12. Convergence towards better working and living conditions: The crucial role of industrial relations in Sweden

Dominique Anxo

1. INTRODUCTION

The European Pillar of Social Rights (EPSR) was jointly adopted by the European Parliament, the European Council and the European Commission in November 2017 at the Social Summit for Fair Jobs and Growth in Gothenburg. The EPSR contains a number of key principles and rights to support fair and well-functioning labour markets and social protection systems. The 20 principles and rights adopted in Gothenburg cover the areas of employment, social protection, education and equal opportunities. In addition to promoting better performing economies and more equitable, cohesive and resilient societies, the main objective of the EPSR is to stimulate a renewed process of convergence towards better working and living conditions across the European Union (EU).

The primary aim of this chapter is to identify and describe the policies implemented in Sweden related to the principles and rights enshrined in the EPSR. Furthermore, using a set of common social and economic indicators, including the social scoreboard that will monitor the implementation of the three chapters of the EPSR – namely, equal opportunities and access to the labour market, fair working conditions and social protection – the second objective of this chapter is to assess Sweden’s relative position and achievement in these areas since its accession to the EU in 1995. One fundamental and constitutive element of the Swedish model is the crucial role played by the two sides of industry in regulating the labour market, working conditions and wage formation. Social dialogue in Sweden is well developed, and regular consultations between the parliament and government are a key element regarding the design of educational, employment income and social policies. Against this background, particular attention is paid to the key role of the social partners in the process of convergence towards better working and living conditions. It should be stressed that at the time of its entry into the EU Sweden had attained several of the EPSR and EU2020 objectives, particularly regarding gender equal opportunities, educational attainment, labour market access and fair working conditions. Not only did Sweden score highly on many social and economic indicators, but the orientation of its policies was already well in accordance with EPSR and EU2020 aims.

The chapter is structured as follows. After a description of the main features of the Swedish industrial relations system in section 2, section 3 describes the development of economic growth relative to other EU member states and the fiscal and monetary policies implemented to create conditions of sustainable economic growth. Special attention is
given to changes in the industrial relations system during the mid-1990s and the role of the social partners in Swedish economic recovery and resilience. Section 4 analyses the main elements of social convergence towards better working and living conditions, focusing on three chapters of the EPSR in the areas of education, employment, equal opportunities and social protection. As in the previous section, the role of the social partners and social dialogue is emphasised. Section 5 presents a case study and describes the main features of the Swedish integration policy for migrants and the role of public authorities and social partners in promoting convergence of labour market integration between natives and foreign born. The final section provides some concluding remarks.

2. INDUSTRIAL RELATIONS AND SOCIAL DIALOGUE IN SWEDEN

2.1 Main Features of the Swedish Industrial Relations System

As described in Anxo (2015, 2017, 2018), the Swedish model of industrial relations relies on powerful, independent and all-encompassing employers’ and workers’ organisations that enjoy strong autonomy vis-à-vis the public authorities. The Swedish industrial relations system constitutes the archetype of a bipartite agreement-based model of labour market regulation, in which the social partners play an essential role in determining the mechanisms for regulating the labour market, working conditions and wage formation. Despite a recent and notable decline, average union density in Sweden remains one the highest among modern economies, at around 70 per cent in 2017. In the same year, the coverage rate of collective agreements stood at around 90 per cent (82 per cent in the private sector and 100 per cent in the public sector) (see Mediation Office 2017; Kjellberg 2018; LO 2018). It is important to note that the high coverage rate of collective bargaining in Sweden is not due to statutory extension of collective agreements but rather to the high-density rate of employers’ associations and the strong presence of trade unions at the firm/organisation level. Sweden is characterised by well-established and strong employers’ organisations. In 2016, the density rate of employers’ organisations, measured as the proportion of dependent employees working in workplaces affiliated to employers’ associations and covered by a collective agreement, reached 85 per cent, a rate significantly higher than union density (Kjellberg 2018). With some exceptions, employers’ and workers’ organisations in Sweden are structured along sectoral/industry lines.

Despite some tendencies towards decentralisation during the past two decades, the Swedish bargaining system remains fundamentally a two-tier system, in which bargaining
Towards convergence in Europe

takes place first at the industry/sectoral level and afterwards at the company/organisation level. It is important to emphasise that by international standards, the Swedish two-tier bargaining model remains centralised and coordinated. Another central feature of Swedish industrial relations is that labour law is limited by comparison with labour legislation in other EU member states, and for the most part is optional; that is, most provisions of labour market legislation may be wholly or partly amended by collective agreements. An illustration of the interplay between statutory policy and contractual arrangements is the Employment Protection Act (SFS 1982a, p. 80). According to the law, the seniority rules imply that the priority and selection of employees is to be made according to the last-in–first-out principle. However, the employer and the trade union may deviate from the statutory rules when determining the order of dismissals by concluding a local collective agreement.

Collective agreements also often supplement social security regulations, such as a higher income replacement rate for parental leave system or sickness benefits. Another illustration of the social partners' involvement in social protection is the unemployment insurance system. The Swedish unemployment insurance system is a Ghent system based on voluntary membership in unemployment insurance funds subsidised by the state. These funds are administered by different trade unions covering different industries. As far retirement is concerned, occupational pensions are also determined by collective agreements at the industry level and constitute a fundamental pillar of the Swedish pension system. Collective agreements at the industry level supplementing social security regulations and topping up social protection benefits is a good illustration of the role of the Swedish social partners in the process of convergence towards better working and living conditions.

The bipartite and contractual nature of labour market regulation, coupled with the high union density and high coverage rate of collective bargaining create a favourable institutional environment for the emergence of negotiated compromises aimed at balancing flexibility and security in the labour market. As stressed in Anxo (2017, 2018) Sweden thus constitutes a good illustration of a regime of negotiated flexibility, in which the social partners are involved extensively in the regulation of working conditions, wage formation and the shaping of vocational training and at the industry and company/local levels. Another interesting illustration of the interplay between statutory policy and contractual arrangements and the regime of negotiated flexibility in Sweden concerns the regulation of working time. The Swedish Working Hours Act (SFS 1982b, p. 673) appears to be particularly flexible and, since the late 1950s, has also left the social partners free to negotiate and draw up industry-wide agreements on working hours. Hence, the Working Hours Act is also optional and can be partly or entirely replaced through collective agreements at the industry and/or company level. In addition to protecting individuals not covered by collective bargaining and limiting the negative externalities associated with long working hours, the optional nature of the law has encouraged the social partners to negotiate flexible working time arrangements at the industry or firm level. To illustrate, most of the bargaining areas encompassed by the Swedish Industry Agreement apply a yearly working-time norm instead of a weekly norm.
2.2 Social Dialogue in Sweden

Even though there is no legal obligation in Sweden regarding consultations between the government/public authorities and the social partners, social dialogue has a long tradition and is well established. Regular consultations take place with the social partners and are a key element in government employment and social policies. Even though consultations and information-sharing regarding labour market issues between government, parliament and both sides of industry have a long tradition, and are a common feature of the political process, the nature of industrial relations in Sweden remains essentially bipartite. Of course, the state is involved in social dialogue in its capacity as employer at the central and local authority levels, but this takes place through the respective employers’ and workers’ organisations. Notwithstanding its fundamentally bipartite nature, tripartite talks do exist and are favoured in Sweden, resulting in either comprehensive collective agreements or laws/regulations.

The nature of Swedish social dialogue and extent of consultations with the government might be illustrated by the social partners’ involvement in the Swedish National Reform Programme (NRP, see Swedish government 2017). In order to develop and strengthen the dialogue with the social partners within the national decision-making process and the European Semester, successive Swedish governments over the past decade have set up reference groups with representatives from the ministries concerned and the social partners for discussions and consultations regarding the implementation of the Europe 2020 Strategy (EU 2020) in Sweden. Consultation meetings have taken place also at senior-official level on four occasions since the presentation of the 2017 NRP. The social partners were invited, as in previous years, to contribute to this year’s national reform programme. By way of illustration, the appendix of the 2017 Swedish NRP includes various contributions from the social partners reflecting the measures and initiatives they took in accordance with the guidelines and objectives that comprise the Europe 2020 targets. Furthermore, the appendix includes comments from the social partners on government policy as regards measures with a bearing on the European Council recommendations in the context of the European Semester.

We restrict our review of the participation of social partners in the NRP to one initiative directly related to the 2014 European Council’s recommendations regarding the integration of young people in the labour market. Already in autumn 2011 the former centre-right coalition government initiated tripartite talks with the social partners aimed at finding solutions to the high youth unemployment. The tripartite talks were conducted with the social partner organisations at the central level (confederations) and with contracting parties at industry level. These talks resulted in the setting up of the Vocational Introduction Agreement (VIA). These employment contracts are regulated by collective agreements. The target group for the agreements was young people with no relevant job experience, but the VIA has been extended to the long-term unemployed and recently arrived migrants. The design of agreements varies between industries but common to all of them is that work is combined with training/education. Central agreements on initial vocational training have been signed in the following industries: retail (Swedish Trade Federation and the Swedish Commercial Employees’ Union), municipal (SALAR/Pacta and the Swedish Municipal Workers’ Union), sawmills (Swedish Forest Industries Association and GS Swedish Union of Forestry, Wood and Graphical Workers), parts of...
manufacturing industry (engineering companies’ employer organisation/IKEM/Svemek/ GAF/Steel and Metal Employers Association and IF Metall) and real estate (Almega Service Associations property employers and the Building Maintenance Workers’ Union).

3. ECONOMIC CONVERGENCE

3.1 Economic Growth and Convergence

As Figure 12.1 shows, Sweden is one of the most affluent countries in the EU. According to Organisation for Economic Co-operation and Development (OECD) statistics, per capita gross domestic product (GDP) in Sweden was 128 per cent of the EU28 average in 2016 and ranked third after Luxembourg and the Netherlands. Not only did Swedish per capita GDP increase between 1995 and 2016 (by around 13 percentage points) but Sweden’s relative position also improved significantly (from seventh place in 1995 to third place in 2016; see Figure 12.1), testifying to upward convergence in terms of economic development.

