fragmentation and as well recentralization (on the vertical level)**

**Withdrawal of the states – partly absence of national authority and control**

- Detailed steering replaced by steering through goals, monitoring and evaluation.
- Replacement of targeted state grants by block grants
- More authority to the municipalities through e.g. the new local government act

**Transformation of responsibility to the municipalities from other authorities**

- Public care for elderly people transferred to the municipalities, including municipal financial responsibility (Kommunalt betalningsansvar)
- Responsibility for immigrants and refugees was transferred to the municipalities (implementation) and the Swedish Migration Board (financial and operational responsibility), local reception of refugees
- Responsibility for labour-market programs regarding youth

**Opening up for market-like mechanisms mainly in care for elderly**

- Act on Public Procurement (SFS 1992:1528), with the non-socialists government, ”a freedom of choice revolution within the welfare services” (valfrihetsrevolution)
- New models of organization (purchaser –provider models, competitive tendering and consumer-choice models, private entrepreneurs)
- Transfer of the provision of services from the public to the private sector (a firm, company, co-operative or non-profit organization)
- Privatization of costs (user fees)

**Recentralization: Restrictions of the municipalities’ freedom**

- Maximum fees
- Tax equalization system
- Introduction of state grants
• National activity plan against racism, xenophobia, homophobia and ethnic discrimination, introduced in 2002.
• Introduction of national benefit standard (social assistance)
• Re-changed right to appeal municipal decision

**Allocation of money for a certain period and a certain purpose**
• 100 million SEK per year (for the years 2001-2003) to promote employment among immigrants
• Money for a certain number of years to the municipalities to improve the quality of housing for the elderly and disabled.

**Constraints on municipal spending**
• Introduction of a balanced budget requirement at the municipal level
• Ban on tax

**Different kinds of cooperation (exist both on the horizontal and the vertical level) public-public, public-private**

Joint federation
• The Swedish Association of Local Authorities and Regions
• Composition of the local employment service boards changed by including the municipalities, given them a majority in these boards

Joint commitments
• Law for financial cooperation of rehabilitation measures was introduced in 2004

(Voluntary) cooperation
• in various combinations often including social welfare offices, social insurance offices and local employment offices, but also school, police, psychiatry, primary health care

Joint agreement
• about the necessity to cooperate round common activities but also to promote cooperation between the municipalities and cooperation between the municipalities and other actors improving introduction of immigrants and refugees

Local contracts
• Between municipalities and the state around different kinds of activities, Efforts against social and ethnic segregation in metropolitan areas, this efforts are financed by both the municipalities and the state for a period of four years (1999-2003).

New forms of cooperation
• The National Agency for Education is to support projects between Swedish for Immigrants and other bodies involved in integrating immigrants.

Some problems that can be named are
• local variation in the content, quality and availability of services
• the administrative level is able to develop practices contrary to the national intentions, by choosing to drive developments in the direction of fewer rights and greater obligations for the individual (in the case of social assistance for example)
• risk for coordination problems: cooperation between local actors such as for example professionals from social security offices, healthcare, and social services has proved to be rather problematic

3 The process of rescaling in the four policies in Sweden

3.1 Social assistance and local policies against poverty

In general, the expenditures for social assistance accounts for a relatively marginal part of total social expenditures in Sweden. However, the development of social assistance recipiency during the 1990’s was an extraordinary burden for on the municipal economy. Particularly the increasing length of social assistance periods caused escalating expenditures. After 1998 the situation has improved although dependency periods remain relatively long (National Board of Health and Welfare 2005a).

Framework - National level

The legal framework for social assistance is the Social Service Act (1980:620) that was established in 1982 and has been revised a number of times since then. The Social Service Act marked a clear break with the earlier poverty aid legislation that was characterized by control and a rather detailed regulation. With the Social Service Act, social assistance, social work and social care were fused into one (municipal) organization. It was argued that a holistic approach together with a rejection of the traditionally stigmatising distinction between deserving and undeserving poor would make it easier for people to get the appropriate help. The overarching goal for the social services expressed the citizens’ equal worth and right to social security and the law is founded on a confidence of the citizens’ capability and will to change their situation. One of the core principles of the reform was voluntariness and self-determination instead of compulsion.

The act has the structure of a framework law. It determines only in a general manner the eligibility for social assistance but hands the implementation over to the local municipalities and gives the social workers extensive discretion in deciding over the benefits in the individual cases. During the period of almost 25 years the Social Service Act has been revised several times. Changes has influenced the division of responsibility between the state and the local level, but also redefined individual rights and affected the relation between the individual and the administration (Government Bill 1996/97, Swedish Governments Official Reports 2000/01, Åström, 2000).

Right to benefit

The right to the benefit is regulated in the Social Service Act and the eligibility is based on an individual means test. It is granted to the citizens under the condition that they first and foremost support themselves and have tried all other alternatives but still can’t make ends meet.

