

# The fight against poverty and social exclusion:

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## Summary

Labour force participation rate was by year 2002 reaching 78 per cent of the population aged 16-64. The participation rate was somewhat higher among men (79.8) and lower for women (76.1). The unemployment rate was 4 per cent, slightly higher for men (4.4) and lower for women (3.6). The employment rate has been increasing since the mid 1990s at the same time as the unemployment rate has decreased. However, as it seems, this positive development has now been halted. Long-term unemployment is low, less than half a percentage of the labour force has been unemployed more than a year. Although the labour market situation has improved for immigrants, they still have, compared to native-born Swedes, a considerable lower employment rate and a higher unemployment rate.

The Swedish poverty rate is, by any international standard, very low. Poverty is in Sweden, as in most other countries, distributed according to a well-known pattern. The incidence is highest among single adult household, especially among single parents, among people outside the labour market and among immigrants. There has been a slight increase of the poverty rate during the last couple of years. The reason is not that the incomes among the poor has decreased, it is instead the median income that has risen faster than the income among the poor. This is in turn linked to the increasingly unequal income distribution. Survey based subjective indicators of the economic situation among Swedish households confirms the picture when it comes to the distribution of economic hardship, but not when it comes to the development over time. In the latter case subjective indicators gives a picture of a substantial improvement of the situation. The decreasing number of people that are dependent on means tested social assistance also confirms this positive trend.

Basic indicators of health, such as life expectancy and child survival, place Sweden in a top position in the world. However, more subjective indicators give a picture of a worsening health situation, a picture that fits with the rapid increase of absence from work because of illness.

There is a tendency towards increasing residential segregation in the larger cities, a segregation that follows both socio-economic cleavages and ethnic dividing lines. The incidence of homelessness is for a number of reasons hard to estimate in a correct way. However, the investigations that have been done do not indicate any significant change in the number of homeless people during the past decade.

It is finally shown that economic hardship and unemployment problems are central components if one wants to understand how different types of welfare problems are linked to each other.

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# 1 Introduction

This presents a picture of some of the central aspects related to poverty and social exclusion in today's Sweden. Areas covered are labour market, incomes and poverty, health, education, segregation in residential areas, homelessness and, also, an analysis of the degree to which welfare problems tend to accumulate and correlate with each other. Special attention is given to the situation among immigrants and differences between women and men are systematically reported. The report is, for obvious reasons, mainly descriptive in its character. Time series has been used as much as possible in order to facilitate a substantial interpretation of the information. Since this report will be one of fifteen national reports it is likely that comparisons between countries will take place. It is important that such comparisons are interpreted and used with caution, taking in to account all the difficulties associated with comparative statistics.

The report is organized in the following way. The subsequent section contains a description of some of the basic features of the Swedish welfare state and also some remarks of the relations between principles guiding the development of the Swedish welfare state on the one hand and, on the other hand, the EU initiative to formulate a policy for social inclusion and against poverty and social exclusion. In this section are also some remarks done about the involvement of NGOs in the development of the national action plan against poverty and social exclusion (hereafter referred to as NAP) and also a brief discussion is held about the increasing number of Swedes that in one way or another have a background in a foreign country. Section three gives information about employment and unemployment and the following section discuss poverty and economic hardship. The final part examines other circumstances that are relevant in relation to social exclusion, among other things to what degree different welfare problems tend to accumulate and correlate with each other.

## 2 Background – The Swedish welfare state

Comparative welfare state research has since long distinguished between different welfare state regimes. The probably best-known 'regime typology' emanates from Esping-Anderson's (1991) discussion of the three worlds of welfare capitalism where he distinguish between the liberal, corporative and, social democratic regime. Esping-Anderson's typology has been, and still is, questioned for a number of reasons. However, it is worth to notify that very few questions the existence of the social democratic or Nordic welfare state regime. It is also the case that Sweden to a large extent has been pinpointed as the prime example of this regime type. Thus, there are a number of features that distinguishes the Sweden from most other EU countries.

### 2.1 Universalism, income maintenance, individualism and service

The Swedish welfare state is highly individualistic. Taxation is since 1971, with some few exceptions, based on the individuals' income. Hence, spouses, even though married, are not jointly taxed. Most transfer systems are individual, including pensions and family related programs such as parental leave. There are no formal rules regulating a family related responsibility for 'adult' children<sup>1</sup> or elderly parents. The main strategy to prevent poverty is to secure income maintenance for the individual in the case of labour market interruptions caused by temporary unemployment spells, sickness, work accidents, etc. All the income maintenance programs are linked to eligibility criteria, demanding labour market participation. A high labour market participation rate and a low unemployment rate are therefore the corner stones of the Swedish welfare state. Thus, it is understandable

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<sup>1</sup> Parents have the responsibility to support their children until they reach the age of 18 or, if they participate in secondary schooling, until they reached 21.

that the Swedish government's first NAP to a large degree refers to the action plan for employment, emphasizing the key role of the labour market.

Instead of constructing special programs for different more or less vulnerable groups the overarching aim is to include everybody in the general welfare policy system. The firm belief, around which there is a considerable political consensus, is that this policy is highly efficient in alleviating poverty and social exclusion. The crucial question is, of course, if the adopted strategy is good or bad for the most vulnerable sections of the population? The quite extensive literature on comparative social policy research gives a more or less straightforward answer to that question – yes it is a good strategy. Research has repeatedly shown that Sweden, together with the other Nordic countries, has a comparatively low poverty rate and an equal income distribution. Crucial indicators of the consequences of poverty and inequality, for example inequity in health, also confirm a picture of relatively small absolute differences between sections of the population. Now, why should a welfare state not focused on poverty be successful in the fight against poverty? Here the existing research gives, at least, four answers. First, a universal welfare system delivers income security, health care, etc to the whole population. Also the middle class will therefore have vested interests in the quality and generosity of various welfare programs (cf. Svallfors 1996; Svallfors 2002). If more vulnerable groups are covered by the same systems, they will benefit from the same generosity. Second, comparative research has shown that the more generous, and the more universalistic the welfare system is at large, the more generous are the last resort programs and measures that are devoted more exclusively to the poor (Nelson 2003). Third, it is assumed above that a welfare state that delivers also to the middle class so to say breed its own support. Recent research has also shown that general support for welfare state measures tend to correlate with a more generous stance towards the poor. Hence, it seems as if support for a general welfare system not only gives the poor a 'free ride' it also increases the acceptance of the welfare measures that are selective in relation to certain vulnerable groups (Halleröd 2003). Fourth, social policy program specially designated to the poor tend to be connected with stigmatisation of the recipients. There is a danger that selective social policy efforts generate processes that leads to stigmatisation and social exclusion. Hence, there is a risk that the implementation of a policy specifically designed to fight social exclusion in the end reinforces the problem it was meant to solve.

To sum up, poverty problems are best solved, it is believed, by enlargement of the group that is integrated in the general welfare state programs. For example, a single mother is not best helped by support based on the fact that she is a single mother. Instead, by given her the same child allowance as everybody else, guarantee child care and after school care, making it possible, via the income security system, to stay home and take care of the child in case of illness etc, a single mother can work, support herself and qualify for different kinds of income insurances and, not the least important, earning pensions rights. By doing so, the belief is that a 'we and them' sentiment can be avoided, a sentiment that will make most damage to the weaker part. Most research so far indicates that this is a correct belief. It is an issue for the future to examine the possibility to combine the intentions in the agreed policy against poverty and social exclusion, which from the outset is formulated in a selective manner, with the basic thought guiding the Swedish welfare state model.

## **2.2 The local level – health care, services and selective income support**

There is a heavy emphasize in the legislation on the municipalities responsibility in relation to the individuals. It is the municipality and not the family that by law is responsible to provide support for those in need. Social assistance is a last resort means-tested income support program administered by the municipalities. The intention is that social assistance shall function as a short-term income protection that, when needed, can be combined with qualified social work. Fluctuations in the number of people dependent of social assistance are basically perceived as an indicator of how well the labour market policy and the general income maintenance programs are functioning. Changes in the number of recipients of social assistance are therefore getting quite a lot of attention and calls for action, which basically means efforts to increase labour market participation, lower unemployment, and changes in the universal transfer systems etc. However, it is important

to keep in mind that the demand for social assistance can be kept down by stricter legibility criteria and/or less generous norms. This is at least partly what happened during the economically turbulent 1990s (Johansson 2000).

A substantial part of the Swedish welfare state is made up by service administered by local authorities. There are two types of local authorities; there are 21 counties (landsting<sup>2</sup>) responsible for health care and 290 municipalities (kommuner) with an extensive responsibility for the inhabitants in general and specific groups, such as children, elderly, handicapped, in particular. The extent to which services is accessible, the quality is of major importance for a large share of the population, not the least sections of the population that traditionally have a 'weak political voice'. During the 1990s several laws been passed that emphasise the local authorities responsibility to provide services to different groups, such as for example the handicapped.