In the years preceding its accession to the EU in 1995, Sweden experienced one of the most severe economic crises since the 1930s (see Figure 12.2). In just three years – from

![Graph showing trends in per capita GDP, Sweden, 1995–2016](image)

Source: OECD (2018) and author’s calculations.

Figure 12.1  Trends in per capita GDP, Sweden, 1995–2016 (constant prices, purchasing power parity, EU28 = 100)
1990 to 1993 – GDP fell by around 4 per cent, the employment rate decreased by more than 10.5 percentage points to about 73 per cent, and the rate of open unemployment quintupled from less than 2 per cent to almost 10 per cent of the labour force. Furthermore, the public budget deficit increased from about zero to about 14 per cent of gross nation product (GNP), while public debt increased from 38 per cent in 1990 to 76 per cent in 1995. Facing the deterioration of public finances, the various governments during the 1990s implemented several austerity and fiscal consolidation measures to reduce the budget deficit and public debt. Across the board, since the mid-1990s both fiscal and monetary policy have become more restrictive in Sweden, leading to a historically low rate of inflation and significant improvement in the public finances, with declining public debt. A fiscal policy framework was gradually introduced to limit the budget deficit and improve the conditions for long-term fiscal policy sustainability. Since 2000, under the Budget Act the government proposes a net lending target (surplus target) each year for the general government sector. The overall principle is that the surplus target for net lending must amount to 1 per cent of GDP on average over a business cycle, in accordance with the EU Stability and Growth Pact. The reformulation of economic policy, the priority given to fighting inflation and the re-absorption of budgetary deficits has also had a decisive impact on new compromises with regard to wage formation. Another important aspect of this development was the re-establishment of the normative pace-setting role of sectors exposed to international competition, favouring wage adjustments in line with productivity development, reinforcing Sweden’s competitiveness and


Figure 12.2  GDP growth, Sweden and EU27, 1991–2017 (constant prices, calendar adjusted, percentage change)
export-led economic growth. From the second half of the 1990s and up the 2008 global financial crisis, the Swedish economy underwent a particularly favourable development: GDP growth rates returned to early 1970s levels and were significantly above those of the euro zone. Overall, the restoration and improved competitiveness of the Swedish economy can largely be explained by the large increase in productivity, wage developments more compatible with the maintenance of overall macroeconomic balance owing to new compromises between the two sides of industries and the associated reduction of unit production costs. This comparative cost advantage led to a massive expansion of exports sustaining the growth of traded good sectors and a positive current account and the overall economic growth. Public sector employment fell as a result of budget constraints, but employment in private services rose steadily. At the turn of the twenty-first century, the volume of hours worked was about the same as in 1988 and more than 8 per cent higher than at the start of the crisis. Considering the situation in the early 1990s, the recovery has been remarkable.

In the wake of the global financial crisis, the Swedish economy started to deteriorate rapidly in the second half of 2008, and in 2009 Sweden's real GDP decreased by 5.0 per cent (see Figure 12.2). With this severe drop in aggregate demand and output, employment decreased by around 100,000 between 2008 and 2009 (a fall in the employment rate of 2.1 percentage points), while the unemployment rate increased from 6.2 to 8.3 per cent of the labour force. The fall in output and employment was manifest in manufacturing, in particular in export-orientated industries, with a decrease of 14 per cent. Healthy public finances at the onset of the 2008 recession, due among other things to the fiscal consolidation measures initiated already during the 1990s, gave the Swedish government room to conduct a traditional Keynesian macroeconomic policy in order to maintain aggregate demand and limit the negative impacts of the crisis on employment, household income, consumption and welfare.

The post-crisis period has been characterised by strong economic and employment growth and declining unemployment. For the past three years (2014–17) Sweden has had one of the highest growth rates in Europe. In 2017, the employment rate (20–64-year-olds) was the highest ever measured in the EU. We show in the next section the extent to which the Swedish success story and recovery could be related to the distinctive features of the Swedish industrial relations system.

3.2 Economic Resilience: The Role of Industrial Relations

From 1955 to 1983, the Swedish industrial relations system was highly centralised and coordinated. During the 1980s the weakening of mechanisms for coordinated collective bargaining, the resurgence of industrial disputes, the threat of state intervention, high wage inflation and the dramatic increase of unemployment during the recession of the early 1990s, all had a decisive impact on the emergence of new compromises on industrial relations (see Anxo and Niklasson 2006). In addition to a tendency to a re-coordination of collective bargaining, as noted previously these changes in industrial relations re-established the pace-setting role of the sectors exposed to international competition and favoured wage adjustments in line with productivity developments. Also worth noting is that these modifications in wage-setting led to a perceptible increase in real wages, in contrast to the previous situation (mid-1970s up to the end of the 1980s), which
Convergence towards better working and living conditions: Sweden

was characterised by real-wage stagnation. As shown by Figure 12.3, the labour share in GDP did not decline in Sweden but instead increased by 3 percentage points between 1993 and 2015, in contrast to several other industrialised economies.

The significant changes in the orientation of monetary policy12 – the complete autonomy of the Swedish Central Bank and the introduction of a clear inflation target13 (in the mid-1990s, in conjunction with the above-mentioned re-coordination mechanisms in wage-setting) – also clearly had an impact on wage formation and wage developments. The social partners were aware that wage developments not compatible with productivity growth and macroeconomic balance would not be accommodated by devaluations, as during the 1970s and 1980s, but lead to the implementation of a restrictive monetary policy with a potential negative impact on employment and unemployment. We may argue that this reorientation of macroeconomic policy played a crucial role in wage development by deterring excessive wage increases and wage inflation. It encouraged wage moderation (but still real-wage increases) and rising employment right up to the 2008 Great Recession. Wage moderation by the social partners was also a feature of the aftermath of the 2008 global economic crisis and illustrated that moderate wage agreements would also be concluded to preserve employment stability and limit further


Figure 12.3 Development of the labour share of GDP, Sweden, 1993–2015 (percentage)
Towards convergence in Europe

unemployment increases. The small increases in labour costs during 2008–10, combined with currency depreciation due to the expansionary monetary policy conducted by the Swedish Central Bank during the same period, also helped to mitigate the negative effects of the recession on output and employment. That is, and without underestimating the role played by expansionary fiscal and monetary policies, there are strong reasons to believe that part of the Swedish success story and economic resilience is related to the distinctive features of the Swedish industrial relations system and the quality of its social dialogue. It should also be emphasised that, in contrast to other countries with weaker industrial relations systems and unbalanced bargaining power between the two sides of industry, the nature of the Swedish system has entailed a more balanced sharing of the costs of the crisis in both working conditions and inequalities at work. According to last waves of the European Working Conditions Survey (EWCS) (Eurofound 2016) Sweden still has one of the highest levels of job quality in the EU, and the 2008 Great Recession did not adversely affect working conditions in the form of wage cuts, longer working hours, higher workloads and increased work intensity, as has been the case in other EU member states (Anxo 2013, 2015). The Swedish experience thus remains a good illustration of the positive role played by healthy public finances, balanced bargaining power between trade unions and employer organisations, a developed and well-established social dialogue, and a strong social safety net for mitigating and absorbing the negative impact of external macroeconomic shocks. These institutional features largely explain the robustness and resilience of the Swedish model.

4. SOCIAL CONVERGENCE

This section describe Sweden’s policies and achievements regarding convergence towards better working and living conditions. We focus on the elements of social convergence, namely, equal opportunities and labour market access, fair working conditions and social protection, as well as the involvement of the social partners.

4.1 Equal Opportunities and Labour Market Access

4.1.1 Education, training and lifelong learning

The educational attainment of the Swedish population is significantly higher than in most European member states. In 2016, 41 per cent of the adult population (25–64 years of age) had a tertiary education (EU28 average 30.7 per cent), The Europa 2020 strategy target for higher education is 40 per cent of 30–34 year-olds with at least two years of tertiary education. According to Eurostat, 50 per cent of 30–34 year-olds in Sweden already had at least two years of tertiary education in 2014, well above the Europa 2020 target.

An important feature of the Swedish educational and training system is the broad range of possibilities for educational attainment over the life course. Lifelong learning has a long tradition in Sweden and has expanded markedly since the end of the 1960s. Lifelong learning is an integral part of the Swedish educational, skills and employment regime. One of its characteristics is the extensive opportunity to complete or enhance educational attainment after leaving initial education, either through adult education or through various training courses within the framework of labour market policy.
Students aged 20 years and over who fail their upper-secondary school examinations have the opportunity to go back to school within the extensive adult education system.\textsuperscript{15} Participation in those programmes is tuition-free and students receive study allowances. At the workplace level access to on-the-job training or opportunities for employees to further develop their skills is an important component of the Swedish lifelong learning system. Internationally, Sweden ranks comparatively high with regard to on-the-job skills development. Development in this area is also largely a matter for the social partners. In recent decades, successive Swedish governments have also launched lifelong learning initiatives. The National Agency for Education has been commissioned to determine, in conjunction with the two sides of industry, the syllabuses for general vocationally orientated education, as well as advanced programmes. The basic policy orientation regarding public initiatives on adult education is that resources should be directed to those in greatest need, for example, those hitherto unable to attain basic eligibility for higher education or who need education to improve their labour market options.\textsuperscript{16}

Furthermore, since 1974 employees have had the right to take career breaks to pursue training or further studies. The legislation on training leave is particularly flexible and gives people considerable leeway in their choice of studies. The Individual Training Leave Act had two aims: to encourage social and occupational mobility and to facilitate access to education for employees with the lowest levels of compulsory education. The right to training leave is backed by a full employment guarantee. Access to training leave is also promoted by the Swedish system of public loans and stipends. In 2016, participation in adult education and training (in the past four weeks) was among the highest in the EU (at around 30 per cent compared with around 11.0 per cent for the EU28).