Social Assistance is provide to a level ensuring people a reasonable standard of living and the benefit system is to be designed so as to strengthen people’s opportunity of living an independent life (National Board of Health and Welfare 1999b). The concept of “reasonable standard of living” has, however, never been defined in more detail in the Social Service Act, resulting in a great deal of freedom for the municipalities in assessing individuals need for help and in determining the payment of assistance. The basic idea behind this construction is that needs may vary due to local conditions and that the municipalities may adapt their compensation levels to those variations. National government has though tried exercise control by the use of standard benefit rates defining a bottom level which compensation should not go below.
A monetary benefit standard was introduced by the National Board for Health and welfare in 1985, to at serve as guideline for the monetary standards established by the municipalities. Its purpose was to harmonize assessments of what a reasonable living standard is, to limit the variation between the municipalities and to simplify case processing routines by including as many items as possible in the standard. The monetary standard was based on items included in a household budget drawn up by the National Board for Consumer Policy. Not included were for example items such as housing costs, local travel, and childcare costs since these often varied between municipalities. These guidelines had importance for rulings by the Supreme Administrative Court in 1993, implying that the monetary benefit standard should be the basis when assessing what a reasonable living standard should be for those obtaining social assistance (Svensson, 2000). Nonetheless, several municipalities began to exclude some budgetary items included in the guidelines, supported by a decision of the Supreme Administrative Court in 1994, and in 1996 about half of the municipalities had excluded one or several items from their local standards. A national benefit standard was introduced in 1998 that now serves as a kind of lowest standard the municipalities are obliged to follow. The introduction of a national uniform benefit rate for social assistance can be seen as strengthening the individual’s position vis-à-vis the municipality and as a recentralising step decreasing municipal discretion. It is intended to guarantee a minimum standard including a certain number of budgetary items equal all over the country, thus limiting the municipalities’ possibilities to lower the levels. But the municipalities still have the possibility to choose if certain budgetary items shall be included in the uniform benefit rate or not. However, there are no signs that the uniform benefit rate has diminished the municipal variation in social assistance costs (Bergmark, 2001).

**Right to appeal**

The right to appeal is one aspect that has changed over time. In the revised Social Service Act from 1998 the individual possibilities to appeal were restricted. Restricted possibilities to appeal resulted in a reduced influence of the administrative courts whereas municipal influence grew. This however was changed anew in the revised law from 2001 to the earlier status. That is the right to appeal applies both to decisions concerning basic living costs, as well as decisions about other types of assistance (Government Bill 1996/97, Government Bill 2000/01). This change in the Act was made to improve the legal rights of everyone who requires help from the social services and is a return to the regulation that applied before January 1998 (National Board of Health and Welfare, 2002).

**Demands towards clients**

Demands towards clients changed during the 1990s. Activation policy altered, becoming more far-reaching in its requirements, eligibility conditions got tighter and compensation levels were lowered. The tightening-up of the Swedish active labour-market policy was most noticeable in the in the social assistance system. The right to support for young people, for example, was given limits during this time. A basic condition is that the applicant places himself/herself at the disposal of the labour market. At the beginning of the 1990s the National Board of Health and Welfare specified this with the obligation to seek full-time employment, to take part in labour-market policy measures organized by the state and to take every job that was offered. Some municipalities required obligatory participation in various programs in return for economic support. In its’ General Advice the National Board of Health and Welfare however noted that nobody ought to be refused social assistance for declining to work without a contractual salary and without the assurances accompanying normal employment. But the interpretation of the individual’s obligation to be available on the labour market changed over time. The Supreme Administrative Court decided in the middle of the 1990s that appli-
cants are obliged to participate in state and also municipal labour-market policy efforts as a condition for receiving social assistance.

With the revised Social Service Act from 1998, the municipal authority over the individual help-seeking person clearly increased. The social boards’ right to demand activities from the client in certain situations was widened – especially for youth beneath 25 years of age. As a result the possibility to connect eligibility to workfare arrangements (assistance with the requirement to work) increased.

**Local level**

**Funding**

Funding social assistance is a municipal responsibility and financed via local taxes. The expenditures for social assistance accounted during the 20th century for a relatively marginal part of the total social expenditures in Sweden. This was still the case in the end of the period, even though the increase of social assistance expenditures during the 1990’s has often been characterized as dramatic. Expenditures for social assistance almost doubled, rising from roughly 6 billion in 1990 to 11.4 billion SEK in 1998 and 8.7 billion in 2004. The share of social assistance recipients in the Swedish population rose from 6 percent in 1990 to 8.5 percent in 1997 and 4.6 percent in 2004 (Bergmark, 2000; NBHW 2005a). A particular characteristic of the crisis was the increasing length of social assistance periods, from an average of 4 months in 1990 to 5.5 months in 1998 and in 2004 5.7 months (NBHW, 2005a). The development of social assistance recipience under the 1990’s was an extraordinary burden for on the municipal economy. Particularly the increasing length of social assistance periods caused escalating expenditures. Long-term social assistance dependency, defined as at least 10 months under one year, stands for 60 percent of the social assistance costs (National Board of Health and Welfare, 1999b).