### **2.3 The 1990s, a troublesome decade**

The situation in Sweden in the beginning of the 21<sup>st</sup> century must be seen in the perspective of the very turbulent 1990s. In 1992 the Swedish economy was hit by the worst recession since the 1930s. Unemployment was skyrocketing from less than 2 percent in 1990 to above 8 per cent in 1993. The country experienced negative growth three years in a row and public finances were caught in cross fire from of increasing expenditures and decreasing tax revenues. The economic recession lead to, among other things, major cut backs in the social insurance system, tax increases and restructuring of the public service sector. By the mid 1990s the crisis was under control and a period of recovery was starting which signify the latter part of the 1990s (Palme 2000). There is no need in this context to make a review or analysis of the crisis ten years ago. However, it is important to be aware of, when interpreting the data presented below, that the second half of the 1990s represents a period of recovery from a situation that, in a Swedish perspective, was historically bad.

### **2.4 Policy impact and involvement of NGOs**

It is obvious when reading the Swedish NAP from 2001 that the formulation of a policy against poverty and social exclusion on a central EU level has not affected the Swedish policy in any detectable way. The question is of course how it could be otherwise. A modern welfare state is an extremely complicated construction based on a century of stepwise development and formulation of political goal. The least that can be said is that there is a strong 'path-dependency'; every new effort has to be adapted to the existing system, which in turn presupposes a long term well integrated process of policy making. To expect that a specific policy initiative, such as the policy against poverty and social exclusion, should have an immediate impact on national policies is probably not realistic and, I would like to add, not always desirable. However, it is viable that a policy initiative like the one discussed here will have a more long-term impact that slowly changes the way policies are formulated and implemented.

One area where the inclusion policy might have a more direct impact concerns the open method of coordination and the involvements of NGOs in the policymaking. To facilitate the integration of NGOs in the inclusion policy, the Swedish government has made efforts to improve the dialog between different governmental bodies and wide range of NGOs. A network of NGOs has been organized, with the support from the government, in order to coordinate efforts to impact the NAP and the inclusion policy. However, as it seems, representatives from NGOs are not particular satisfied with process during the first step of the NAP/incl process. From their view, the NGO impact on the Swedish NAP has been, at the best, very modest. One reason for this marginal impact might be that the NAP from year 2001 mainly focuses on the government's policy from a central perspective, largely neglecting the local level. It is of course the cases that NGOs are interested in affecting the policy outlined by the central government not the least in order to, as one of the representatives for NGOs puts it, 'secure that the humanitarian perspective is not forgotten'.

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<sup>2</sup> To be correct; there are 18 landsting, two regions (Skåne and Västra Götaland) and the island of Gotland.

However, the goals that NGOs sets out regarding the policies on a central level do not in any larger extent deviate from mainstream social policy, emphasise being on labour market policy and general social policy (NGO 2001). The crux is that the 'centralistic' viewpoint from a NGO perspective seems somewhat awkward. It is typically on the local level that NGOs has an important role to play as a supplement or collaborator to the public sector. Hence, if NGOs are to join their forces with any public body in the fight against poverty and social exclusion, it is first and foremost the municipalities that constitute the most important public authority to interact with. Thus, in order to enabling NGOs to participate, not only in the policy making but also in implementation of the policy, it is necessary to involve also local policy level in the work.

## **2.5 Immigrants**

As in many countries, Sweden experienced a massive emigration during the late 19<sup>th</sup> and the first decades of the 20<sup>th</sup> century. However, already in the 1930s the situation changed and Sweden gradually became a net receiver of immigrants. After the Second World War the economic boom leads to increasing labour force immigration, which was halted through legislation in the 1970s. Thereafter immigration changed to an inflow refugees. Today about one million of the Swedish population is born abroad, making up about 12 per cent of the total population. An additional six per cent has one parent that is born outside Sweden and for about three per cent both parents are born abroad. It means that about one fifth of the population either have immigrated themselves or at least have one immigrated parent.

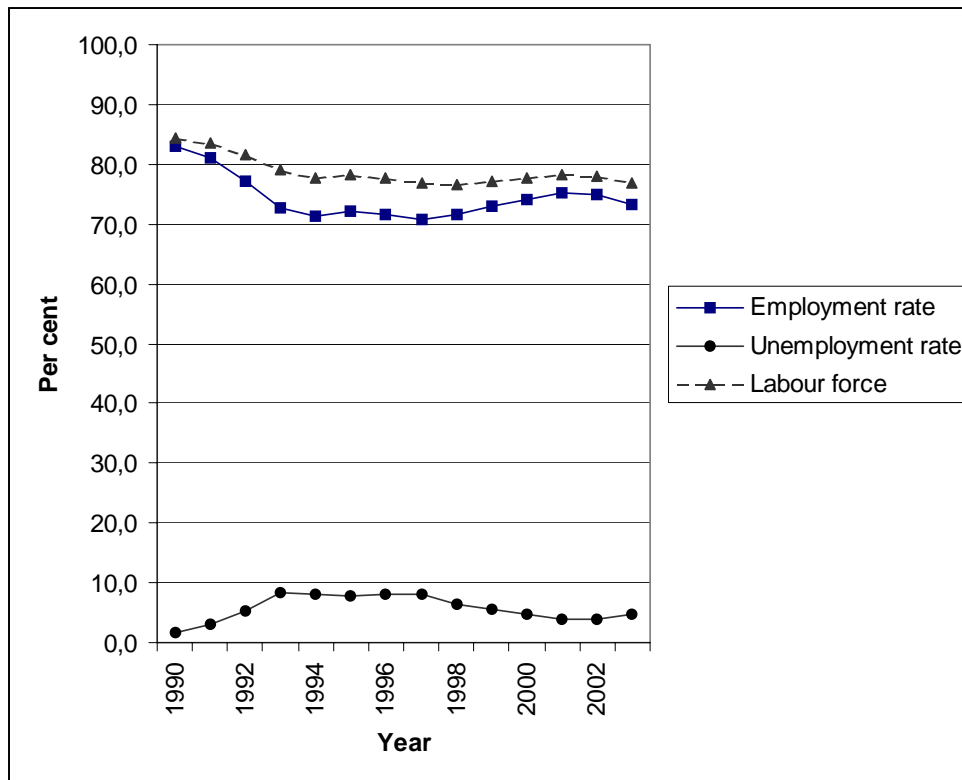
The EU Commission has emphasised that the situation among immigrants should be given special attention when evaluating the situation regarding poverty and social exclusion in the member states. Therefore, when describing the situation regarding poverty and social exclusion in Sweden an effort has been made to contrast the situation among different categories of immigrants and native born Swedes.

## **3 Labour market – employment and unemployment**

In 1990 Sweden had a labour force participation rate well above 80 per cent. Unemployment was almost non-existing (just 1.7 per cent), resulting in an employment rate at 83 per cent. The economic turmoil in the beginning of the 1990s changed the picture dramatically. Unemployment rose to from about two per cent to around eight per cent in just a couple of years. At the same time labour force participation decreased to a level around 77 per cent. As an effect the employment rate went down from 83 per cent in 1990 to under 71 per cent in 1997. The employment rate has thereafter, mainly as a result of a decreasing unemployment, recovered somewhat and had in 2002 reached 74.9 per cent. The unemployment rate was according the Swedish Labour Force Survey 4 per cent in 2002. However, the Swedish definition of unemployment does not entirely correspond with the EU requirements. The main deviance is attributable to the fact that Swedish statistics do not define full time students that are seeking full time job as unemployed. The unemployment rate for 2002 increases from 4 per cent to 5.2 per cent if this group, as required by the EU, is added to the unemployed.

The government has set up ambitious goals for the labour market. Employment rate is to reach 80 per cent by the year 2004 and, by the same year, the unemployment rate shall be below 4 per cent. As it seem, the government will not reach any of these goals. The improvement of the employment rate during the latter part of 1990s has been halted and in year 2002 turned into a slight decrease that appear, according to the development during the three first months, to continue in 2003. At the same time, the unemployment rate has again climb above the 4 per cent level.

**Figure 1. Labour force participation, employment rate and unemployment rate 1990 – 2003<sup>1</sup>**



1) Figures for 2003 refer to the three first months of the year.