4.1.2 Labour market policy and skill structure: the Swedish flexicurity system

Since the early 1950s, labour market policy has been a central component of Swedish stabilisation policy and has played a crucial role in maintaining a high level of employment and economic growth by easing the redeployment of workers from low to highly productive sectors and promoting occupational mobility. Swedish labour market policy comprises a fairly generous unemployment insurance system administrated by the trade unions (Ghent system) and a wide range of active labour market programmes (ALMPs). Like the Danish flexicurity model (see Madsen 2002) one of the salient features of Swedish policymaking is the emphasis on active labour market policy. The preference for employment promotion programmes has always dominated over benefit options for the unemployed. As previously noted, the early 1990s were notable for a sharp deterioration in the employment situation, with unemployment rising to its highest level since the 1930s (almost 10 per cent in 1994). The early 1990s also saw a reorientation of active labour market policy, emphasising measures designed to improve efficiency and develop occupational and geographical mobility (see Figure 12.4). The number of participants in vocational training programmes and/or practical insertion courses rose quickly, while traditional measures focusing on labour demand remained at a much lower level than in previous recessions (Anxo and Niklasson 2006). During the period 1997–2002, the Swedish government also implemented a new major adult education programme called the Adult Education Initiative or ‘Knowledge Lift’, with the explicit objective of raising the educational attainment of low-skilled workers to the level of three years’ upper-secondary school. Participants were eligible for the same grants and loans as for
Towards convergence in Europe

ordinary adult education, and special education support was given to participants receiving unemployment insurance benefits. The size of the programme was unprecedented: in 1997–2002 more than 10 per cent of the labour force was enrolled in Knowledge Lift.17

During the last recession (2008–11) the volume of participants in the various ALMP programmes also gradually increased and became more supply orientated, while matching measures were emphasised, in particular labour market training and better monitoring of search activities. In the aftermath of the global economic crisis, the Swedish government also increased the number of places in post-secondary vocational training and in universities and university colleges, as well as places in upper-secondary education for adults. The government also enhanced the options for early school leavers to boost their educational attainment by participating in training programmes. The growing role of matching measures and vocational training in active labour market policies during the past two decades is evidence of the importance attached by successive governments and the social partners to occupational mobility and the development of skills over the life course. The reorientation of ALMPs towards traditional labour market training and adult education can be thus be considered an attempt to upgrade work-force skills in light of the extensive restructuring of the Swedish economy in the 1990s.

As also stressed in Anxo (2018), the characteristics of the Swedish industrial relations...
Convergence towards better working and living conditions: Sweden

system, together with the contractual nature of labour market regulation, create a favourable institutional environment for the emergence of negotiated compromises aimed at balancing flexibility and security in the labour market. This institutional environment has resulted in innovative practices and solutions for dealing with job losses and structural changes. Particularly notable are the creation during the early 1970s of the job security/transitional job agreements that were established by the social partners on a bipartite basis to support employees and companies affected by restructuring. In the case of collective redundancies owing to restructuring or individual notice owing to shortages of work, the Swedish social partners negotiated security/adjustment agreements to help workers who had been given notice to rapidly find new jobs by way of adjustment measures and financial support. By supplementing the role of public employment agencies, these agreements, covering around three-quarters of the labour force, contribute to improve employees’ security and to enhance the matching efficiency and geographical and occupational mobility in the labour market. These agreements also reinforce the social legitimacy provided for structural changes and a positive attitude on the part of trade unions.

Regarding skill developments, the patterns of job creation and destruction during the past three decades indicate a significant diminution, in both absolute and relative terms, of jobs in the lower tail of the skill distribution and a clear increase in jobs in the upper tail of the distribution (see Anxo 2017, 2018). In contrast to ‘liberal’ market-oriented economies such as the United Kingdom and the United States, which have experienced a polarisation of their job structures during the past half century, Sweden has experienced a fairly consistent and pervasive pattern of skills upgrading over time. This pattern of occupational upgrading has taken the form of a shift of aggregate employment from the lower tail of the job distribution to the top, with an absolute decline of low-skilled, low-paid jobs and an absolute increase in high-skilled jobs. Major investment in labour-saving technologies and research and development, and an associated increase in demand for high-skilled jobs, the well-developed lifelong learning and training system, the expansion of tertiary education during the past three decades, and the more balanced bargaining power between the two sides of industry, have limited tendencies towards job polarisation. That is, the Swedish industrial relations system’s promotion of a relatively compressed wage structure with high collectively agreed wage floors has boosted productivity-enhancing structural changes, limited the development of low-paid/low-skilled jobs and contributed to the development of a high-skilled knowledge-intensive work force. However, the reduction of demand for less qualified jobs has also impacted negatively on the employment options for low-skilled/low-educated workers and has increased their propensity to become unemployed. The limited impact of structural/technological changes and economic crisis on inequality in Sweden can largely be explained by the massive investment in human capital and the above-mentioned lifelong learning/training facilities, active labour market policy programmes (in particular labour market training schemes) and, last but not least, the above-described job security agreements covering more than 75 per cent of the labour force, aimed at limiting the negative individual consequences of structural changes and economic downturns.
4.2 Fair Employment and Working Conditions

4.2.1 Labour Market Integration and Employment Patterns over the Life Course

Like many modern economies, Sweden has experienced a marked feminisation of the labour force. However, this process started earlier compared with other member states, in the early 1970s. As shown in Figure 12.5, during the past half century Sweden has experienced a convergence of labour force participation between men and women.

One of the main objectives of the Europe 2020 Strategy is that at least 75 per cent of the population aged 20–64 should be in employment by 2020. Sweden attained this objective in 1999 and reached a rate of 81.2 per cent in 2016. Sweden’s good employment performance is due to the strong labour market participation of women. In 2016 Sweden had the highest female employment rate in the EU, at 79.2 per cent, compared with 65.3 per cent for the EU as a whole. Sweden has not only experienced a clear convergence of employment rates between men and women, and a growing incidence of dual-earner households, but also high employment continuity and low gender disparities in the profile of labour market integration across the life course (see Figure 12.6, upper panel).

As further shown by Figure 12.6 (upper panel), neither marriage/couple formation nor childbirth impacts upon Swedish women’s employment rates, with the latter even positively related to female labour market participation. It is also interesting that, in contrast to other EU member states, in Sweden children have no lasting echo effects on women’s labour supply. The main impact of childbirth is a temporary reduction of working hours to long part-time hours, while children are young (see Figure 12.6, lower panel). A generous and flexible parental leave system (see section 5 on work–life balance) allows for income-compensated temporary reductions of working time, thus reinforcing women’s bargaining power and status as significant breadwinners even when they are temporarily not participating in the labour market on a full-time basis. Furthermore, Sweden is characterised by extensive and generous family policies, strong welfare support systems both for child and elderly care, and egalitarian wage structures, including low gender wage inequality. The overall political context characterised by gender mainstreaming and high female involvement in the political process and institutions (government bodies, parliament and trade union and employer organisations) also creates a favourable institutional set-up conducive to a more balanced gender division of labour and responsibilities over the life course.

4.2.2 Negotiated Working Time Flexibility

Since the late 1950s, the social partners have been free to negotiate industry-wide agreements on working hours. Hence, the Working Hours Act is also optional and can be partly or entirely replaced through collective agreements at the industry and/or the plant level. The contractual nature of working time arrangements gives rise to disparities in the negotiated standard (usual) working hours between bargaining areas and different categories of employees. Generally, collective agreements for blue-collar workers at the industry level prescribe shorter working hours for shift work and certain atypical and arduous types of work than those prescribed by law, and regulate wage compensation (wage premia). For white-collar workers in the private sector, collective agreements generally follow the statutory provisions, although some industry agreements – for example, banking and insurance – have negotiated hours less than the standard 40-hour week.
Figure 12.5 Trends in labour force participation, 16-64 year-olds, Sweden, 1963-2017

Towards convergence in Europe

Note: The selected household categories are young, childless single adults who are still in, or have left, the parental home (transition out of the family and to adulthood, the two first categories in the x-axis), pair formation (cohabiting couples without children, third category), parenting in two-parent households (differentiating couples according to the age of children, fourth to sixth categories), mid-life ‘empty nest’ couple households (middle-aged couples without cohabiting children, seventh category) and older couples or singles in the transitional period to retirement (the last two categories) (see Anxo et al. 2011, 2017).

Source: Anxo (2014).

Figure 12.6 Employment profiles across the life course (upper panel, in percentage) and working-time patterns (lower panel, actual weekly working time), Swedish men and women, 2010.
(about 38.5 hours). Some collective agreements for public employees at the municipal level also stipulate shorter working hours and specify a system of seasonally adjusted working hours, with a contractual work week of 40 hours and 50 minutes from September to April and 37.5 hours from May to August. It must also be noted that collective agreements at a workplace also apply to non-union members. If allowed by the collective agreement at the industry level, individual agreements at the establishment level might also be reached on various aspects of working time.

Several collective agreements at the industry and local levels have moved towards more flexible working-time patterns. Overall, an analysis of collective agreements in the past decade reveals that the social partners have wanted to give employees more scope in choosing between shorter working hours and pay rises. The pay award in many collective bargaining areas may be used locally to reduce an individual’s working hours. Since the mid-1990s, the social partners have concluded industrial agreements covering about 600,000 blue- and white-collar workers (approximately 20 per cent of the gainfully employed population) in various sectors (chemicals, textiles, wood and engineering). These agreements entirely replace the Working Hours Act and several changes on working time were introduced. Currently, most of the bargaining areas encompassed in the industry agreement apply an annual working time norm. Also an innovative arrangement called ‘Life working time’ allows for 0.5 per cent of labour income per year to be saved in a working-time account. The savings account can be used to take leave or reduce working time, or may be taken out in the form of cash. It has been estimated that this account can give rise to a working-time reduction of 50 hours per year. According to the same agreement, there is also the possibility of introducing a working-time bank, which seems to be common within this bargaining area.