**Organization of the activities**

The municipalities have the final responsibility for offering the local inhabitants the support and help they need (Social Service Act 2 Ch. 2§). According to the principle of sojourn is the municipality where an individual’s need for help arise responsible for providing support, irrespective of how long the individual has stayed in the municipality. The responsibility for processing social assistance cases thus rests with the municipalities. They have the autonomy to choose the organizational form of their activities according to the local conditions.

Applications are handled at the local social welfare offices. Here, all citizens have the opportunity to discuss their economic problems with a social worker who is supposed to assess the person’s eligibility to social assistance with respect to income, the national benefit standard, housing costs and other possible supplementary expenses. Access to social assistance is regulated so that citizens only may contact one particular social welfare office, the location of which depends on their home address. It is not possible to apply for social assistance at another social welfare office in the municipality or in another municipality.

### 3.2 Employment policies

Swedish labour market has by tradition been characterized by very low unemployment figures and high levels of labour market participation. When the deep economic recession and massive increase in unemployment hit Sweden in the early 1990s, the preconditions for labour market policy were fundamentally altered. Previously the focus had been to facilitate structural changes in the economy by helping people made redundant in no-longer profitable sectors to qualify for a job in expanding sectors. With an open unemployment that increased from 1.7 to 8.3 per cent of the workforce in merely three years (between 1990 and 1993), this could no longer be the dominating objective.
National level

Swedish Labour market policy has three principal tasks. First, to channel work to the unemployed and labour to employers, second to combat recruitment problems and finally to take initiatives to help those who have difficulty obtaining work in the regular labour market. The basis for this task is the activation and skills enhancement principle (arbets- och kompetenslinjen). This means that an unemployed person should primarily be offered work and, if this fails, active labour market measures. Only when these alternatives have been exhausted should various forms of financial benefits be made available. The national government decides on the objectives, regulations and financial framework of labour market policy (Sweden.se).

The active labour-market policy has been in place since the 1940s as a feature of Swedish labour market policy. The programs were over a long period general, i.e. open to all unemployed people, and were seen as keys to full employment. Not until the end of the 1970s did the programs become more specialized with the introduction and extension of special measures for the occupationally handicapped and for young people in both general and vocational training (SOU 2000:37).

Traditionally Swedish labour-market policy contains of two components, often called passive and active measures. The former comprise a system of economic compensation for unemployment. The other component, active labour market programs include e.g. training and temporary work for the unemployed in order to improve the opportunities of unemployed workers. The two systems, rather than being isolated from one another, are connected. Participation in many of the programmes counts as regular work in assessing the work requirements for unemployment benefits. Hence, there is a possibility of re-qualifying when a benefit period ends (normally after 14 months), which, in some cases, may result in virtually never-ending periods of compensation (Clasen et al 2001). There are obvious incentives for Swedish municipalities to keep the unemployed on unemployment benefit instead of social assistance, since the latter is municipal (financial) responsibility while the former is not.

The programs within the active labour market policy can roughly be classified in two categories:

- Programs to encourage demand for labour and generate employment. The purpose of these programs is to maintain demand for labour during periods of weak demand and to improve the employability of the unemployed (e.g. the recruitment incentive, start-up grants, the work experience program, municipal youth programs, the youth guarantee, and the activity guarantee program).

- Programs to influence labour supply are aimed at creating a better match between available labour and the existing demand for labour. Over the past few years, these programs have grown in importance. The programs can target both individuals and companies (e.g. Employment training, in-house training at companies a form of financial subsidy to employers who train their own personnel).

Unemployment insurance

The Swedish unemployment insurance is voluntary and state-subsidised. This is also reflected in the administration of the system. Unlike other social insurance schemes in Sweden, this one is not administered by the state or local social insurance offices, but by member funds, usually affiliated to a trade union and supervised by the National Labour Market Board. Trade union membership entails compulsory membership of an unemployment fund, though the opposite is not necessary. About 90% of all employees belong to an unemployment fund. The voluntary insurance system is financed in part (about 7% of costs) by individual membership fees. The rest of the financing comes from government budget appropriations. An alternative, a state-funded basic benefit exists for those who have not been paying into a voluntary scheme (Sweden.se).
The original reason for having a voluntary system, the idea of offering "help to help oneself" is closely linked to the strategic objective: of strengthening the incentive for trade union membership. The advantages of such a system are that the trade union organisations are given greater scope to take a wider social responsibility and to contribute to the re-employment of the unemployed. The disadvantage is that unemployed people cannot count on being covered by the type of general system that is strongly characteristic of other parts of the present Swedish social insurance system (Sweden.se).