Source: Statistic Sweden - Labour force survey

Table 1 displays unemployment by sex, age and duration of unemployment. The table covers the period 1999 to 2002 (figures before 1999 are not strictly comparable). Unemployment is most common among the young and to some degree among the oldest section of the labour force. In 2002 were just about one per cent of the male labour unemployed for more than six months and only half a per cent were unemployed more than a year. The highest incidence of long-term unemployment was found among the oldest section of the labour force, which probably is due to the fact that unemployment in this age category often is connected to a permanent departure from the labour force (Stattin 1998). Both overall unemployment and long-term unemployment has decreased over time. Comparing men and women, the main difference is that unemployment is lower among women. Otherwise the pattern looks very much the same.



**Table 1. Unemployment among men and women by year and duration of unemployment. Per cent of labour force. 1999-2002**

		1999	2000	2001	2002	1999	2000	2001	2002
Age	Number of weeks unemployed	<u>MEN</u>				<u>WOMEN</u>			
16-19	-26 weeks	10.28	10.72	11.58	11.68	9.15	9.48	7.03	7.87
	27-52 weeks	0.60	0.55	0.53	0.55	0.35	0.33	0.29	0.61
	53+ weeks	0.00	0.18	0.18	0.00	0.00	0.16	0.00	0.15
	Total	11.09	11.65	12.28	12.41	9.68	10.13	7.47	8.77
20-24	-26 weeks	9.75	7.06	7.84	8.54	9.02	6.24	6.33	6.25
	27-52 weeks	1.17	0.84	0.72	1.23	0.80	0.49	0.47	0.81
	53+ weeks	0.55	0.72	0.54	0.43	0.66	0.28	0.27	0.47
	Total	11.72	8.75	9.29	10.33	10.70	7.22	7.20	7.73
25-34	-26 weeks	4.59	3.77	3.14	3.65	5.16	4.05	3.44	3.59
	27-52 weeks	0.94	0.69	0.53	0.63	0.81	0.75	0.43	0.44
	53+ weeks	0.52	0.38	0.32	0.22	0.50	0.28	0.24	0.20
	Total	6.12	4.88	4.05	4.57	6.52	5.13	4.15	4.27
35-44	-26 weeks	3.66	2.81	2.68	2.53	3.68	2.91	2.48	2.37
	27-52 weeks	0.91	0.65	0.64	0.60	0.64	0.57	0.41	0.45
	53+ weeks	0.95	0.61	0.46	0.36	0.52	0.38	0.28	0.31
	Total	5.64	4.18	3.87	3.54	4.88	3.94	3.21	3.23
45-54	-26 weeks	2.70	2.50	2.04	2.08	2.35	1.83	1.52	1.39
	27-52 weeks	0.62	0.83	0.56	0.53	0.46	0.47	0.26	0.38
	53+ weeks	1.16	0.83	0.49	0.46	0.50	0.43	0.31	0.24
	Total	4.55	4.22	3.14	3.13	3.41	2.77	2.15	2.07
55-59	-26 weeks	3.34	2.84	1.94	1.99	2.08	2.00	1.68	1.65
	27-52 weeks	1.01	1.03	0.52	0.73	0.69	0.93	0.69	0.41
	53+ weeks	1.56	1.25	0.93	0.88	1.09	0.88	0.69	0.49
	Total	6.09	5.34	3.55	3.68	4.02	3.90	3.09	2.63
60-64	-26 weeks	3.67	3.47	3.26	2.97	3.76	2.10	2.92	2.44
	27-52 weeks	2.07	1.96	1.30	0.99	1.93	1.70	1.13	0.76
	53+ weeks	3.01	3.47	2.69	2.28	2.79	3.00	1.79	1.68
	Total	8.83	8.89	7.49	6.32	8.58	6.99	5.94	4.97
Total 16-64	-26 weeks	4.23	3.52	3.19	3.32	4.05	3.19	2.83	2.77
	27-52 weeks	0.92	0.83	0.61	0.67	0.71	0.66	0.44	0.48
	53+ weeks	1.01	0.82	0.61	0.52	0.67	0.54	0.39	0.38
	Total	6.28	5.26	4.50	4.59	5.52	4.47	3.73	3.71

Source: Statistic Sweden – Labour force survey

### 3.1 Immigrants and the labour market

In 1990, just before Sweden was hit by the recession the employment rate for immigrants was about ten per cent below the employment rate for native-born Swedes and unemployment among immigrants was approximately twice as high as among native Swedes. However, due to the fact that the employment rate was very high and the unemployment rate extremely low, the figures for immigrants was not that bad, 77 per cent of the male immigrants were employed and unemployment was on the modest level of 3.4 per cent. Corresponding figures for women were 71 per cent employed and only 2 per cent unemployed. The economic turmoil of the 1990s led to a dramatic fall in employment and increase of unemployment and by the mid 1990s the employment rate among native Swedes had decreased by approximately 10 per cent and unemployment had increased to around five per cent. The corresponding figures for immigrants were around 20 per cent decrease of the employment and 10 per cent increase of unemployment. Thus, immigrants were considerably much more affected by the economic downturn.

**Table 2. Labour force status among native-born Swedish men and women and immigrated men and women, 1990-2002**

Year	Native born employed	Immigrants employed	Native born unemployed	Immigrants unemployed
Men				
1990	84.5	76.9	1.5	3.4
1996	74.4	55.1	6.2	11.9
1997	74.3	55.5	5.0	11.0
1998	76.0	57.5	4.1	10.0
1999	76.7	59.8	3.7	9.6
2000	78.2	66.2	2.9	6.6
2001	78.0	65.4	2.9	6.1
2002	76.8	64.2	3.0	6.0
Women				
1990	81.4	71.2	1.5	2.0
1996	72.0	50.5	5.0	10.5
1997	71.2	49.7	4.0	8.3
1998	72.1	52.4	3.2	6.7
1999	73.3	54.2	3.2	6.0
2000	74.8	56.9	2.3	4.6
2001	75.6	57.3	2.2	5.1
2002	74.5	58.2	2.2	4.6

Source: Integrationsverket 2003

In 2002 there is still a long way to go before the figures that prevailed before the crisis are retrieved. However, it is worth to notify that the improvement has been somewhat stronger among immigrants; the gap between native-born and immigrants has narrowed considerably since the mid 1990s. The general positive trend regarding labour market performance has, as mentioned above, been halted and reversed in 2002, notable is that this change has affected immigrants less negative compared to native Swedes. If this is to be considered as a new trend is of course to early to say but it is nonetheless an interesting and encouraging development.

#### 3.1.1 Why are immigrants unemployed?

The most common way to explain the poor labour market performance among immigrant relays on 'supply side' arguments, i.e., immigrants lacks the necessary human capital to

be able to compete with native-born Swedes. Research has also shown that accumulation of human capital, education, language skill, etc does improve immigrants' chances on the labour market. It is also clear that time spent in Sweden, which can be seen as an indicator of accumulation of 'Sweden specific' skills, is positively correlated with labour market performance. However, it is not the case that human capital completely can explain the low employment rate and high unemployment rate among immigrants. Hence, to fully understand why immigrants are disadvantaged one has to change focus from the supply side to the 'demand side', i.e., to the selection mechanisms among employers. To evaluate if, and in that case, to what degree ethnic discrimination is a part of the explanation to immigrants' labour market difficulties is complicated. There are, however, some studies that make it likely that discrimination is a part of the problem. It has for example been shown that Swedes that has been adopted as children do find it more difficult to get a job the more un-Swedish they look, a finding that is hard to explain as being anything else than discrimination related to skin colour (Integrationsverket 2003).

## 4 Income and poverty

### 4.1 Concepts and definitions

The reason to analyse income in relation to poverty and social exclusion is that we want to say something about peoples' ability to consume goods and services. To be able to do that we need to know the households' equivalent disposable income - that is, total income after taxes and transfers adjusted to the size of the household. The households' equivalent disposable income will in the following text be referred to as *income standard*. Following the EU standard, a poor household is a household that has an income standard that is below 60 per cent of the median income standard.

Few concepts have been defined and measured as often as poverty (c.f. Callan and Whelan 1993; Donnison 1988; Gordon 1997; Hagenaars 1988; Halleröd 1995; Halleröd 1998; Halleröd 2000a; Halleröd 2001; Nolan and Whelan 1996; Orshansky 1965; Ringen 1988; Rowntree 1902; Townsend 1979; van den Bosch 2001) but this is not the place to bring that discussion forward, just to make some remarks in relation to the procedure adopted by the EU. First, the poverty line is completely arbitrary and does not represent a qualitative difference between sections of the population. However, that is, I will argue, not a problem specifically for the poverty line used by the EU since most poverty lines, and there are plenty of them, are more or less arbitrary. The second problem is more troublesome and concerns the degree to which we are able to measure economic standard in a correct way. Measurement errors, incomes from the black economy, difficulties in defining the correct household unite, etc are aspect that decreases the accuracy of statistical estimations of poverty. Third, it is probably the case that the income standard needed to achieve a certain ability to consume goods and services varies between different individuals because of special needs. It can for example be the case that health problem increases the costs for living. So, even though a healthy and an unhealthy person have the same income standard, there could be significant difference in their ability to consume goods and services. Finally, the adopted poverty line is a straightforward function of the income distribution. The definition therefore follows the highly accepted idea that the poor are excluded from the ordinary life style in the society in which they live, regardless of what that life style might be. But, it also means that poverty can decrease in a situation when everyone gets worse off and that poverty can increase in a situation when everyone gets better off.