Since the end of the 1990s, the Swedish Agency for Government Employers (Arbetsgivareverket) has concluded a collective agreement together with the Swedish Confederation of Professional Associations (SACO), TCO (Swedish Central Organisation of Salaried Employees) and SEKO (Union of Service and Communication Employees). This collective agreement also entirely replaces the Working Hours Act. The new collective agreement – which concerns about 250,000 employees in the public sector (state level) – does not include any detailed regulations on working time arrangements. The purpose of this new agreement is to create incentives for introducing more flexible working hours at the decentralised level by favouring the conclusion of innovative local collective agreements. Each organisation in the public sector not only has the possibility but, in practice, the obligation to negotiate provisions regarding working hour arrangements.

4.2.3 Working time distribution: the impact of industrial relations

Compared with the EU as a whole, Sweden displays a higher concentration of male and female employees around the 40-hours norm and a lower dispersion of working time, with lower incidence of short part-time work and longer working hours (Figure 12.7). There are strong reasons for believing that the higher concentration around the 40 hours-norm is related to the high degree of coordination and centralisation of collective bargaining in Sweden. The weaker polarisation of working time can be ascribed to several factors: the low incidence of low-paid jobs (the lowest in the EU, limiting the incidence of long working hours), legal enforcement of collective agreements and more favourable gender contract and work–life balance. Nonetheless, gender differences persist with a
Towards convergence in Europe

Sources: Eurofound (2016) and author’s calculations.

Figure 12.7 Distribution of weekly working time, Sweden (upper panel) and EU28 (lower panel), 2015
higher share of women working part-time than men. However Swedish female employees tend to work long part-time hours (25–34 hours) in contrast to, for example, the UK, the Netherlands or Germany where a large share of women work short and marginal part-time hours (less than 15 hours). Part-time work in Sweden must be considered more as a historical transition from married women’s inactivity towards a strategy – largely initiated by labour market and political institutions – to strengthen women’s labour market commitments. It is also interesting to note that not only has female labour force participation increased during the past three decades, but so has female working time. That is, Sweden has experienced a gender convergence not only in labour force participation but even in working time, owing to a decline in male working time and an increase in female working time (owing to a shift from part-time to full-time, see Figure 12.8).

4.2.4 Satisfactory wages, low wage inequalities and declining gender pay gap
The wage formation system is a central element of a sustainable working life, not least because it is crucial with regard to satisfactory pay and income, but also macroeconomic development, such as employment and economic growth. Since the emergence of the Swedish model in the early 1950s and currently, the two sides of industry have been in charge of wage-setting, with no intervention from the government. By international standards, Sweden is characterised by low wage dispersion, the lowest among the OECD countries (see Figure 12.9) according to Paccagnella (2014).

Sweden also had the lowest share of low-wage earners among EU member states in 2016 (2.6 per cent in 2016 compared with 17.2 per cent for the EU as a whole, see Appendix Table 12A.1). Lower wage inequalities in Sweden can be ascribed to a number of interrelated factors: a centralised and coordinated wage bargaining system limiting wage disparities between firms and industries; relatively high collectively agreed wage floors; and the strong bargaining power of Swedish trade unions at industry and
Towards convergence in Europe

company levels, favouring a more balanced outcome regarding wage structure and wage development.

Since the breakdown of centralised bargaining in 1983, Sweden has experienced a clear tendency towards decentralisation of wage-setting. This has been accompanied by a tendency towards differentiation and individualisation of wages and terms and conditions of employment, leading to a slightly wider dispersion of the wage distribution and a growing acceptance of a more individualised type of wage formation, based on individual skills and performance rather than on job characteristics, as had been the case in the past with the application of the solidaristic wage policy (see Anxo 2013). However, note that the limited increase of wage dispersion in Sweden during the past two decades might also be partly ascribed to changes in the skills composition of the labour force. The long-term decline in low-skilled jobs and the concomitant increase in high-skilled jobs witnessed during the past two decades largely explains this increase in wage inequalities, because wage formation among high-skilled occupations is more individualised and differentiated. There are also reasons to think that a relatively high wage floor and decent wages should have a positive impact on the skill development of less productive workers. High minimum wage or wage floors, by making the creation of low-skilled jobs less profitable, may – among other things – induce companies or organisations to invest


Figure 12.9 Wage dispersion, P90/P10, Sweden, 1990–2012
in workers’ productivity and provide relatively more highly skilled jobs to less-educated workers (see, for instance, Acemoglu 2001). Despite the tendency for a slight increase in wage inequalities, the relatively compressed wage structure has prevented the development of a low-paid, low-skill sector in Sweden. The main policy instrument for favouring the employment of low productive, low-skilled/educated workers has been to give them opportunities to improve their qualifications or skills through adult education, active labour market policy measures such as labour market training and lifelong learning facilities.

The Mediation Office (MO) is in charge of annually monitoring and analysing the development of wages in general and the evolution of the gender wage gap in particular. The unweighted average gender pay gap was 14 per cent in 2016 (see Appendix Table 12A.1). The wage differences between men and women, however, can be explained by a variety of factors, such as differences in educational attainment, extent of part-time employment, open-ended and temporary employment, and that men and women work in different occupations, sectors and industries. According to the MO, controlling for these factors and using standard estimation techniques, the estimated gender pay gap for 2016 had reduced to 4.5 per cent. Proactive anti-discriminatory measures, ambitious gender mainstreaming policy, compulsory gender wage audits at the company level and collective agreements favouring higher wage increases in low-wage sectors – in which women are overrepresented – explain the significant decline in the gender wage gap in Sweden during the past two decades. The increase in women’s relative wages and the lower gender gap has certainly had a positive impact on the increase in female labour supply, the lengthening of their working time and the continuity of their employment over the life course.

4.2.5 Rising duality in the labour market but still high job quality and job satisfaction

It should be noted that even though Sweden has a good employment record, during the past three decades the labour market has experienced a rising duality. The introduction of a short-term contract not requiring justification from the employer, combined with the deregulation of employment intermediation in the early 1990s, has contributed to an increase in employment instability and growing duality in the Swedish labour market between insiders and outsiders. In the aftermath of the 1990s crisis, Swedish companies have to a larger extent than before made use of external numerical flexibility (see Anxo 2010). Against this background, short-term contracts and agency work have increased significantly, reaching 15.0 per cent of total waged employment in 2017 (Statistics Sweden 2018). This growth of fixed-term contracts may also have caused some rise in unemployment through higher labour turnover. The share of fixed-term contracts among senior workers is clearly below the share among employees as a whole, and much lower than for young workers. Young people are overrepresented among short-term contracts,24 implying that for a large number of them labour market entry is associated with lower employment stability than the previous generation. However, some Swedish empirical evidence (see Nordström Skans 2004) shows that short-term contacts in Sweden, in contrast to the long-lasting scarring effects of an early period of unemployment, do not constitute a dead end but a stepping-stone towards more stable employment (open-ended contracts).25

By international standards Sweden has a good record regarding job quality/job
Towards convergence in Europe

satisfaction. The institutional framework favours sustainable working conditions and a relatively long working life. Swedish people older than 65 display the highest number of years in good health in the EU (15 years in Sweden compared with nine years in the EU as a whole – see Appendix Table 12A.1). However, some challenges remain that should be tackled in the future. To illustrate, the increase in recent years of work-related illness (such as burnout) and the related growth of sickness absenteeism, in particular among women, give cause for concern. At the initiative of the Ministry of Employment and in close consultation with the social partners, a new work environment strategy was launched in 2016. The current government recently decided to increase the Swedish Work Environment Authority’s budget in order to improve supervision, increase the number of labour inspectors, further develop training initiatives in health and safety, and boost preventive measures for improving women’s work environment.

A good illustration of the close collaboration between the social partners regarding work environment issues is the Swedish organisation Prevent. Prevent is a non-profit association created and financed by the Swedish social partners, namely the Confederation of Swedish Enterprise (Svenskt Näringsliv), the Swedish Trade Union Confederation (Landorganisation Sverige, LO), the Swedish Confederation of Professional Employees (Tjänstemänns centralorganisation, TCO) and the Swedish Confederation of Professional Associations (Sveriges akademikers centralorganisation, SACO). Concretely, Prevent’s main task is to support companies/organisations in improving work environment by, among other things, publishing manuals, training and information materials on health and safety issues, conducting seminars around the country, and developing useful methods to favour the development of healthy and safe working conditions in order to reduce work injuries and the occurrence of work-related disorders and to promote sustainable working life.

While Sweden has been very successful in integrating women, the elderly and those with a work disability into the labour market, the country has been singularly less successful in integrating people with an immigrant background. The situation of migrants on the Swedish labour market has deteriorated over the past two decades and remains a challenge (see case study, section 6).

5. WORK–LIFE BALANCE

5.1 Work–Life Balance Policies

High-quality, public-financed childcare and elderly care, inclusive of home care, combined with a flexible and generous parental leave system constitute the main work–life balance policy instruments in Sweden for the purpose of fostering continuous employment over the life course and promoting gender equal opportunities. Reconciling employment with changing family and other social commitments is a constitutive element of the Swedish model, involving policies and institutional arrangements supporting flexible adaptation of working time and income. Reversible time options and flexible leave systems with full employment guarantees over the life course appear to be efficient tools for providing workers with better opportunities to adapt their working time to various social commitments and secure their employment trajectories over time. Sweden has
the highest female employment rate among EU member states, even calculated in terms of full-time equivalents. According to the European Institute of Gender Equality (2018), in 2015, Sweden had the highest gender equality index and has maintained its premier position since 2000.