**Differentiation at the national level**

The 1990s may be depict as a period of transition in aims as well as in content of Swedish labour market policy. At the beginning of the crisis years there were four activation programmes available: vocational training, temporary employment, recruitment support and youth measures. Only one of which survived the entire decade. The remaining three successively disappeared to be replaced by a number of other programmes and, at the end of the decade; the total range of options was considerably extended. The profiles of the measures changed towards more stimulation of recruitment and qualification-raising measures and were often directed towards the long-term unemployed and those who risked expiry of their unemployment insurance.

Never before had so many people been included in the various measures as during the years following the economic downturn. The proportion of the workforce that participated in the active labour market programmes increased from 1.3 percent at the beginning of the 1990s to 4.7 percent at the peak in 1996. In 2004, the figures are down to 2.4 percent (AMS 2005)

**Changes in benefit level and work demands**

Economic compensation for unemployment is provided in two forms: a basic insurance (unemployment compensation) and a voluntary, income-related insurance. Cash benefits to the unemployed are distributed by unemployment benefit funds (arbetslöshetskassor) that administer unemployment insurance funds. Each unemployment benefit fund is ordinarily affiliated with one or more trade unions.

To apply for income-related unemployment benefits from a society, a person must fulfil two demands: one concerning the membership in the fund and one demand concerning work. A person must have been a member in an unemployment benefit funds at least 12 month immediately before becoming unemployed and furthermore must have had paid employment for at least six months the last 12 month before the unemployment period started. Persons that fulfil these conditions and are younger than 57 years (also this limit changed to 55 in 1998) are entitled to unemployed compensation if the person is registered with the employment office as a job seeker. Compensation level, period of paid benefit and work demands has changes several times during the 1980’s and 1990’s. In general one can say that the (first half of the) 1990’s was characterized by re-changes whereas the later period was characterized by re-changes (but not to the previous level).

**Local level**

An important feature of the government’s reaction to the high unemployment figures was to raise municipal motivation to develop local programs on their own. Many municipalities assumed responsibility for labour-market programs, predominantly for the young unemployed. The responsibility for labour-market measures for unemployed youths under 20 was transferred to the municipalities in 1995 and since 1997 also for young people between 20 and 24 years (see above). Increased conditionality of social assistance do represent a decentralisation of the active

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6 Excluding measures for the handicapped.
labour market in itself, since it to a higher extent becomes a municipal matter. Coupling welfare-to-work programmes with increased local responsibility is, however, not unique to Sweden but a trend that has been visible in many European Union and OECD countries (Finn 2000).

The composition of the local employment service boards changed (as mentioned above). From being tripartite bodies with representatives from the state, the employers organisation and the trade unions the municipalities were included and in 1996 given a majority in these boards. A (unintended) consequence of this change is non- negligible divergences between the objectives of the members of the committees and the national objectives for labour marked policy (Lundin, Skedinger 2000). After 1996 it has also been increasingly common for the municipalities to establish special units with responsibility for labour market policy.

**Differentiation at the local level**

As a consequence of increased local responsibility municipal labour market programs are developing alongside the national ones. Compensation in the national organized programs are normally a part of the social insurance system, whereas compensation in municipal organized activities to a high extent is social assistance meaning that eligibility is linked to a mean-test. It is not unusual that unemployed side by side work in the same program but are paid according to two different principles (Salonen and Ulmestig, 2004).

Increased municipal responsibility also opens up for local variation. In a rather new report variation is found for unemployed social assistance recipients regarding to what extent they are defined as unemployed by the local social service officers, to what extent these unemployed are referred to various labour market programs and in the extent the unemployed are distributed in either municipal or national programs (Salonen and Ulmestig, 2004).

### 3.3 Care for the elderly

Changes in the care for elderly have to be seen in the light of the aging population and a strained economic situation at the municipal level during half of the 1990’s that had great impact on the form and quality of services. The number very old people in the Swedish population has steadily increased during the last four decades. Sweden has now the world’s highest proportion of people over 80 and over in the population (5.2 per cent) (NBWH, 2004b). This part draws mainly upon Trydegård, 2004).

**Framework - National level**

In Sweden, responsibility for welfare of the elderly is divided between the three principals or levels of government (see part 2.1). Through legislation and economic steering measures the Parliament and the Government (the national level) formulate policy aims and directives. The county councils (regional level) are responsible for the provision of health and medical care. Finally, the municipalities (local level) are legally obliged to meet the social service and housing needs of the elderly. Like in the above mentioned areas the county councils and the municipalities have a high degree of autonomy vis-à-vis central government and can, within the legal frame, decide the degree of priority they will give to the elderly in relation to other groups (National Board of Health and Welfare, 2004c).