The difficulties connected with definitions and measurement of poverty is clearly exemplified in a number of studies that simultaneously uses different definitions of poverty. Different approaches not only results in different estimates of the poverty rate they also tend discriminate different sections of the population as poor (Halleröd 1991; 1995; 2000b).

## 4.2 The poverty line

Table 3 shows the poverty line, i.e., annual disposable income needed to escape poverty, for different household types in year 2000.

**Table 3. Poverty line, < 60 % median income standard, SEK and EURO, year 2000.**

Household type	SEK	EURO <sup>1</sup>
Single adult	73,289	8,764
Single adult, one 7 year old child	115,063	13,760
Single adult, two children; 2 and 7 years old	150,242	17,967
Single adult, three children; 2, 7 and 15 years old	198,613	23,752
Two adults	121,659	14,549
Two adults, one 7 year old child	163,434	19,545
Two adults, two children; 2 and 7 years old	198,613	23,752
Two adults, three children; 2, 7 and 15 years old	246,983	29,536

1) The amount is converted into EURO using OECD purchasing power parity standard for year 2000.

Source: Own calculations based on Income distribution survey 2000

Table 4 shows the changes in the poverty line for a single adult household that has occurred during period 1996-2000. As can be seen, the increase is about 13 per cent, comparing 1996 with 2000.

**Table 4 . Poverty line, < 60 % median income standard, single adult household year 1996-2000**

	Poverty line – single adult household	
	SEK	EURO
1996	64,658	7,732
1997	65,911	7,882
1998	66,746	7,982
1999	70,087	8,382
2000	73,289	8,764

1) The amount is converted into EURO using OECD purchasing power parity standard for year 2000

Source: Own calculations based on Income distribution survey 2000

## 4.3 Poverty incidence

The first four rows of Table 5 show the mean / median income standard, i.e., the equivalent disposable income, for all households from 1996 to 2001. The first row is based on the total income, while the second excludes capital gains. Income standard has increased over time, an increase boosted by capital gains, especially during year 1999 and 2000. The fact that the mean income standard is falling between 2000 and 2001 is solely attributable to the gloomy development on the stock market and decreased capital gains. Capital gains also results in temporal changes of the gini-coefficient, especially notable for year 2000. However, the trend towards greater inequality is clear whether one chooses to include or exclude capital gains.

**Table 5. Mean and median income standard (1000/SEK, 2001 prices), Gini-coefficients – with and without capital gains 1996-2001<sup>1</sup>. Ratio between mean income standard decile 10/decile 1, poverty rate 1996-2000<sup>2</sup>.**

	1996	1997	1998	1999	2000	2001
Income standard						
Mean – incl. capital gains	106.1	111.1	111.5	118.6	129.2	126.2
Mean – excl. capital gains	102.3	105.2	106.8	110.9	117.0	121.0
Median – incl. capital gains	95.1	97.0	98.2	103.1	107.9	110.7
Median – excl. capital gains	93.8	95.7	96.6	100.8	104.9	108.8
Gini – incl. capital gains	0.239	0.256	0.251	0.266	0.298	0.265
Gini – excl. capital gains	0.224	0.227	0.233	0.235	0.247	0.248
Ratio – incl. capital gains	5.02	5.37	5.47	6.09	7.09	-
Ratio – excl. capital gains	4.64	4.53	4.96	5.13	5.32	-
Poverty < 50% of median inc.	4.4	4.0	4.5	4.4	5.1	-
Poverty < 60% of median inc.	8.1	8.1	8.2	8.3	9.5	-

<sup>1</sup> Source: Income distribution survey 2001, preliminary version

<sup>2</sup> Source: Income distribution survey 2000

Now, capital gains and changes on the stock market will hardly have any direct impact on the poor. But, capital gains do affect the poverty line. The increase in poverty in between 1999 and 2000 is mainly related to the increase of the median income standard, which in turn to a large degree was caused by exceptional capital gains that year. It is also the case that even though the poverty rate increases slightly over time, income standard in absolute terms is rising also among the poor (Finansdepartementet 2003). The overall conclusion is that increased income inequality and the rather stable poverty rate is mainly related to rising incomes in the upper end of the income distribution. Thus, the poor are getting relatively poorer because the rich are getting richer.<sup>3</sup>

Table 6 shows the poverty rate by household type and age. First thing to notice is the difference between women and men. By year 2000 a considerably larger fraction of single adult women are poor compared to single adult men. The difference is attributable to three different processes. First, young women without children are more exposed to poverty than young men. A possible partial explanation is that a higher proportion of young women are attending higher education. Second, older women living in single adult household are more often poor than men in the same situation. The main explanation here is that women's earnings related pensions are lower, if existing at all, compared to that of men. Third, in year 2000, more than a fifth of all single women with children fell below the poverty line. The corresponding figure among men was somewhat above one tenth. Worth to notice is also that 84 per cent of all single parents are women. Another thing to become aware of is that the poverty rate is lower among middle-aged single women than among middle-aged single men.

Looking at women living single adult households, there is a slight trend towards an increased incidence of poverty. The increase is especially prevalent in year 2000. There is an increase in year 2000 also for single adult men but not at the same magnitude as for

<sup>3</sup> Even though it is mainly the top income earner that are affected by capital gains, also middle range income earner are affected, which is the reason to why the poverty line is related to capital gains.

women. Among couples there is no sign of an increasing incidence of poverty, there is on the contrary a tendency towards a decreasing poverty rate. So, the conclusion is that the increased of poverty between 1999 and 2000 is located among single adult household and predominately among women living in single adult household.

**Table 6. Poverty rate (< 60 per cent of median income standard) by household type and age 1996-2000.**

	1996	1997	1998	1999	2000	2001
<b>Single adult – Women</b>	<b>9.9</b>	<b>9.8</b>	<b>11.0</b>	<b>11.5</b>	<b>14.8</b>	
Aged 18-29, no children	21.4	18.6	24.1	23.6	26.2	
Aged 30-49, no children	5.3	6.5	4.6	5.3	6.0	
Aged 50-64, no children	1.4	1.2	4.4	4.0	4.5	
Aged 65-74, no children	4.5	3.7	6.2	7.3	9.8	
Aged 75-, no children	6.4	8.1	8.3	10.9	16.3	
With child(ren)	19.1	19.6	17.2	16.7	20.9	
Others	10.5	11.6	9.3	9.3	15.3	
<b>Single adult – Men</b>	<b>9.8</b>	<b>10.0</b>	<b>10.6</b>	<b>9.0</b>	<b>10.8</b>	
Aged 18-29, no children	19.2	18.0	20.2	15.6	21.2	
Aged 30-49, no children	7.1	8.1	8.6	7.4	6.4	
Aged 50-64, no children	7.3	6.0	7.6	6.7	7.4	
Aged 65-74, no children	0.9	4.9	2.3	7.4	4.6	
Aged 75-, no children	4.9	7.7	8.2	6.1	11.5	
With child(ren)	13.6	9.8	6.9	8.3	11.2	
Others	7.9	8.5	4.3	4.3	9.5	
<b>Married / cohabiting</b>	<b>6.4</b>	<b>6.1</b>	<b>5.1</b>	<b>5.8</b>	<b>5.4</b>	
Aged 18-29, no children	4.8	4.9	5.4	5.1	4.3	
Aged 30-49, no children	3.0	2.5	2.1	2.4	3.6	
Aged 50-64, no children	2.9	2.0	1.9	2.1	2.1	
Aged 65-74, no children	2.2	2.3	1.7	2.5	3.6	
Aged 75-, no children	1.7	2.0	2.8	4.3	5.0	
With 1 child	6.0	6.3	5.6	6.7	5.6	
With 2 children	9.7	8.6	6.4	7.5	7.1	
With 3+ children	22.7	24.7	20.3	20.4	16.2	
Others	3.9	3.0	2.3	3.3	3.5	
<b>All households aged 18-</b>	<b>8.1</b>	<b>8.1</b>	<b>8.2</b>	<b>8.3</b>	<b>9.5</b>	

Source: Income distribution survey 2000

The general explanation to the development does not seem to be a rapid and general loss of income among certain sections of the population. What we see is instead, first, that incomes has increased more for the relatively well off compared to those found in the bottom end of the income distribution and, second, that large sections of single adult households are clustered in an income interval close to the poverty line making the classification of poor and non poor extremely sensitive for small changes in the poverty line.