Family obligations affect the labour supply of men and women differently over the life course. Traditional gender roles concerning the provision of care and help for older parents may constrain women’s labour supply (reduction of working time or even withdrawal from the labour force). The developed public elderly care, particularly home care and home help, is also one instrument used to sustain the female labour supply in terms of both participation and working time. This is supported by a study published in 2011 by Kotsadam (2011). Using panel data, the author found that women’s employment rate across the EU is negatively associated with informal caregiving to the elderly.

A core element of Swedish work–life balance policy, the Swedish parental leave system, introduced in 1974 (replacing the maternity leave legislation), has obviously sustained the feminisation of the labour force and contributed to the changes in women’s behaviour in the labour market. Since then, women have ceased to withdraw from the labour market with anything like the same frequency as during the 1960s, with the result that the employment rate of mothers of children below 7 years of age is among the highest among the EU member states.29 The change of name also reflects the public authorities’ desire to influence the division of labour between men and women and favour gender equal opportunities. The length of parental leave was initially six months, but was successively extended to 16 months (480 days) in the 1990s with full job security on return.30 The level of compensation is 80 per cent of gross earnings for the first 390 days, up to an income ceiling.31 For the remaining 90 days, parents receive a daily flat rate of 180 kr32 (€18.00). Parental leave offers considerable scope for flexibility, in that part of the leave can, for example, be taken over a longer period by working a shorter week with wage compensation. Generally, Sweden’s parental leave schemes offer considerable scope for rearranging working time. Parents may use their right to parental leave from the child’s birth or adoption until its eighth birthday. It is interesting that the parental leave system is one of the few Swedish social/citizens’ rights that is not fully individualised. To favour a more equal gender distribution of absence, a first earmarked non-transferable month for each parent was introduced in 1993, a second in 2002 and a third in 2015. This rule thus constitutes a strong incentive for fathers to use their right to parental leave for at least 60 days. Since the amount of income-related benefits is based on income during the six months immediately preceding the birth of the first child, this system of income replacement constitutes a strong economic incentive for parents to be gainfully employed and working full-time prior to childbirth. This benefit system has, therefore, a major influence on working-time patterns for presumptive parents. Typically, young childless cohabiting employed women work full-time before childbearing in order to maximise their income level during parental leave. Also worth noting is that when children grow up, parents’ working time is increased gradually in order to maximise pension benefits after retirement (see Figure 12.6, lower panel).33

In Sweden, the law also enables parents to take paid care leave for sick children (120 days per year and per child, up to the child’s twelfth birthday,34 compensated at the same replacement rate as sickness benefit, that is, 80 per cent of previous earnings).35 Employees are also entitled to leave of absence or reduction of working time to take care
of a relative (spouse, parent, sibling or child) who is seriously ill (60 days). The loss of income is also compensated in accordance with the replacement rate for sickness benefit. Since 1998, according to another law, employees have the right to take unpaid leave for pressing family reasons.

5.2 Gender Division of Labour

Despite the reduction in the gender employment gap over recent decades, it must be stressed that gender inequalities in time use persist. At the household level, the reduction of men’s paid working time has been partially compensated by the increase in female labour supply, but the bulk of unpaid housework and care activities are still predominantly performed by women, even though the male share of domestic production has increased during recent decades (Anxo et al. 2011). While the gender division of unpaid work remains traditional in Sweden, the gender gap in unpaid work (care and domestic activities) and leisure time across the life course remains among the lowest among modern societies. A more equal gender distribution of educational attainment, lower gender wage differential and limited earning loss related to childbirth are important factors explaining the higher and more continuous participation of Swedish women and the relatively lower gains to specialisation in home and market work in this country compared with other industrialised economies (Anxo et al. 2011). The institutional set-up, alongside the societal environment in Sweden – in particular, the employment guarantee and the high level of earnings compensation associated with the prevailing flexible parental leave system – strengthen the bargaining power of Swedish women and explain why we observe a relatively more equal gender division of labour in this country. Even though children tend to reinforce gender specialisation and strengthen the unequal gender allocation of time, the effect in Sweden is essentially limited to young preschool children (see Anxo et al. 2011).

However, it should be stressed that the persistence of a traditional gender division of labour has dynamic implications for career prospects, expected life-cycle earnings and welfare development over the life course. Labour supply adjustments, though made in connection with the parenting phase, typically entail penalties in terms of reduced career and wage development over the subsequent working life. It is also still largely women who make these adjustments, and in part the penalty incurred in career and wage evolution is because it is a gender ‘signal’ of women’s deviation from the standard employment relationship. Men incur these penalties when they deviate, too, presenting a further obstacle for those men who would prefer to deviate from the standard employment relationship at different stages in their life course. Men’s take-up rates of parental leave or part-time arrangements remain lower than those of women, although progress has been made in some areas, including the gradual individualisation of the parental leave system. How to raise men’s take-up rates of extended leave and other working-time adjustments over the life course is therefore a crucial political issue and could provide a policy instrument for further reducing gender inequality in the division of labour and income development over the life course. In this context it should be noted that a large majority of collective agreements stipulate a higher income-replacement rate for parental leave (90 per cent instead of 80 per cent of previous labour earnings). In order to favour a more equal gender distribution of parental leave and encourage fathers to
take longer parental leave, collective agreements in the public sector (state and local authority), but even in some parts of the private sector (for example, banking and finance, and engineering), provide income compensation above the prevailing social security income ceiling.

6. SOCIAL PROTECTION

Often presented as the ideal-type of the so-called Nordic social democratic regime (see Esping Andersen 1990), the Swedish model is the archetype of a state-based social protection system aimed at strengthening individual capacities, facilitating adjustment to a changing environment and risks over the life course, limiting social exclusion and promoting social cohesion. The Swedish welfare state emphasises the principles of universalism, egalitarianism and individual rights. The basic principle of the institutional model is entitlement based on citizenship or residence. The individual, not the family, for many years has been the unit not only of taxation, but also of social benefits and social rights. The Swedish model incorporates a number of factors: strong welfare support including extensive and generous work–life balance policies to support families throughout the life course; continuous and high employment rates for both men and women and for older workers; high job quality, incorporating egalitarian wage structures and a low gender pay gap. Despite an increase in income inequalities during the past two decades Sweden still has the most equal income distribution among the industrialised countries.

The Swedish welfare state, social protection and tax systems have undergone a series of transformations and reforms since the early 1990s. Facing the dramatic deterioration of public finances caused by the 1991 recession, various governments during the 1990s took several fiscal consolidation measures to reduce the budget deficit and public debt. These reforms have implied stricter eligibility requirements and lower replacement rates in several social insurance systems (sickness, unemployment insurance and pensions), combined with a drastic reduction in public employment. During the past 20 years, Sweden has experienced a decline in the share of social protection expenditure in total GDP and a downward convergence toward the EU15 (see Figure 12.10). It should be noted that while part of this decline is related to the above-mentioned austerity measures, the downward trend results also from the better performance of the Swedish economy.

Even though the extent of its decommodification has declined over time, the Swedish social protection system remains universal and inclusive in nature, and still enjoys a wide-ranging, high level of political and public support. Swedish social protection is still an integrated and coherent system of time and income management over the life course. The Swedish welfare state shares distinctive features, principles and core values of the European Social Model (ESM). As stressed in Anxo (2014), the Swedish welfare state illustrates the resilience and long-term viability of the ESM and is in accordance with the EPSR strategy through its continuing attachment to a universal and generous social protection system, egalitarianism, proactive policies for promoting gender equality and fighting against discrimination and social exclusion, social dialogue as a mechanism for regulating the labour market and social policies, and strong public and political
Towards convergence in Europe

involvement in the provision of a wide range of public services in areas such as utilities, education, health and social care.

Also note that collective agreements at the industry level, and even at the company level, often extend and improve the statutory universal basic social protection in the form of higher replacement/compensation rates or longer periods of entitlement, for example regarding unemployment and sickness benefits, parental and training leaves and pensions (occupational pensions). That is, the role of the social partners is not limited to the regulation of the labour market sensu stricto, but extending these amendments of the statutory regulations to the realm of social protection via collective agreements constitutes an important element and crucial features of the Swedish model (see Sjögren-Lindquist and Wadensjö 2006; Palmer 2014; Svenskt Näringsliv 2016). Around 90 per cent of employees are covered by these collectively agreed insurance schemes, with higher compensation in case of illness, work injury, parental leave and loss of job. To illustrate, public social insurance provides 80 per cent income replacement for loss of income due to own sickness, child sickness or injury. Generally, collectively agreed occupational insurance provides an additional 10 per cent earnings replacement above social insurance’s 80 per cent replacement rate.


Figure 12.10 Trends in the share of social protection expenditure in GDP, Sweden and EU15, 1995–2015

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7. CASE STUDY: INTEGRATION OF MIGRANTS IN THE SWEDISH LABOUR MARKET

7.1 Historical Developments

Since the Second World War the share of foreign-born people residing in Sweden has been increasing rapidly. In 1940, the proportion of foreign-born citizens among the total Swedish population amounted to only 1 per cent; by 1970, this proportion had reached nearly 7 per cent and by the year 2000 about 11 per cent. According to Statistics Sweden (2018), around 17 per cent of the population was registered as foreign-born in 2015. If we add children born in Sweden with at least one parent born abroad (second-generation immigrants) the total share of first- and second-generation immigrants amounted to around 23 per cent. The composition of the foreign-born population has also changed notably during the past half century. Until the mid-1970s immigration to Sweden consisted essentially of labour migrants from the Nordic and European countries (mainly from Yugoslavia and Greece). In 1970, about 60 per cent of foreign-born individuals residing in Sweden were born in other Nordic countries (principally Finland) and more than 35 per cent in the rest of Europe (mainly Italy, Greece and the former Yugoslavia).