According to the Social Services Act (1982) the elderly have the right to receive public service and help at all stages of life. All who need help to support themselves in their day-to-day existence have the right to claim assistance if their needs cannot be met in any other way. In 1983, the Health and Medical Services Act came into effect. According to this Act, health care and medical services aim to maintain a good standard of health among the entire population and to provide care on equal terms for all (National Board of Health and Welfare, 2004b).
The overall aims of care of the elderly in Sweden have traditionally been a solidarity financing through taxes guaranteeing a secure financial situation, good housing, and service and care according to needs. Public help is intended to give care recipients freedom of choice and influence and to maintain high standards. Regardless of age, sex, ethnicity, place of residence, and purchasing power all the elderly should have equal access to the welfare services. Although national policy and legislation have remained rather unchanged the last twenty years, old age-care has undergone substantial reorganization and reconstruction. The access to home-help services has been drastically reduced, and institutional care has not kept pace with the growing elderly population (Trydegård, 2004).

**Structural reorganization**

In 1992 a major change was introduced, the so called “ÄDEL-reform”. The aim of this reform was to gather all public care for elderly people under one authority, the municipalities. Another purpose was to strengthen the social service culture and de-medicalize the care of the elderly. The reform transferred the responsibility for long-term medical care for elderly people from the county councils to the local authorities, except for attendance from physicians. The reform also comprised a strong financial incentive for the municipalities to find care outside hospitals for so-called “bed-blockers”, that is hospital patients who are medically ready for discharge but cannot manage on their own at home. For patients remaining at the hospitals the municipalities were obliged to compensate the county councils for the costs. This involved among other things a reduction in the number of beds in county council hospitals of some 48 per cent in the period from 1992 to 2003 (NBHW, 2005b).

The shortening of hospital stays of course means that a substantial part of caring – sometimes advanced nursing – is being transferred to the next level of care: municipal and primary health care. Since the Ädel reform came into force, a steady increase in the workload, both in institutional and home-based care has been identified. This means that the elderly moving to institutional care today are more frail and dependent both in terms of functional and cognitive capacity. At the same time, and accentuated during recent years, the number of beds in institutional care in the municipalities has dropped substantially. This in turn has further increased the pressure on municipal caring services for the elderly and on outpatient services (NBHW, 2005b). The Ädel reform also included that the State during a five-year period provided 3 billion SEK as incentive grants to improve the quality of housing for the elderly and disabled. It was also decided that the reform should be comprehensively evaluated. (National Board of Health and Welfare, 1996). This has resulted in considerable difficulties for the increasing number of elderly people with wide-ranging medical and social needs who are being cared for in the home or in municipal accommodation for the elderly.

**Financing**

Care of the elderly is almost totally financed by local taxes and grants. The user only pays a minor part of the cost (5-6 per cent). The largest share of the cost (about 82 - 85 per cent) is covered by local taxes. National taxes cover the remaining cost of care for the elderly (about 10 per cent). The fact that health care and social services for the elderly are primarily funded by local taxes further confirms the independent role of the local authorities, i.e. their independence of national government (National Board of Health and Welfare, 2004b).

**Unchanged national policy – substantial changes in practice**

- Home care services to fewer but more care-demanding elderly people

Home care is one of the main forms of public care. It’s rate has decreased gradually since the 1980’s and at the end of the 1990’s it was at a level comparable to that of the mid-1960’s.
Whereas the coverage rates of home care in Sweden have declined substantially during the 1990’s the number of home care hours has instead increased. Resources have been concentrated on fewer and more care-demanding elderly. The number of hospital beds and the length of stays in hospital have been drastically reduced. Elderly people with extensive care needs, who previously were taken of within healthcare, consume today an increasing amount of the municipal nursing hours (Trydegård, 2004). Home care now puts the main emphasis on personal care and nursing care, whereas domestic services are increasingly beyond the municipal activities.

Exclusion and exit from services

In order to meet the increasing demands in an already strained economy, the municipalities have implemented more restrictive guidelines for the needs-assessment process. Both stricter interpretations of needs and wider interpretations of alternative help possibilities that have to be tried first (the individual has the right to receive care if “the needs cannot be met in any other way”) are used. In practice that means more demands on family and relatives to provide care. Concerning help with household duties many elderly have been directed to purchase these services from private firms. In sum, users with minor needs are excluded and those with extensive needs prioritized. The fee system has also been used as an instrument to reduce service.

Re-centralization

As a sign of recentralization one can characterize the central governments decision from 2002 on a reform of elderly care, the so called “max-fee-reform”. This reform restricts the municipalities’ freedom to set the charges for local services. The reform aimed at lowering the fees for approximately half of today’s help recipients and furthermore limiting the increasing variation between the municipalities. An initial evaluation of the reform showed that an increasing proportion of care recipients has been exempted from fees and that the variation in fees has decreased, but not the variation in how charges are set (Trydegård, 2004).