This comment is not an attempt to downplay the problems the poor are facing making ends meet or to say that the increase in poverty that we witnessed is unproblematic. Instead it is a comment aimed at pinpointing the fact that changes in the poverty rate not always correspond to visible changes in peoples' life – having an income that is just above the poverty line is almost as troublesome as having an income that is just below the poverty line.

Looking at poverty by country of origin reveals differences that in many respect reflects what was shown above regarding the labour market. There is a firm distinction between native-born Swedes, people living in, what is here called, mixed households (i.e., one spouse born outside the country) and Nordic immigrants on the one hand and, and EU15+6 and other immigrants on the other hand. The poverty rate was, during the period 1996 to 1999, about 12 per cent in the EU15+6 group. In year 2000 the poverty rate suddenly jumped to over 20 per cent, a level just 5 per cent below the figure for 'other' immigrants. The reason for this sudden change is not clear. Regarding other immigrants it can be concluded that the poverty incidence hovers on the same high level during the whole period.

**Table 7. Poverty rate (< 60 per cent of median income standard) by country of origin 1996-2000.**

	1996	1997	1998	1999	2000	2001
Native born Swedes <sup>1</sup>	6.9	6.9	7.0	7.1	*8.3	
Mixed household <sup>2</sup>	7.7	7.2	6.3	6.0	5.1	
Immigrants <sup>3</sup>	18.8	19.2	19.4	19.7	20.8	
Nordic immigrants	9.8	7.9	6.8	8.8	9.6	
EU15+6 immigrants <sup>4</sup>	12.5	12.5	12.7	11.8	21.2	
Other immigrants	25.8	27.0	27.9	26.1	26.2	
Number of years in Sweden <sup>5</sup>						
1-5 years	38.3	37.4	38.0	29.6	34.3	
6-12 years	29.0	28.2	30.2	32.5	31.6	
13-20 years	18.2	23.2	24.4	21.3	23.4	
20- years	7.4	7.8	7.3	10.3	10.3	
<b>All households aged 18-</b>	<b>8.1</b>	<b>8.1</b>	<b>8.2</b>	<b>8.3</b>	<b>9.5</b>	

1) Reference person and, if relevant, spouse is born in Sweden

2) Couples, one spouse born outside of Sweden

3) Reference person and, if relevant, spouse is born outside of Sweden

4) EU (except Denmark, Finland and Sweden), Australia, Japan, Canada, New Zealand, Switzerland and USA.

5) If reference person and, if relevant, spouse is born outside of Sweden.

Source: Income distribution survey 2000

The time immigrants have spent in Sweden has a major impact on the poverty rate. Among the newly arrived more than one third are poor, a figure that drops somewhat among those who have lived in the country 6 to 12 years and is about ten per cent lower among those who lived in Sweden 13 to 20 years. However, it is only in the group that has lived in Sweden for at least 20 years that the poverty rate is approximately the same as among native Swedes. This group mainly consists of labour force immigrants, i.e., they were instantly employed as they arrived to Sweden, which makes them very different from the immigrants that have arrived later. One can always speculate about why the

poverty rate is increasing faster in this group compared to the overall poverty rate. One possible explanation is that the labour force immigrants from the 50s and the 60s have started to retire from the labour market and, hence, increasingly have their incomes from pensions.

As can be seen in Table 8 there is a clear socio-economic class gradient looking at the distribution of poverty. By year 2000 almost four percent of the blue-collar workers had an income standard below the poverty line. The corresponding figure for higher white-collar workers was less than a half per cent. The poverty rate among employed has since 1996 been very stable and by any comparison on a very low level. The situation is radically different among the self employed and even though the poverty rate has been decreasing since 1996 almost 17 per cent of the self employed were poor in year 2000. However, one should be aware of the difficulties interpreting this result since it, to some extent, by certainty is a statistical artefact. There is a large degree of uncertainty regarding the extent to which registered incomes among self-employed correspond to the actual ability to consume goods and services. It is not to say that poverty is non-existing among self-employed only that the figures presented in Table 8 overestimate the problem. Studies of poverty using more direct indicators such as actual consumption of goods and services and the incidence of economic problems making ends meet tend to show that economic hardship among self employed is about as prevalent as among blue collar workers (Halleröd 1999; Halleröd 1997b). An overestimated poverty rate among self-employed naturally results in an overestimating of the overall poverty rate as well. If we accept the assumption that the poverty rate among self-employed is approximately the same as among blue-collar workers, the overall poverty rate among all households aged 20-64 would shrink from 7.7 per cent to 6.6 per cent.

**Table 8. Poverty rate (< 60 per cent of median income standard) by labour market status 1996-2000<sup>2</sup>. Population aged 20-64**

	1996	1997	1998	1999	2000	2001
Employed	4.9	4.8	4.4	4.8	4.4	
Blue collar worker	2.9	4.1	3.6	3.7	3.9	
Lower white collar worker	2.6	2.4	1.8	2.1	2.1	
Middle range white collar worker	2.0	1.6	1.1	2.8	1.9	
Higher white collar worker	1.1	0.4	1.9	1.7	0.4	
Self employed (including farmers)	22.7	20.5	18.1	19.0	16.9	
Others	6.0	7.5	9.2	15.5	17.5	
Not employed	19.3	19.3	18.6	17.4	19.6	
Students	27.6	29.6	28.2	25.4	31.3	
Unemployed, sick, pensioners <sup>1</sup>	13.2	12.3	10.0	8.6	9.2	
Others	24.9	23.0	26.5	51.7	54.8	
<b>All households aged 20-64</b>	<b>8.7</b>	<b>8.7</b>	<b>8.2</b>	<b>7.7</b>	<b>7.7</b>	

1) Households where the reference person's annual income from pension, sickness insurance, unemployment insurance makes up more than 50 per cent of the annual labour market income

Source: Income distribution survey 2000

The category "employed others" consists of those engaged on the labour market in one way or another, but not possible to classify in any reliable way. The fact that the poverty rate in this group has tripled between 1996 and 2000 is worrying and in need of a more thorough investigating. The same goes for the not employed, here the poverty rate among



“others” increases from 25 per cent in 1996 to almost 55 per cent in 2000. The other thing to be observed among the not employed is the decreasing poverty among those who’s social insurance income makes up more than 50 per cent of their income and the increasing poverty among students. It is likely that increase in year 2000 for students is a result of the fact that the incomes among students did not increase at all between 1999 and 2000, at the same time as the poverty line, in absolute, terms became more generous. When it comes to the former group it is difficult to have an opinion. The way the group is defined it makes to a very heterogeneous group of people.

### 4.3.1 Long-term poverty

Longitudinal analyses of income mobility are always difficult to conduct and there is, for two different reasons, a large risk that mobility is overestimated. First, survey based statistics are always affected by non-responses. There are good reasons to believe that there is a bias between the response rate and the income distribution – the poor, and possibly also the rich, are less likely to participate in surveys. Thus, survey based statistics will most certainly underestimate the occurrence of poverty. A longitudinal survey is not only affected by the initial non-response rate but also from panel attrition. Again it is most likely that precarious economic circumstances will increase the probability of non-responses. The result is a bias between panel attrition and estimation of long-term poverty, again leading us to underestimate the incidence of, in this case, long-term poverty and thereby overestimating the movement out of poverty. Second, data are almost always contaminated with measurement errors. Assuming that these errors are randomly distributed they are manageable in a cross sectional analysis. However, in a longitudinal analysis, measurement errors will be recorded as changes over time, giving us an erroneous picture of the extent of mobility.

Access to population based register data does in a significant way minimize the problems hampering the reliability of longitudinal analysis. Non-response rate and panel attrition is practically zero.<sup>4</sup> Also measurement errors are minimized, although not completely eradicated. There is for example an obvious risk that some individuals with substantial incomes from the black economy and people involved in legal, but highly creative, taxation planning are classified as poor. In these cases is the correspondence between the measured income and the factual ability to consume goods and services very low. Nevertheless, Swedish register based income data does provide a unique opportunity to conduct reliable longitudinal analysis of long-term poverty. Calculations done by the Ministry of Finance, covering the five years 1996-2000, shows that about 10 per cent of the population had an income under the poverty line, in this case defined as 50 per cent of the median income, during at least one of the five years. However, only 0.9 per cent had an income standard below the poverty line during all five years. Hence, long-term poverty seems to be, in quantitative terms, a marginal phenomenon.