In the wake of the first oil crisis and the decline of industrial and economic growth, Swedish immigration policy became, as in other Western countries, more restrictive. With the exception of Nordic workers and refugees from Latin America and Eastern Europe, labour immigration came to a halt during the second half of the 1970s. The share of political and humanitarian refugees and tied-movers (family reunification) increased, while the proportion of labour immigrants decreased significantly. From the early 1980s onwards, the bulk of migrants came from the Middle East, Asia and Africa, and in the early 1990s refugees from the former Yugoslavia. In 2015, around 15 per cent of resident migrants were born in the Nordic countries, about 34 per cent in the rest of Europe and 51 per cent outside Europe. The past two decades have therefore seen a growing heterogeneity of the migrant population with regard to country of origin, and changes in the character of immigration, that is, from labour to humanitarian and political immigration (refugees and asylum seekers).

7.2 Growing Difficulties Affecting the Labour Market Integration of Newly Arrived Migrants

While Sweden has been very successful in integrating women, the elderly and those with a work disability into the labour market, the country has been singularly less successful in integrating people with an immigrant background. From the 1950s up to the mid-1970s the position of immigrants in the labour market and their relative labour earnings did not depart significantly from the natives and sometimes even exceeded the latter, especially among female immigrants. During this first period, occupational and income mobility among immigrants was also similar to the native population (see Ekberg 1990, 1996). Since the mid-1970s, the position of foreign-born people in the labour market has deteriorated dramatically and the income differential between immigrants and natives, driven principally by the difference in employment level, has increased notably. A large share of the political and humanitarian refugees who arrived during the 1980s never entered
employment despite the then tight labour market and low overall unemployment rate. In the early 1990s, with the deep economic recession and unprecedentedly large upsurge of unemployment, the employment situation of immigrants deteriorated even further, while the inflow of refugees increased in connection with the conflicts in the Middle East (1989) and the civil war in the former Yugoslavia.\textsuperscript{39} According to Ekberg (2011), circa 100,000 refugees came from the former Yugoslavia, mainly Bosnia-Herzegovina. Despite some improvement in the labour market situation from the second half of the 1990s, the extent of labour market integration of the foreign-born population, in particular among immigrants born outside Europe, remained low up to the 2008 financial crisis and further deteriorated in connection with the economic downturn. In the wake of the more recent Middle East conflict the number of political refugees asking for asylum increased dramatically. In 2015, circa 163,000 people sought asylum in Sweden, almost double the number that came in 1992 in connection with the Balkan war and double the 80,000 or so arriving in 2014.

Even though Swedish employment rates are the highest in the EU, newly arrived migrants display worse labour market outcomes than the working-age population as a whole. In 2017, the employment rate (20–64 years of age) among the native population was 85.5 per cent compared with 69.6 per cent among the foreign-born population. In the same period, the unemployment rate stood at 3.6 per cent among the native population compared with 14.6 per cent among the foreign-born population. Also, the unemployment rate among young immigrants (15–24 years of age) is significantly higher than that of their native counterparts. Of great concern also is the situation of second-generation immigrants, in particular children with both parents born in non-European countries. Unfortunately, no recent statistics are available on the second generation. According to a report published by Statistic Sweden in 2008 (SCB 2008) the labour force participation of second-generation immigrants with both parents born outside Europe was 30 per cent lower than the labour participation of natives with both parents born in Sweden. While second-generation immigrants with a Nordic, western or eastern European background have labour market positions similar to those of native Swedes, children with both parents born in a southern European or non-European country have a higher propensity of becoming unemployed, higher participation in social assistance schemes and significantly lower earnings (Hammarstedt and Ekberg 2004; Rooth and Ekberg 2003, 2006). While European immigrants exhibit almost the same labour market performance (in terms of employment and unemployment rates) as the native population this is not the case for newly arrived immigrants and other ethnic groups (see Aldén and Hammarsted 2014).

Several explanations have been put forward for the decline in the labour market integration of immigrants in Sweden. First, the large structural changes experienced by modern economies – in particular the shift towards a service-orientated and knowledge-based economy and the related demands as regards qualifications and skills\textsuperscript{38} – are likely to have been detrimental to the labour market integration of the foreign-born population. Newly arrived migrants – in particular from outside Europe – may face difficulties entering the Swedish labour market owing to their lack of adequate qualifications and skills, and low educational attainment. However, disparities in human capital explain only a small part of the employment gap between natives and those who are foreign-born (see Aldén and Hammarsted 2014). Secondly, despite the strengthened legislation against discrimination, the changes in the composition of the foreign-born population towards a
larger share of immigrants from outside Europe might have resulted in more discrimination from authorities, employers and employees. Several Swedish empirical studies have analysed the recruitment behaviour of Swedish companies using fake curricula vitae (CVs) with identical content except the name of the applicant (see Carlsson and Rooth 2012). These studies have shown that applicants with foreign names had significantly less chance of getting an interview compared with natives.

7.3 Policies Targeted at Migrants: The Role of the Social Partners

Since the mid-1970s one of the main objectives of Swedish integration policy has been to fully integrate immigrants. Developments during the past two decades show that this goal has not been achieved and that Sweden is still facing alarming signs of ongoing social exclusion and marginalisation of a significant proportion of immigrants and refugees. This growing concern has led successive Swedish governments to take specific measures – in particular, educational and active labour market policy measures – to ease the entry of newly arrived immigrants and refugees into the labour market. While foreign-born jobseekers registered at the Public Employment Service (PES) may benefit from the same range of ALMPs and wage subsidies as natives, some targeted measures were launched to assist foreign-born people to obtain a foothold. In recent years, governments have reinforced activities targeted towards newly arrived immigrants such as hiring subsidies and, through the Establishment Act, taking measures to speed up the development of an introduction plan, strengthening personal incentives to take up jobs, better monitor search intensity and provide adequate individualised guidance and increased opportunities for workplace-based measures. A new set of measures targeted at immigrants was adopted by the Swedish parliament. Since 2015, the PES has been obliged to evaluate the educational background and attainment of newly arrived immigrants and to assess necessary measures (training or other) to facilitate the labour market entry of foreign-born jobseekers. The government has also instructed the Swedish PES to develop methods to improve the validation of the education and skills of foreign-born people. Newly arrived migrants might also benefit from start-up support. Other support includes labour market training. As regards on-the-job training, various job experience measures are also open to newly arrived migrants.

Social partners are often consulted on the design of employment policy and vocational training. Both employers’ organisations and trade unions are in favour of labour market measures targeted towards newly arrived migrants, and consider these introduction or establishment measures to be an efficient tool for those lacking work experience. As an illustration of more direct intervention on the part of the social partners, the two sides of industry in several bargaining areas have concluded collective agreements on work practices or work experience schemes and vocational introduction employment targeted at young newly arrived migrants lacking relevant job experience. Another instance of the role of the industrial relations system and social dialogue in the integration of new migrants is the ‘fast-track’ measures. In March 2015, the government launched a first round of tripartite talks on this, with particular focus on newly arrived refugees and migrants. The aim was to work with the social partners and the Swedish PES to identify and assess the skills of new immigrants with education or experience in occupations facing a labour shortage so that they could be matched more quickly with the needs of
industry and companies. In particular, the Swedish PES initiated closer collaboration with the social partners and relevant government agencies\textsuperscript{42} on creating fast tracks in several occupations (such as agronomists, assistant nurses, machine operators, mechanics, social scientists and social workers). The fast-track initiative also includes early validation and assessment of education and professional skills according to industry-specific agreements.

The efforts to coordinate the various interventions at various levels and between various authorities, as well as the early interventions in the form of civic orientation and ALMP measures targeted at newly arrived migrants are promising. The few evaluations that have been performed suggest that these measures could have a beneficial impact on the labour market integration of migrants experiencing difficulties in obtaining foothold. While these targeted measures, alongside anti-discriminatory measures, are moving in the right direction there are reasons to believe that the overarching goals of Swedish integration policy – namely, to integrate immigrants to about the same extent as the native population – will not be achieved in the near future and that discrepancies will remain, entailing further political efforts in this direction.

8. CONCLUSIONS

With its comprehensive welfare state and developed social dialogue, Sweden remains one of the EU member states with the least inequality, not only in terms of wages and disposable income but also regarding gender, access to education, the labour market and social protection. The contractual nature of labour market regulations, coupled with the high union density and high coverage rate of collective bargaining, creates an institutional environment favouring the emergence of negotiated compromises aimed at balancing flexibility and security in the labour market. As shown by previous developments, the bipartite nature of the Swedish industrial relations system and the more balanced power between the two sides of industry largely explains Sweden's good performance regarding working conditions, equal opportunities and income inequalities, even though some challenges remain, in particular regarding the labour market integration of migrants. Furthermore, we have shown that its industrial relations system is a constitutive element of Sweden's economic resilience and sustained social cohesion. Upon its entry into the EU in 1995, Sweden had already attained several of the objectives of the EU2020 and EPSR, particularly regarding gender equal opportunities, educational attainment, labour market access and fair working conditions. Not only does Sweden score highly on many social and economic indicators as well as life satisfaction, but the overall orientation of Swedish economic and social policies is well in accordance with the goals of the EPSR, fostering convergence towards better working and living conditions.

NOTES

1. In 2017 Sweden counted 680 central collective agreements on wages and general terms and conditions of employment.
2. In addition to the public mandatory old age pension, more than 90 per cent of Swedish employees can
benet from occupational pension schemes that are the outcome of collective agreements between the two sides of industry.

3. For example, the dispositions contained in the collective agreement between the Swedish Metal Workers’ Unions (Metallarbetareförbund) and the Association of Swedish Engineering Industries (Verksstadssföreningen) entirely replaces the Working Hours Act (1982). Furthermore, this agreement enjoins the social partners to negotiate agreements at the plant level, which favours a more efficient use of equipment and greater individual working-time flexibility.

4. The social partners are usually represented on parliamentary and government committees responsible for drawing up employment, educational/training and social policies. In this way, the social partners exert significant influence on the contents of labour market legislation.