Privatization - through management and new models of organization

New organizational solutions got large impact in the Swedish elderly care heavily influenced by ideas rooted in New Public Management and privatization. Ideas for organizational forms and steering were taken from market economy, new alternative production forms were introduced and new actors in form of private actors, user cooperatives or non-profit-making organizations appeared (Trydegård, 2001). Already in the early 1980’s ideas of New Public Management were being introduced in the Swedish municipalities, and were intensified in the 1990’s. The municipalities reorganized and introduced a market – oriented terminology and organization, stressing financial incentives, productivity, efficiency and quality control. Special purchaser –provider models have been introduced separating needs assessment and purchasing of services and care from the provision. They have opened up for competitive tendering and introduced consumer-choice models, meaning that home care teams and residential homes for the elderly have become “business units” with greater financial responsibility for their activities. They are also obliged to compete with private entrepreneurs for contracts.

Privatization - of provision

The most obvious privatization trend of welfare services in the 1990’s was the transfer of the provision of services from the public to the private sector – a firm, company, co-operative or non-profit organization. Care of the elderly was the welfare sector in which privatization accelerated the most, publicly financed but privately provided care quadrupled in the 1990’s. The majority of entrepreneurs in the care of elderly were profit-making companies, mostly large international firms. In 1999, the four largest private actors accounted for half of the contracted op-
erations – whereas the contributions from non-profit-making organizations were minor. Privately operated care is more common in denser population centres. Stockholm and a number of its suburbs have also introduced a “consumer-choice-model” for home care. The municipal care manager makes the needs assessment and decides on how much home care an elderly person is entitled to and the consumer has to choose a care provider from among the companies or municipal providing units that have been approved by the municipality.

Costs and responsibility for care

Another form of privatization is the many-sided privatization of costs. There has been an increase in the financing of welfare services by the users themselves. Higher user fees have been introduced in medical care as well as in social care services. Elderly people also had to pay a greater part of the costs for home care and for residential care. The max fee reform however, might break this trend. Another kind of privatization of costs occurs through de-institutionalization. As an effect of the Ädel reform nursing home beds were transferred to the social service care sector and the municipalities. The former long-term patients were now obliged to pay rent.

Increased informal care

Since the reduction of public care services in the 1990’s, there has been an increase in care provided by family members, spouses or other close kin. Elderly people with higher education tend to replace municipal home care with market help, whereas those with less education more often receive assistance from family members. These shifts in help patterns tend to lead to a reinforced layering in the care of elderly, unevenly distributed from a class perspective. It is important to note that the family members who have had to shoulder an increased responsibility for care are in practice usually woman (wives and daughters).

Contribution from voluntary organizations to elderly people in need of care have in Sweden mostly been of minor supplement. In recent years, however, the official policy has been to place increasing emphasis on the role of the voluntary sector.

3.3.1 Current topics: Increased debate on care for elderly

Increased share of elderly in Sweden that was not followed by a correspondent increase on resources.

Public discussion focuses mostly on the volume of care, on resources and quality.

The public sectors responsibility as a provider for elderly care got questioned and the importance of alternative service providers emphasized. Alternative service providers imply providers of the voluntary sector as care through relatives (informal sector) and the marked sector.

3.4 Integration of migrants

Patterns of migration to Sweden have changed over time. The influx of foreign labour after the Second World War resulted in a changed composition of the Swedish population. Mainly people from South –Europe immigrated to Sweden for work. Tougher immigration regulations in the 1970 have resulted in a changed character of immigration from influx of foreign labour to an immigration of refugees with refugees coming from Chile, Greece and Assiya/Syria (in the 1980’s) and refugees from ex Yugoslavia and Somalia in the 1990’s (Government letter 2001/02). The immigrated population has increased dramatically from around 40 000 immigrants in 1980 towards a peak of over 80 000 immigrants in 1994 to 60 000 in year 2002 and 62 000 in year 2004 (Statistics Sweden 2004).
Thus in Sweden the development does not only go in the direction of an aging population but also in the direction of a population consisting of more people with foreign background. People with foreign background are calculated to make up 27 per cent of this part of the population able to work (Government letter 2001/02).

Sweden has been a member of the EU since 1995 that among other things, facilitates immigration to Sweden by EU nationals and also a member of the Schengen Cooperation since 2001 which primarily involves open borders between the Member States.

**National level**

THE RIKSDAG (Parliament) takes migration policy decisions relating to both immigration and return migration. The Aliens Act and the Citizenship Act lay down the rules that the Migration Board is required to follow and which we are required to implement in a uniform and consistent manner in each individual case.

THE GOVERNMENT is entitled to supplement parliamentary decisions by issuing ordinances containing more detailed rules on how the law in question is to be applied in certain respects or at certain times. It is the Government for instance that decides when a mass refugee situation exists and which may necessitate rapidly providing large number of people with temporary sanctuary. By taking decisions on individual cases brought before it by ourselves or by the Aliens Appeals Board, the Government can also specify how laws and regulations are to be applied in certain circumstances; the Government reaches normative decisions intended to help us in our own decision-making in the future (Migrationsverket.se).