**Table 9. Long-term poverty - poverty incidence (per cent) year 1996-2000**

	Period 1996-2000
Poverty: at least 1 of 5 years	10.4
Poverty: at least 2 of 5 years	5.0
Poverty: at least 3 of 5 years	2.8
Poverty: at least 4 of 5 years	1.6
Poverty: all 5 years	0.9

Source: Ministry of Finance Prop 2002/03:100, Attachment 3

<sup>4</sup> It does not mean that the register covers everybody that live in the country. Illegal immigrants are, for obvious reasons, not registered.

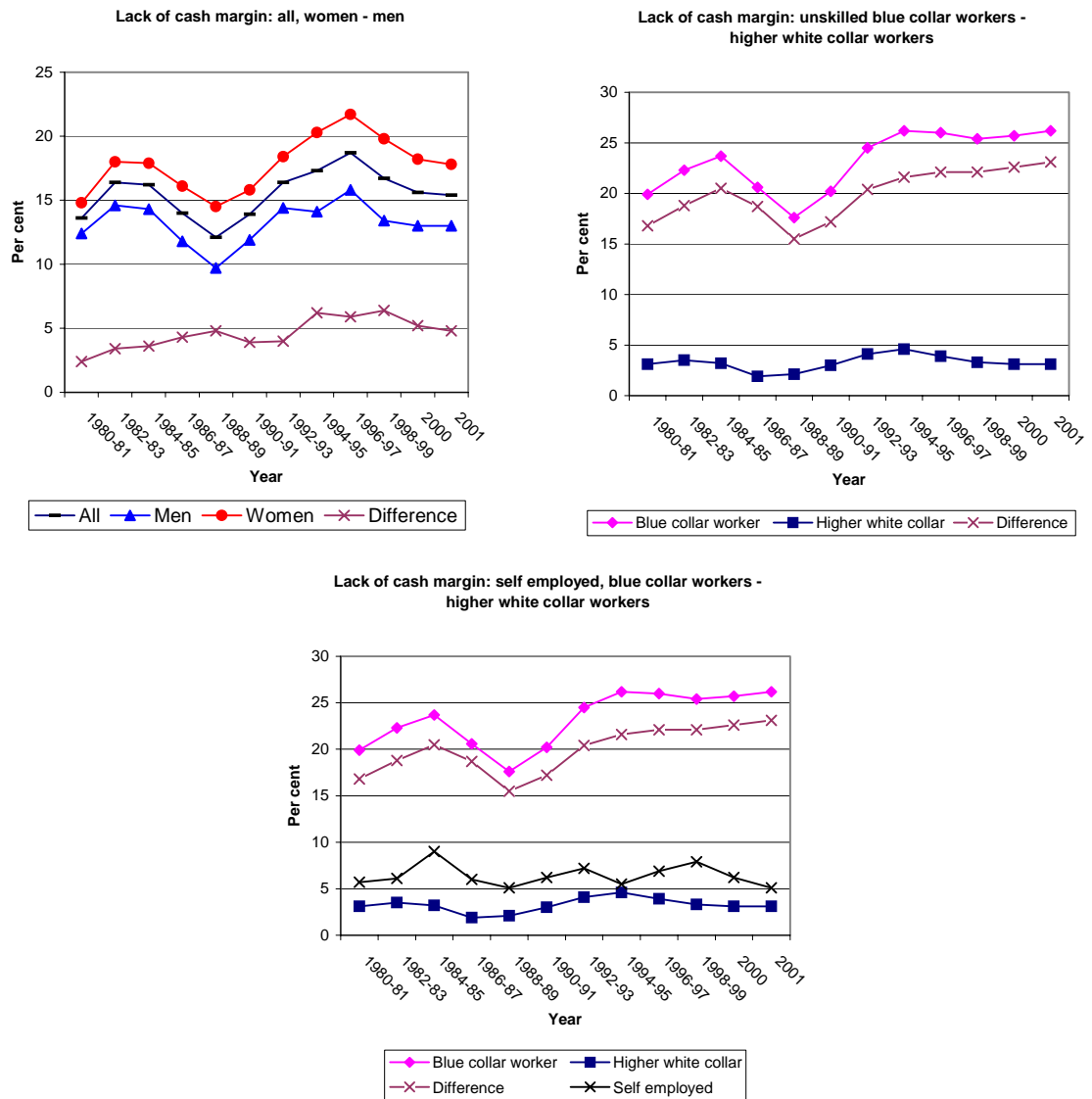
### 4.3.2 Swedish poverty in an international comparison

Comparing poverty between countries in a reliable way is, by all means, difficult. Data are collected in different ways, basic concepts, as for example household, are defined differently, price structures and economy of scale differs etc. Harmonizing data usually takes time, which means that it is hard to get figures that are up to date. There are, of course, example of comparative poverty research in the litterateur and one example is Förster's analyse (2000, 2002) of poverty in 21 countries, including all EU countries except Luxembourg, Portugal and Spain. The data Förster's uses come from the Luxembourg Income Study and relates to the mid 1990s. According to Förster's calculations 6.4 per cent of the Swedish population had an income below 50 per cent of median income poverty line and 10.4 per cent had an income below 60 per cent of median income. Using the 60 per cent level, Sweden had the lowest poverty rate of all countries in the study and according to the 50 per cent level only three countries, Finland, Denmark and the Netherlands, had a lower poverty rate. Förster is also calculating the poverty gap, i.e., the mean income among the poor as a proportion of the poverty line, for each country. The poverty gap is of course important since it indicates how poor the poor are. The problem from a Swedish perspective is that Sweden performs really badly, having the deepest poverty gap of all countries involved in the study, which really is a strange result in relation to the low poverty rate. The main reason for this result is attributable to the way households are, or to be more correct used to be, defined in the Swedish income data. The same year a person turns eighteen, he or she is defined as a household of its own, regardless of if he or she is still living in the parental home. A large proportion of these young adults are students with, at best, a very low income. Thus, what happens the year a child becomes eighteen is that a fictitious, very poor, household appears in the income statistics, which leads to an overestimation of the poverty rate and, especially, the poverty gap. Another effect is that the parents' income standard becomes overestimated because their disposable income is not correctly adjusted to the size of the household. The main conclusion is that poverty in Sweden up to date seems to be overestimated in international comparative but that Sweden nevertheless has a comparatively low poverty rate. Finally, it should be mentioned that this flaw in the income statistics recently have been addressed by Statistic Sweden and that the data presented above, relating to the 1996 an onwards, operates with another more realistic definition of household.

### 4.4 Direct indicators of economic problems

The problem of defining and measure poverty has, as mentioned above, been thoroughly discussed in the litterateur. What can be learnt from this discussion is that income based measures of poverty needs to be supplemented with more direct indicators. The annual Swedish Survey of Living Conditions contains a number of complementary indicators of economic hardship. One, often used, is based on a question asking whether the respondent can get hold of a certain amount of money within one weeks time. The sum of money asked for is adjusted in accordance with the consumer price index and the amount was in year 2001 set to 14 000 SEK, which approximately equals to €1 550. Data for the period 1980 to 2001 is presented in Figure 2. Comparisons are made between women and men, unskilled blue-collar workers and higher white-collar workers and between immigrants and native-born Swedes. The overall picture shows that the crisis during he 1990s clearly affected the economic situation. It is also clear that the situation improved during the latter part of the period. The figures do, hence, correspond with the estimate of poverty shown above.

**Figure 2. Lack of cash margin in different groups 1980 - 2001**



Source: Statistic Sweden, Survey of Living Conditions 1980 – 2001

Women do generally have less access to cash margin than do men and the increase during the first part of the 1990s was more visible among women than among men. One explanation for the situation is that single parents to a higher degree than others are exposed to an economically vulnerable situation and this group is predominately made up by women. However, also married and cohabiting women are more often than men in the same situation reporting that they lack a cash margin. One possible explanation to this difference is unequal intra-household distribution of resources (Halleröd 1997a). The figures above also show that unskilled blue collar workers are more exposed to economic difficulties than higher white-collar workers and that the same goes for immigrants in comparison with native-born Swedes. It is also clear that economic turmoil predominately affects those who already from the beginning had the most vulnerable situation. The last diagram in

Figure 2 also shows the figures for self-employed, figures supports the argument above that the high poverty rate among self-employed to a large degree is a statistical artefact.