5. The national reform programme presented each April to the European Commission, which reports on implementation of the Europe 2020 strategy in national policies, undertakings implemented and progress achieved over the past year, as well as a description of planned measures. The report is also supposed to reflect the overarching priorities for the European Semester.

6. Namely, the Confederation of Swedish Enterprises, the Swedish Trade Union Confederation (LO), the Swedish Confederation of Professional Employees (TCO), the Swedish Confederation of Professional Associations (SACO), the Swedish Association of Local Authorities and Regions (SALAR), the Swedish Agency for Government Employers and the Swedish Federation of Business Owners.

7. It should be noted that since 2005 the common reporting standard (CRS) for Sweden has not contained any labour market-related recommendations.

8. The education component is restricted to a maximum of 25 per cent of working hours. The education can be either provided at the workplace or supplied by an external provider. The education period does not give any wage entitlement (see Swedish government 2015).

9. Public debt in 2016 in Sweden was 42.6 per cent of GDP, well below the EU28 average of 83.6 per cent and the Maastricht criteria of 60 per cent. Sweden’s current account deficit was around 2 per cent in 1993, reaching a surplus of more than 8 per cent in 2008 and around 5 per cent in 2016.

10. In the wake of 1993’s deep recession and in order to cope with the dramatic rising budget deficit and growing public debt, the Social Democratic government (1994–2006) took several fiscal consolidation measures: a reduction of the income replacement rate of several social protection systems and stricter eligibility rules (unemployment insurance and sickness insurance) and a drastic reduction in public employment (a decrease of 200,000 public jobs between 1995 and 2006). In order to ensure the long-run sustainability of the Swedish pay-as-you-go pension system, in 1998 the government initiated a comprehensive pension reform that was fully implemented by 2003. The old defined-benefit system was replaced with a mandatory defined-contribution scheme (see Anxo 2015 for details).

11. The Swedish economy recovered quickly with a 5.5 per cent increase in real GDP in 2010 and 4.3 per cent in 2015. Employment increased by 25,000 in 2010 and on average by 1.4 per cent between 2011 and 2017. Between 2008 and 2017 unemployment fell by more than 2 percentage points from 8.5 per cent in 2009 to 6.3 per cent in 2016, significantly lower than the EU28 average at the same date (8.4 per cent).

12. In particular, the change of the monetary regime (floating rate) in the early 1990s was a clear signal that the Central Bank would no longer conduct an accommodative monetary policy via devaluations, as in the past.

13. Two per cent per year, within a range of plus or minus 1 per cent.


15. While Sweden’s youth unemployment rate was almost the same as EU average in 2016 (18.9 per cent in 2016, EU28 = 18.7 per cent) the share of young people not in employment, education or training (NEET) is significantly lower than the EU average (in 2016 6.5 per cent for 16–24-year-old in Sweden compared with 11.6 per cent for the EU28). The share of dropouts from education is also well below the EU average, at 7.4 per cent and 10.7 per cent, respectively.

16. The municipalities are obliged to provide municipal adult education. They have the possibility to apply for state grants to run vocational adult education and apprenticeships in special education schemes for adults.

17. To illustrate, in 1999, 228,000 persons were enrolled in the Knowledge Lift programme; by comparison there were 300,000 pupils in regular upper-secondary school at the same date. An evaluation of the outcomes by Albrecht et al. (2005) shows that the impact of Knowledge Lift on the probability of obtaining employment was on average significantly positive.

18. It can be anything from simple advice, such as how to improve a CV, to more far-reaching measures, such as labour market training, and other measures of occupational mobility or support for starting a business.

19. Due in particular to a strong complementarity between skills and new technologies.

20. In 2016, the Swedish population was 9,995,150, the labour force (20–64 years of age) was 4,932,000.
21. Around 44 per cent of members of the Swedish parliament are women, the highest share in the EU. Women’s union density is higher than men’s density. In 2015, 37 per cent of managers were women in the private sector, with 62 per cent in the public sector. In 2015, 97 women and 102 men were heads of Swedish public agencies. Currently, 12 of 23 government ministers are women.

22. Working hours for shift work are regulated through collective agreements. In the mid-1970s a central agreement was reached between the Swedish Central Employers’ Organisation (Svenskt Näringsliv) and the Swedish confederation for blue-collar workers, LO. According to the central agreement, the length of working time is 39 hours for two-shift workers, 38 hours for semi-continuous workers, 36 hours for continuous shift workers and 34 hours for night work. It must also be noted that the central agreement can be modified at the industry or plant level and that for certain bargaining the duration of working time for shift workers can be shorter. In the mining and quarrying industry, underground workers have a 36-hour standard work week.

23. Low-wage earners are defined as those earning two-thirds or less of national median gross hourly earnings.

24. The incidence of short-term contracts among young people (16–24 years of age) in 2017 was 53.8 per cent compared with 7.5 per cent for senior workers (55–64 years of age) and 16.3 per cent for employees as a whole.

25. According to Eurostat (2018), the transition rate from temporary to permanent jobs in 2015 was significantly higher in Sweden compared with the EU28, at 38.4 per cent and 23.2 per cent, respectively.

26. A more detailed description of this bipartite association can be found at http://www.prevent.se/Om-Prevent/In-English/ (accessed January 2018).

27. Since 2000, Sweden has had the highest employment rates among senior workers (55–64). In 2016 it attained 75.5 per cent (77.6 per cent among men and 73.5 per cent for women), compared with 55.3 per cent for the EU as a whole.

28. In 2016 the coverage rate of formal childcare was 84 per cent for children 1–5 years of age and 95 per cent for 4–5-year-olds.

29. In 2017, the employment rate of mothers of pre-school children (less than 7 years old) was 85.6 per cent.

30. The parent leave system is associated with full employment guarantees and the employment contract is not suspended during the work absence.

31. The income ceiling in 2018 is 34,150 kr (€33,130).

32. Parents not in employment before the birth or adoption of their child are entitled to a daily flat rate of 180 kr (€18.00).

33. Pension benefits are related to labour income and mothers therefore have strong economic incentives to work again on a full-time basis when children grow up and are enrolled in (pre)school. It should also be stressed that the Swedish pension system takes into consideration the diversity of patterns of labour market integration over the life course and the uneven distribution of risks by limiting the cost of necessary work interruptions linked to parenting, care activities or involuntary employment disruptions, such as unemployment, disability or sickness. The time that workers devote to higher education, small children or national military service, as well as absence owing to unemployment or sickness, also give rise to pension rights. That is, future entitlements to a pension are currently related not only to work history and earnings, but also to other forms of activity and periods of benefit receipt, including parental, unemployment, sickness and partial disability benefits.

34. In case of child disability, this right is extended up to 16 years of age.

35. It is interesting that the gender distribution of net days of absence for child sickness is more even between fathers and mothers than parental leave: in 2017 around 40 per cent of all net days were taken by fathers (see Swedish Social Insurance Agency 2018).

36. However, the incidence of fathers taking parental leave and the average duration of fathers’ absence have increased continuously since the introduction of the parental leave system, from 1 per cent of compensated days in the mid-1970s to 27 per cent in 2017 (corresponding to around 82 working days of absence; see Swedish Social Insurance Agency 2018).

37. The recent Swedish policy debate focuses on the advantages and disadvantages of a fully individualised system of leave of absence. In December 2017 a new parental leave committee proposed a fifth non-transferable month (151 days for each parent). It is interesting that a clear majority of trade union organisations, even in a male-dominated sector such as engineering industries, is in favour of the fifth non-transferable months. To illustrate, in December 2017 the two largest trade union confederations LO and TCO explicitly expressed their support for a further individualisation of the parental leave system in order to favour a more gender equal distribution of parental leave.

38. Also in several company agreements such as Ericson, Telia, Statoil, ABB to cite a few.

39. In particular, political refugees from Iraq, Iran in 1989 and Bosnia-Herzegovina in 1993–94.
40. In particular, communication skills requiring good language proficiency. Other factors, such as skills mismatch and the non-recognition of foreign examinations and qualifications, could constitute further barriers to the integration of foreign-born people in the Swedish labour market.

41. The Establishment Act for newly arrived immigrants and asylum seekers and their families was introduced in 2011. The main objective was to improve and speed up the labour market integration of immigrants by shifting responsibility for activation measures from the municipalities to the Swedish PES. The PES has overall responsibility to coordinate various measures and has to draw up an individual introduction plan, including at least Swedish for Immigrants (SFI), civic orientation and employment preparation activities.

42. The National Board of Health and Welfare, the Swedish Council for Higher Education, the Swedish National Agency for Higher Vocational Education and the Swedish Forest Agency. Together with the PES these agencies also took part in the in-depth tripartite talks.