**Development of migration policy**

Sweden's modern Migration policy, launched in 1975, was based on experiences and ideas from the 1950’s and 1960s immigration to Sweden. Its main objectives were formulated in 1975 and highlighting: equality (immigrants should have the same opportunities, rights and obligations as the rest of the population); freedom of cultural choice (members of linguistic minorities should be allowed to choose to what extent they wished to adopt a Swedish cultural identity and to what extent they wished to retain and enhance their original identity); and cooperation and solidarity (immigrant groups and the Swedish-born population should work together to resolve issues of common interest) (Prop. 1997/98:16). The common line was to complete the general politics with special measures for immigrants and every municipality should take responsibility for immigrants such as for other population groups (Prop. 1997/98:16). Already in 1954 the Nordic countries had through agreements created a common and free labour market, which meant that Nordic nationals could live and work in other Nordic countries without applying for a work and residence permit.

From the Second World War towards the middle of the 1980’s migration issues were sorted under the authority of the National Labour Market Board. Receipt of refugees was a part of the Boards tasks. In 1969 a special organization the Swedish Migration Board (Migrationsverket) was launched. The Board is the central aliens authority with the overall responsibility for the proper consideration of applications for visits, residence, asylum or nationality. Furthermore the Board is responsible for offering the asylum seekers accommodation and occupation while waiting for a decision (Migrationsverket.se).

With the arrival in Sweden however the National Labour Market Board was still responsible for these refugees that get transferred to refugee centre while waiting for work or education. Other tasks of the Swedish Migration Board were to introduce reforms that should improve the conditions for immigrants in society, such as the right to vote at the municipal elections (SOU 2000:37).
During the 1980’s a re-organization of the Swedish reception of asylum seekers was carried out. In the light of increased demands of efficiency, savings and competitiveness the National Labour Market Board asked to be released from issues not belonging explicitly to their core activities such as migration issues and from 1985 the Swedish Migration Board and the municipalities got the complete responsibility for immigrants and refugees. The authority had mainly a financial and operational responsibility implying that it signed contracts with the municipalities about a yearly amount of “refugee receipt” and a compensation for this. The Board had furthermore the task to support the municipalities with information, advice and follow-ups (uppföljning) of the municipal activities. Implementation of the national refugee policy however was in large extent dependent on the municipalities will to receive refugees (Prop 1997/98:16).

An ombudsman for ethnic discrimination was launched 1986.

The Aliens Appeals Board (Utlänningsnämnd) was introduced in 1992 and has the task to try cases under the Aliens Act and the Swedish Citizenship Act in an impartial manner in accordance with the principles of legal certainty. It is the supreme instance in individual alien cases. The Board considers appeals against decisions of the Swedish Migration Board on residence permits, refusal to entry, expulsion and Swedish nationality. There is no appeal against a decision by the Board (Swedish Migration Board 2005).

In 1996 Swedish Migration politics changed its direction. The above named objectives of modern migration policy got a new meaning in the sense that special measures for immigrants were abandoned and the process of integration emphasized. Migration policy in todays Sweden is supposed to integrate all spheres of activity and ranges over several different areas and embraces: refugee policy, immigration policy, integration policy and return migration policy. Furthermore issued regarding integration and immigration/refugees got separated which is manifested in the institutional structure. The minister for foreign affairs deals together with the Swedish Agency for International Development Cooperation (SIDA) and the Swedish Migration Board with issues such as refugee, migration and integration policy, voluntary return home and support to voluntary return migration. The ministry of justice in contrast deals (in 2005) with integration issues, after that the responsibility for these issues lied at the ministry for culture (1998-?) and at the ministry of the interior (1996-1998).

In June 1998 a new central government agency, the Integration Office (Integrationsverket), was established. Its task is to oversee integration efforts throughout Swedish society. Parliament has decided to replace immigration policy with an integration policy aimed at the whole population. As part of this, the new Integration Office will be responsible for such matters as: monitoring and evaluating trends in Swedish society from an integration standpoint, promoting equal rights and opportunities for everyone, regardless of ethnic and cultural background and preventing and combating xenophobia, racism and discrimination.

As a part of this new policy a new act about measures against ethnic discrimination in working life (1999:130) that among others formulate demands towards employers to promote ethnic diversity. The task to supervise the employers work with ethnic diversity is given the Ombudsman against ethnic discrimination (Government letter 2001/02).

Another part in the work with integration of immigrants is the national activity plan against racism, xenophobia, homophobia and ethnic discrimination that was introduced in 2002.

Efforts against social and ethnic segregation in metropolitan areas were an additional activity. Local contracts were signed with seven municipalities and the state around different kinds of activities, this efforts are financed by both the municipalities and the state for a period of four years (1999-2003).