#### 4.5 Social assistance

As mentioned above, social assistance plays a crucial role in the Swedish Welfare state as the last safety net, designed to step in and provide the necessary resources so that everyone can achieve a minimal economic standard also in the cases when the market, family and the rest of the welfare system has failed. The number of recipients, the amount of support each recipient receives and the duration that assistance is paid are therefore important indicators of the extent to which people have economic problems. Reducing the dependency of social assistance is therefore one of the government's most explicitly stated goals in the NAP. More precisely is the goal set to reduce the dependency of social assistance by 50 per cent between year 1999 and 2004. The yardstick against which this goal shall be evaluated is called 'full year equivalents'. A full year equivalent represents a household that during one whole year has social assistance as their only income source. Hence, the calculated number of full year equivalents is dependent on the number of households that receives assistance, the time during which they receive assistance and the amount they receive. As can be seen from Table 10, the number of full year equivalents has dropped with about 20 per cent between year 1999 and year 2001. The problem is that the preliminary figures (to be published later this spring) for year 2002 shows an increase. Hence, it seems unlikely that the government's goal will be accomplished.

**Table 10. Per cent of population and households receiving social assistance. Mean value for the number of months assistance has been received, total costs and full years equivalents. 1990-2001**

year	Per cent of the population	Per cent of households	Number of months of received social assistance	Total costs, 2001 prices	Full years equivalents
1990	5.7	7.5	4.3	6 074	71 718
1991	5.9	8.3	4.4	6 632	74 191
1992	6.5	9.0	4.6	8 052	88 128
1993	7.4	9.7	4.8	9 553	106 138
1994	7.9	10.2	5.1	11 041	123 472
1995	7.8	9.9	5.4	11 302	118 288
1996	8.2	10.3	5.7	12 384	134 144
1997	8.1	10.3	5.8	12 814	140 509
1998	7.4	9.3	5.8	11 860	129 200
1999	6.6	8.2	5.8	10 813	115 220
2000	5.9	7.2	5.8	9 750	100 879
2001	5.3	6.4	5.7	8 704	91 157
2002					86 122

Source: Statistic Sweden (2002), AND 2003

## 5 Social exclusion

### 5.1 Health, mortality and life expectancy

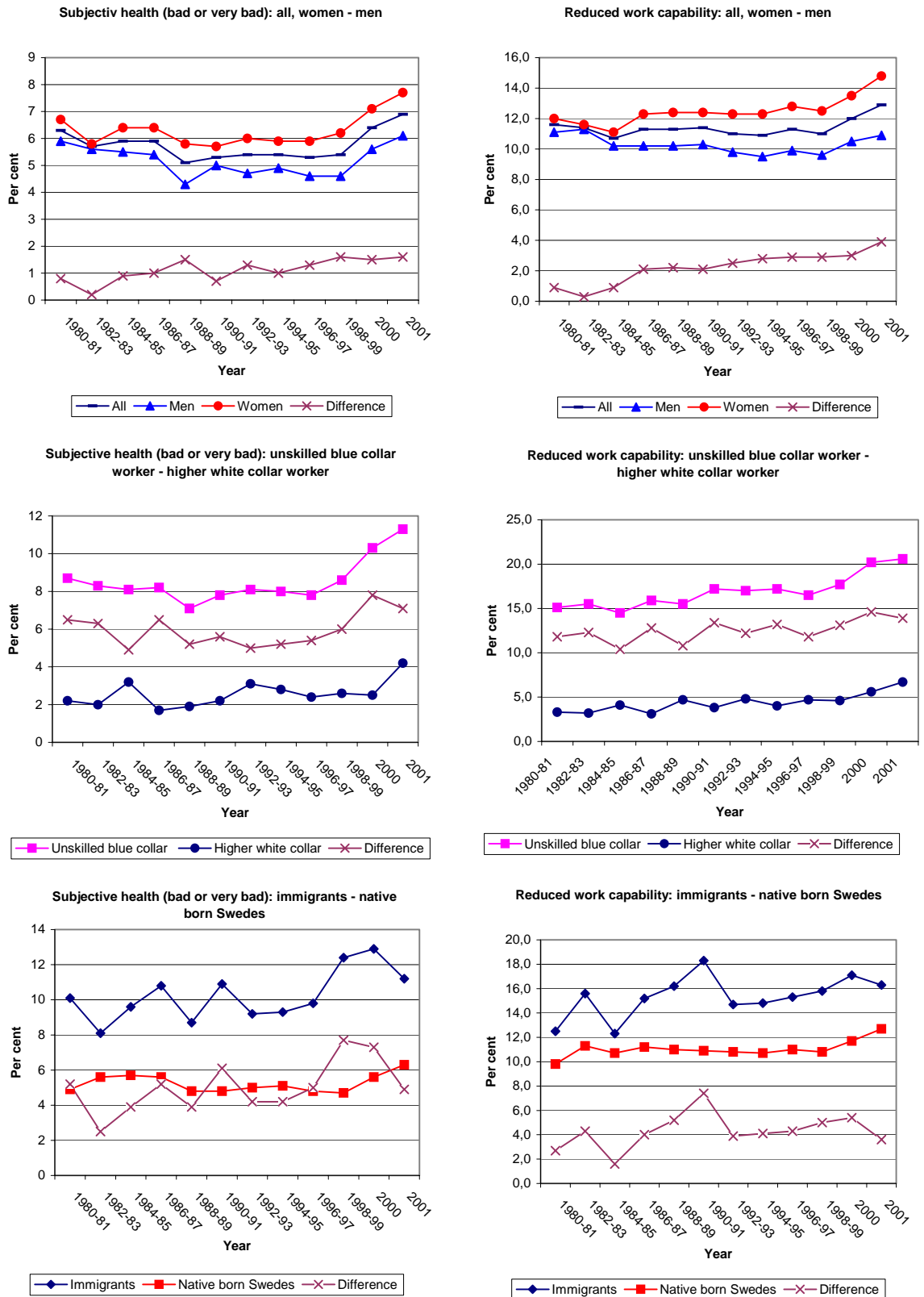
Health plays a crucial role in most peoples life. Good health is a recourse that enables participation and, hence, social inclusion in a wide range of different areas. Basic statistics of the health situation in Sweden gives a very positive picture. During the last twenty years, life expectancy has increased with more than three years for men and more than two years for women. Life expectancy for Swedish women is today almost 82 years and for men 77 years, putting the latter group in an absolute top position in the world, only surpassed by Japanese men. Infant mortality is just above 3 per thousand newborn, which is half of what it was just twenty years ago. Again, it is only Japan that surpasses Sweden.

In Sweden, as in any other country, there are differences between sections of the population. For example, in the beginning of the 1990s the relative mortality risk for a blue-collar worker in the age 30-59 was about 1.6 times higher compared to the risk for a white-collar worker. The relative risk difference was about the same as in six comparable countries. However, it is important to notice that the absolute mortality risk was lower in Sweden than in any of the other six countries (Kunst, Bos and Mackenbach 2000).

Below, data from the annual Survey of Living Conditions have been used to give an overview of the health development in Sweden during the last two decades. The first series is based on self defined health status and discriminates those who state that their health is 'bad' or 'very bad'. The second series shows the percentage of the population that states that they have a health impairment that reduces the capability to work (or, if retired, daily activities). For each one of these indicators has women and men, unskilled blue-collar workers and higher white-collar workers and, immigrants and native born Swedes been compared. In the diagram has also the differences between each one of these pairs been displayed. There are a number of reasons to interpret these kinds of data with care, data are, for example, not age standardised. However, they do nevertheless give a picture of the general development and indicates the magnitude of inequality in health.

Looking at subjective health, the first thing to notice is the worsening health situation during the last couple of years. The increase is observable among both women and men and the 'gender gap' is rather stable over time. The difference between unskilled blue-collar workers and higher white-collar workers is about six to seven percent, with a tendency to increase during the latter part of the period (except for the last year). Immigrants report a worse health situation than native-born Swedes. The pattern is to a large degree repeated when looking at reduced work capability. There is however one differences that should be noticed and that is the increasing difference between women and men – women are, especially during the later part of the 1990s and the beginning of the new century, increasingly reporting that they suffers from health problems that affects their ability to work.