REFERENCES

National Institute of Economic Research (2018), Database of economic indicators, accessed February 2018 at http://prognos.konj.se/PXWeb/pxweb/sv/SenatePrognos/SenatePrognosen_f03_internationellbnachkonsumentpriser/F0301.px/?txid=ea1625ea-e707-4ae2-88fd-b4d844e24c70.a.m.
Svensk forfattningssamling (SFS) (1976), ‘Lag om medbestämmande i arbetslivet’ (‘Law on


# APPENDIX 12A.1

### Table 12A.1 Summary table, labour market, social and economic indicators, Sweden and EU28, 2016

<table>
<thead>
<tr>
<th>Education and training</th>
<th>Sweden</th>
<th>EU28</th>
<th>Highest</th>
<th>Lowest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary (25–64, 2016)</td>
<td>15.0%</td>
<td>23.1%</td>
<td>Portugal 53.1%</td>
<td>Lithuania 5.4%</td>
</tr>
<tr>
<td>Upper secondary (25–64, 2016)</td>
<td>43.9%</td>
<td>46.2%</td>
<td>Czech 70.5%</td>
<td>Portugal 23.1%</td>
</tr>
<tr>
<td>Tertiary (25–64, 2016)</td>
<td>41.1%</td>
<td>30.7%</td>
<td>Finland 43.1%</td>
<td>Romania 17.4%</td>
</tr>
<tr>
<td>Drop out (16–24, 2016)</td>
<td>7.4%</td>
<td>10.7%</td>
<td>Slovenia 4.9%</td>
<td>Spain 19.0%</td>
</tr>
<tr>
<td>Training &amp; Adult education (last 4 weeks,</td>
<td>29.6%</td>
<td>10.8%</td>
<td>Sweden 29.6%</td>
<td>Romania 1.2%</td>
</tr>
<tr>
<td>25–64, 2016)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development in % of GDP (2015)</td>
<td>3.3%</td>
<td>2.0%</td>
<td>Sweden 3.3%</td>
<td>Romania 0.5%</td>
</tr>
<tr>
<td>Labour market</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment rate, all (20–64, 2016)</td>
<td>81.2%</td>
<td>71.1%</td>
<td>Sweden 81.2%</td>
<td>Italy 61.6%</td>
</tr>
<tr>
<td>Employment rate, men 20–64, 2016</td>
<td>83.0%</td>
<td>76.9%</td>
<td>Czech 84.6%</td>
<td>Greece 65.8%</td>
</tr>
<tr>
<td>Employment rate, women 20–64, 2016</td>
<td>79.2%</td>
<td>65.3%</td>
<td>Sweden 79.2%</td>
<td>Italy 51.6%</td>
</tr>
<tr>
<td>Gender employment gap</td>
<td>3.8%</td>
<td>11.6%</td>
<td>Italy 20.1%</td>
<td>Lithuania 1.9%</td>
</tr>
<tr>
<td>Employment rate 55–64</td>
<td>75.5%</td>
<td>55.3%</td>
<td>Sweden 75.5%</td>
<td>Greece 36.3%</td>
</tr>
<tr>
<td>Unemployment (20–64, 2016)</td>
<td>6.3%</td>
<td>8.4%</td>
<td>Greece 23.5%</td>
<td>Germany 4.1%</td>
</tr>
<tr>
<td>Unemployment rate, men</td>
<td>6.7%</td>
<td>8.2%</td>
<td>Greece 23.5%</td>
<td>Germany 4.5%</td>
</tr>
<tr>
<td>Unemployment rate, women</td>
<td>5.8%</td>
<td>8.6%</td>
<td>Greece 28.1%</td>
<td>Germany 3.7%</td>
</tr>
<tr>
<td>Youth unemployment (20–24, 2016)</td>
<td>13.9%</td>
<td>17.5%</td>
<td>Greece 46.2%</td>
<td>Germany 6.7%</td>
</tr>
<tr>
<td>Youth unemployment ratio (15–24)</td>
<td>10.4%</td>
<td>7.8%</td>
<td>Spain 14.7%</td>
<td>Czech Republic 3.4%</td>
</tr>
<tr>
<td>Unemployment foreign born (15–64, 2014)</td>
<td>14.5%</td>
<td>n.a.</td>
<td>Greece 34.8%</td>
<td>Hungary 5.2%</td>
</tr>
<tr>
<td>(native 6.2%)</td>
<td></td>
<td></td>
<td>Spain 33.2%</td>
<td>Czech Republic 7.1%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>12.5%</td>
<td>13.2%</td>
<td>Poland 39.5%</td>
<td>Denmark 7.3%</td>
</tr>
<tr>
<td>Category</td>
<td>Poland 27.5%</td>
<td>Spain 26.3%</td>
<td>Romania 1.4%</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
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<td></td>
</tr>
<tr>
<td>Fixed-term contracts (2016)</td>
<td>16.7%</td>
<td>14.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transition from temporary to permanent job (3 years average, 2015)</td>
<td>38.4%</td>
<td>23.2%</td>
<td></td>
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</tr>
<tr>
<td>Share of part-time</td>
<td>22.6%</td>
<td>18.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of part-time, men</td>
<td>11.9%</td>
<td>8.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of part-time, women</td>
<td>34.2%</td>
<td>31.4%</td>
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</tr>
<tr>
<td>Weekly working time</td>
<td>35.9 hours</td>
<td>36.3 hours</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly working time, men</td>
<td>37.4 hours</td>
<td>39.0 hours</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly working time, women</td>
<td>34.4 hours</td>
<td>33.3 hours</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active labour market policy participants per 100 jobseekers (2015)</td>
<td>42.1%</td>
<td>n.a.</td>
<td></td>
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</tr>
<tr>
<td>Wages</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation of employees per hour worked (€)</td>
<td>€29.0</td>
<td>€22.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of low wage earners* (2014)</td>
<td>2.6%</td>
<td>17.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In work at risk of poverty (25–54 years)</td>
<td>5.7%</td>
<td>7.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unadjusted gender pay gap (2015)</td>
<td>14%</td>
<td>16.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted gender pay gap (unexplained gap) 2016</td>
<td>4.5%</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median equivalised net income PPS, 2016 (€)</td>
<td>€20706</td>
<td>€16451</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gini coefficient before transfer (2015)</td>
<td>36.4</td>
<td>36.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income quintile share S80/S20 (2016)</td>
<td>4.3</td>
<td>5.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Share of low wage earners* refers to the percentage of employees earning less than the median wage.
**Table 12A.1 (continued)**

<table>
<thead>
<tr>
<th></th>
<th>Sweden</th>
<th>EU28</th>
<th>Highest</th>
<th>Lowest</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At risk of poverty before transfers (cut off 60%, 2016)</strong></td>
<td>29.9%</td>
<td>25.8%</td>
<td>Sweden 29.9%</td>
<td>Czech Republic 16.3%</td>
</tr>
<tr>
<td><strong>At risk of poverty after transfer (cut off 60% 2016)</strong></td>
<td>16.2%</td>
<td>17.3%</td>
<td>Romania 25.5%</td>
<td>Czech 9.7%</td>
</tr>
<tr>
<td><strong>Impact of social transfers (excluding pensions) on poverty reduction</strong></td>
<td>45.8%</td>
<td>33.0%</td>
<td>Finland 53.7%</td>
<td>Greece 15.9%</td>
</tr>
<tr>
<td><strong>Severe material deprivation (2016)</strong></td>
<td>0.8%</td>
<td>7.5%</td>
<td>Bulgaria 31.9%</td>
<td>Sweden 0.8%</td>
</tr>
<tr>
<td><strong>Self-reported unmet need for medical care (2015, 5)</strong></td>
<td>1.0%</td>
<td>3.2%</td>
<td>Estonia 12.7%</td>
<td>Austria 0.1%</td>
</tr>
<tr>
<td><strong>Pension replacement rate (2015)</strong></td>
<td>0.57</td>
<td>0.57</td>
<td>France 0.68</td>
<td>Croatia 0.39</td>
</tr>
<tr>
<td><strong>Living conditions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children aged less than 3 years in formal childcare (2015, %)</td>
<td>64.0%</td>
<td>30.3%</td>
<td>Denmark 77.3%</td>
<td>Slovakia 1.1% Czech Republic</td>
</tr>
<tr>
<td><strong>Job satisfaction</strong></td>
<td>7.7</td>
<td>7.1</td>
<td>Denmark 8.1</td>
<td>Bulgaria 6.0</td>
</tr>
<tr>
<td><strong>Overall life satisfaction</strong></td>
<td>8.0</td>
<td>7.1</td>
<td>Sweden 8.0</td>
<td>Bulgaria 4.8</td>
</tr>
<tr>
<td><strong>Meaning of life</strong></td>
<td>8.3</td>
<td>7.4</td>
<td>Sweden 8.3</td>
<td>Bulgaria 6.1</td>
</tr>
<tr>
<td>Category</td>
<td>Low-Wage</td>
<td>National Median</td>
<td>Country</td>
<td>Adjusted Gender Wage Gap</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------</td>
<td>-----------------</td>
<td>---------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Life expectancy at birth, women</td>
<td>84.1</td>
<td>83.3</td>
<td>Spain</td>
<td>85.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>France</td>
<td>85.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Finland</td>
<td>84.4</td>
</tr>
<tr>
<td>Healthy life years at birth, women</td>
<td>73.8</td>
<td>63.3</td>
<td>Sweden</td>
<td>73.8 years</td>
</tr>
<tr>
<td>Healthy life years at 65, women</td>
<td>16.8</td>
<td>9.1</td>
<td>Sweden</td>
<td>16.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Germany</td>
<td>12.3</td>
</tr>
<tr>
<td>Life expectancy at birth, men</td>
<td>80.4</td>
<td>77.9</td>
<td>Sweden</td>
<td>80.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Italy</td>
<td>80.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Spain</td>
<td>80.1</td>
</tr>
<tr>
<td>Healthy life years at 65, men</td>
<td>74.0</td>
<td>62.6</td>
<td>Sweden</td>
<td>74.0</td>
</tr>
<tr>
<td>Government expenditure Total (2015, % GDP)</td>
<td>50.2%</td>
<td>47.2%</td>
<td>France</td>
<td>57%</td>
</tr>
<tr>
<td>Health</td>
<td>6.9%</td>
<td>7.2%</td>
<td>Denmark</td>
<td>8.2%</td>
</tr>
<tr>
<td>Education</td>
<td>6.5%</td>
<td>4.9%</td>
<td>Denmark</td>
<td>7.0%</td>
</tr>
<tr>
<td>Social protection</td>
<td>20.9%</td>
<td>19.2%</td>
<td>Finland</td>
<td>25.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Denmark</td>
<td>23.6%</td>
</tr>
</tbody>
</table>

**Notes:**
* Low-wage earners are defined as those earning two-thirds or less of the national median gross hourly earnings
** Ratio of income from pensions and income from work of persons aged between 65 and 74 years

**Source:** Eurostat (2018) and the national Mediation Office (2017) for adjusted gender wage gap.