Continuous follow-up of for examples national authorities and their implementation of integration policies
**Reception of refugees**

A person who comes to Sweden to seek asylum must contact the Migration Board. While the investigation is conducted, the asylum seeker may stay with a friend or relative – or in an apartment rented by the Migration Board. At the same time the officials of the municipality are informed. Each asylum seeker will live in the municipality until the Migration Board (or the Aliens Appeals Board if his or her case is appealed) has reached a final decision. An asylum seeker who obtains a residence permit will be referred to an apartment in a municipality that has signed an agreement with the Integration Board to receive refugees. As soon as housing becomes available, the Migration Board will stop providing the asylum seeker with any financial assistance and will turn over the responsibility to the municipality.

A person who seeks asylum in Sweden receives an LMA (Reception of Asylum Seekers and Others Act) card. He or she will need the card to obtain a daily allowance, medical care, etc. The following daily allowance is available if the asylum seeker doesn’t have any money of his own or her own. The allowance covers expenses such as food, clothing, shoes, toiletries, newspapers and phone calls. At the beginning, many asylum seekers stay at Migration Board accommodation centres – which also serve meals. All asylum seekers who come to Sweden may obtain a medical examination free of charge (Swedish Migration Board 2005).

A refugee who obtained a residence permit is obliged to participate in an introduction program for a period of 18-24 months. This program should be individual designed but includes normally aspects such as education in Swedish, education in society, a practice or other measure to get contact with the labour market.

**Cooperation between different authorities**

Several national authorities cooperate around improving introduction of immigrants and refugees. Mainly one can name the Swedish Labour Market Board (Arbetsmarknadsstyrelsen), the Integration Office (Integrationsverket), Swedish National Agency for Education (Skolverket) and the Swedish Association of Local Authorities and Regions (Svenska Kommunförbundet och Landstingsförbundet). These authorities established in 2000/2001 a joined agreement about the necessity to cooperate round common activities but also to promote cooperation between the municipalities and cooperation between the municipalities and other actors Swedish Integration Board (2001).

The state has taken several initiatives to improve things. During 2003 a commission of enquiry is to present an overall view and proposals for solving the problems associated with the reception and introduction of refugees and other immigrants. The government has proposed improvements to Swedish for-Immigrants teaching, for highly-educated immigrants and others. The National Agency for Education is to support projects concerning new forms of cooperation between Swedish for Immigrants and other bodies involved in integrating immigrants. As of 2003, people living in Sweden and aged 65 or older are guaranteed a certain lowest standard of living in the form of old-age maintenance benefit. The background to this is that some elderly people - largely immigrants - do not qualify for pensions that give enough to live on. To varying extents, therefore, they have received long-term maintenance allowances under the Social Services Act. Regarding children, the Swedish Migration Board and National Board of Health and Welfare report proposes the establishment of a new institute with representatives of unaccompanied immigrant children, and that this institute should assume more far reaching responsibility and powers than the present trustees (National Board of Health and Welfare, 2004a).

**Financing**

In 1991 a national compensation system was introduced giving the municipalities a standard compensation for each receipt asylum seekers instead for paying a general state grant (Government Bill 1997/98). The municipalities were obliged to establish individual introduction plans.
for the asylum seekers. Economic support for asylum seekers could be omitted in form of social assistance and/or since 1993 by the so called introduktionsersättning (Lag 1992:1068 om introduktionsersättning). The compensation system worked as a stimulation to provide places for immigrants.

In the year 2000 the government allocated 100 million SEK per year (for the years 2001-2003) to promote employment among immigrants. Of these 10 millions set aside for the development of Swedish education and introduction of refugees and immigrants (Government letter (2001/02).

**Local level**

The local reception of refugees was - as named above - introduced in 1985 with the aim to clarify the responsibility between the national and the local level. With this regulation the municipalities were responsible for the reception of asylum seekers in Sweden, whereas the overarching economical responsibility lied at the national level. This reform however, was confronted with a reality that consists of a rapidly increasing stream of refugees. The number of municipalities willing to receipt refugees was not only insufficient but they lacked furthermore experience of organizing refugee receipt. In many municipalities the social services were thus commissioned to organize the receipt of refugees. The Swedish Immigration Board made agreements with the municipalities about the reception of asylum seekers and other immigrants and the municipalities in turn had then the responsibility that these people got an introduction in Swedish society. This implied a municipal obligation to provide the immigrants with housing, economic support, education in Swedish language and education about the Swedish society. This strategy got the name “the whole Sweden strategy”. The Swedish Immigration Board agreements with municipalities increased from 137 in year 1985 to 241 in 1987 (Appelqvist, 2000).

However, the surge of refugees that occurred in 1992-94, when Sweden provided sanctuary to more than 170,000 people fleeing from the war in the former Yugoslavia implied enormous problems on the local level. In many municipalities, the experiences with receipt of refugees was only limited and no organizational frame existed. Thus, refugee receipt is in many small municipalities administrated by the local social services (Appelqvist, 2000).

**Debate**

An ongoing (and somewhat infected) debate about segregation, discrimination due to ethnicity or religion, particularly in regard to the labour market, the housing market, mass media, the political system, the legal system, the educational system and welfare services such as the social services and health care.
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