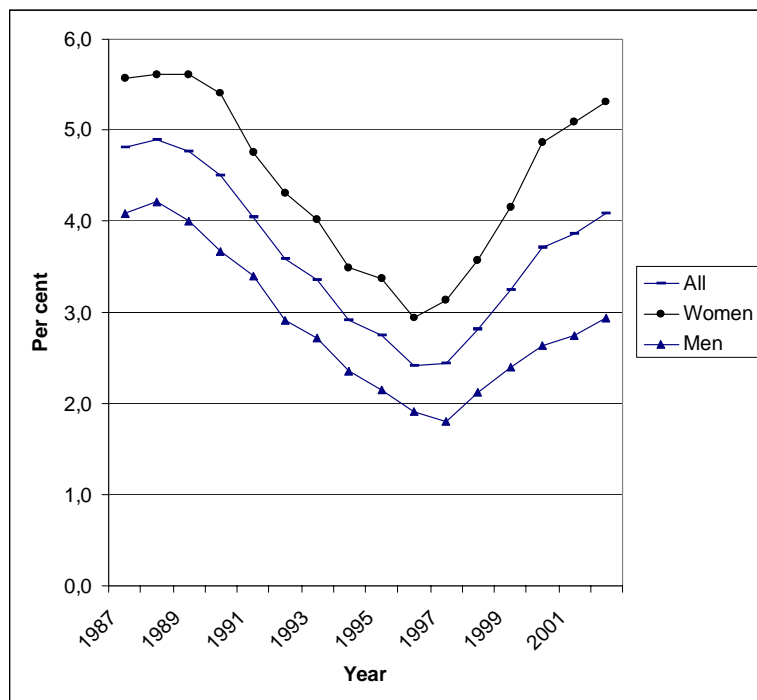
**Figure 3. Evaluation of subjective health status and declaration of reduced work capability related to health problems, 1980 - 2001.**



Source: Statistic Sweden, Survey of Living Conditions 1980 – 2001

Another indicator of the health situation that supports the subjective indicators is the development of absence from work due to illness. As can be seen from the diagram below, there was a dramatic decrease in sick leave in the beginning of the 1990s, followed by just as dramatic increase. The gender pattern that could be observed above is also visible here. There is no agreement regarding the reasons for the development but the figures are clearly worrying. First, the cost is a great burden for the state budget and is threatening to undermine the ability to finance obligations in other areas and to uphold current level of income maintenance in the sickness insurance.

**Figure 4. Sick leave as per cent of the employed 1987-2002**



Source: Labour Force Survey

Second, the increase absence due to illness means that the increase in the employment rate, discussed above, is more or less fictitious since it is counterbalanced by absence due to illness. Third, it is first and foremost long-term absence that has increased the most and it is, not the least from the perspective of poverty and social exclusion, important to keep track of the degree to which people are able to return to work after being long-termed absent.

## 5.2 Education

It is often taken granted that we are heading towards a more and more knowledge based society. Education is a vital part of this development and the importance of education for peoples' prospects on the labour market is often emphasised and empirically verified (Halleröd 1999). During the 1990s the grading system used in Swedish schools was changed from a relative system, placing the students in an assumed distribution, to an absolute system related to specific knowledge criteria. One feature of the new system is that it gives explicit information if a student is eligible to move on from one level of the educational system to another. As can be seen from Table 11, around ten per cent those finishing primary school has not meet the requirement necessary for to go on to secondary school. Looking at the next step in the education system, about fifteen and, in one year, as much as twenty per cent of the students in secondary school are not qualified for tertiary education. These figures have been relatively stable over time.

**Table 11. Per cent of student that meets the qualification criteria for moving on the next level of schooling 1998 – 2002**

	Year				
	1998	1999	2000	2001	2002
Finished primary school – qualified for secondary schooling	91.4	90.3	89.4	89.2	89.5
Girls	93.1	92.1	91.3	91.0	91.0
Boys	89.8	88.6	87.7	87.4	88.0
Immigrants*	80.4	79.6	78.6	78.4	78.9
Girls	83.2	82.1	81.0	80.8	80.8
Boys	77.7	77.6	76.3	76.2	77.1
Finished secondary school – qualified for tertiary schooling	83.3	83.5	80.3	84.6	85.7
Girls	87.4	87.6	84.8	87.8	88.8
Boys	79.0	79.3	75.7	81.3	82.5
Immigrants*	73.9	74.5	69.6	75.0	77.7
Girls	78.6	79.7	75.4	78.9	80.9
Boys	68.6	68.4	63.3	70.7	74.0

\* Children who themselves, or both of their parents, are born outside the country  
Source: National Agency for Education

The difference between girls and boys is also stable over time. The figures for girls are about 3.5 per cent higher than for boys when looking at primary school and about 7 per cent higher (lower the two last years) when looking at secondary school. Among immigrant children the figures are somewhat more than ten per cent below the total average. In this group the difference between girls and boys is about 5 per cent in primary school and close to ten per cent in secondary school. However, it is worth to notice that the 'gender gap' is decreasing the last couple of years.

### 5.3 Residential Segregation

Residential segregation is mainly structured by socio-economic differences and ethnicity, often closely interlinked with each other. The problematic features of segregation are mainly connected to larger cities. The reason is that it is only possible to talk of a segregated community when segregation affects a larger area and a larger population. When services, schools and other basic functions in the society starts to be embedded within a segregated geographic area the effects of segregation reaches a more structural level of the society and one could start to discuss area effects on people's life chances. There are some indications that socio-economic segregation has increased somewhat during the 1990s in the sense that the spatial concentration of low-income earners, on the one hand, and high income earners, on the other hand, has increased in the three largest cities (Stockholm Gothenburg and Malmö). However, it is worth to emphasise that high-income earners, i.e., the ones that can choose where to live, are the most segregated. Hence, it is possible to find people with quite low incomes in most areas, but it is most unlikely to find rich people in 'poor' areas (Socialstyrelsen 2001).

Also when it comes to ethnic segregation an increase can be observed. To say that there is an ethnic segregation does not mean that immigrants and their ancestor are living in ethnically homogeneous areas. What signifies the areas in the larger cities with a high



degree of immigrant populations is instead an ethnic mix, which means that immigrants to a large degree tends to live in the same areas but that very few of these areas are dominated by one specific group. What is most typical for the ethnically segregated areas is instead the lack of native-born Swedes, which have lead leading researchers within the field to talk about 'Swedish-sparse' areas rather than immigrant areas. There is also a clear hierarchy among immigrant groups (Socialstyrelsen 2001).

## 5.4 Homelessness

There is no agreed definition of 'homelessness' (Sahlin 1992). There are easily defined situations like when a person is sleeping on the streets or is given temporarily shelter in a hostel. However, there are also a number of situations that can be perceived as a continuum from having a self-contained home to be living on the street. To make the situation even more problematic, homelessness is often a process, rather than fixed situation. People become homeless in a process where they, for example, loses their job, split up from the family, are caught in drug abuse etc. In this process the individual is pushed out from the regular housing market. Also the return to a to a non-homeless state is in most case a process.

Estimating the incidence of homelessness is not only conceptually difficult, it is also, for obvious reasons, practically difficult - people without an address are hard to find. Some studies have, nevertheless, been conducted in Sweden, trying to estimate the number of people without any home. In a broad attempt in 1999, it was concluded that there were 8 440 homeless people in Sweden. Only 6 per cent of this group was defined as 'street bums' and an additional 8 per cent was provided some kind of temporal shelter in a hostel. There are no previous studies that allows for an exact comparison over time but the data at hand seems to indicate that number of homeless people are more or less stable.

## 5.5 Accumulation of welfare problem – social exclusion

The first Swedish Level of Living Standard survey was conducted in 1968 and since 1975 Statistic Sweden conducts the annual Survey of Living Conditions (ULF). More than 200,000 interviews have been conducted since 1975 and since 1979 a panel approach is integrated in the survey program. The so-called SILC survey will from year 2004 be an integrated part of ULF. The available data gives a unique opportunity to conduct analysis of living conditions and social exclusion. In this section ULF data covering the period 1990 to 2001 is used to analyse the incidence of health problems, economic problems, unemployment, social isolation, exposure to violence and, living in over crowded conditions. Data are merged so that three periods, 1990 –1993, 1994- 1997 and, 1998- 2001, are analyzed simultaneously. The indicators of welfare problems and the incidence are displayed in Table 12. The situation is, as can be seen, rather stable over time, it is mainly difficulties making ends meet that is decreasing during the latter period

**Table 12. Incidence of welfare problems 1990 - 2001**

	1990 –1993	1994 –1997	1998 – 2001
Unemployed more than six months or early retired (unemp)	6.6	8.4	7.6
Lack of cash margin, cannot, within a week, raise €1 550* (cash)	15.1	18.1	16.3
Difficulties making ends meet (ecodiff)	13.3	15.9	10.6
Health problems, subjective evaluation (health)	5.4	5.6	6.2
Exposed to theft or damage of property (theft)	27.0	25.7	26.0
Exposed to violence or threat of violence (violence)	3.5	3.6	3.8
Living in over crowded conditions (crowded)	14.0	15.3	14.4
Do not have a close friend (friend)	20.3	19.7	18.3
Do not socialize with neighbours (neighb)	35.1	38.0	37.4

\* The amount used in the 2001 survey was 14 000 SEK. The amount used in earlier surveys is adjusted in accordance with consumer price index.

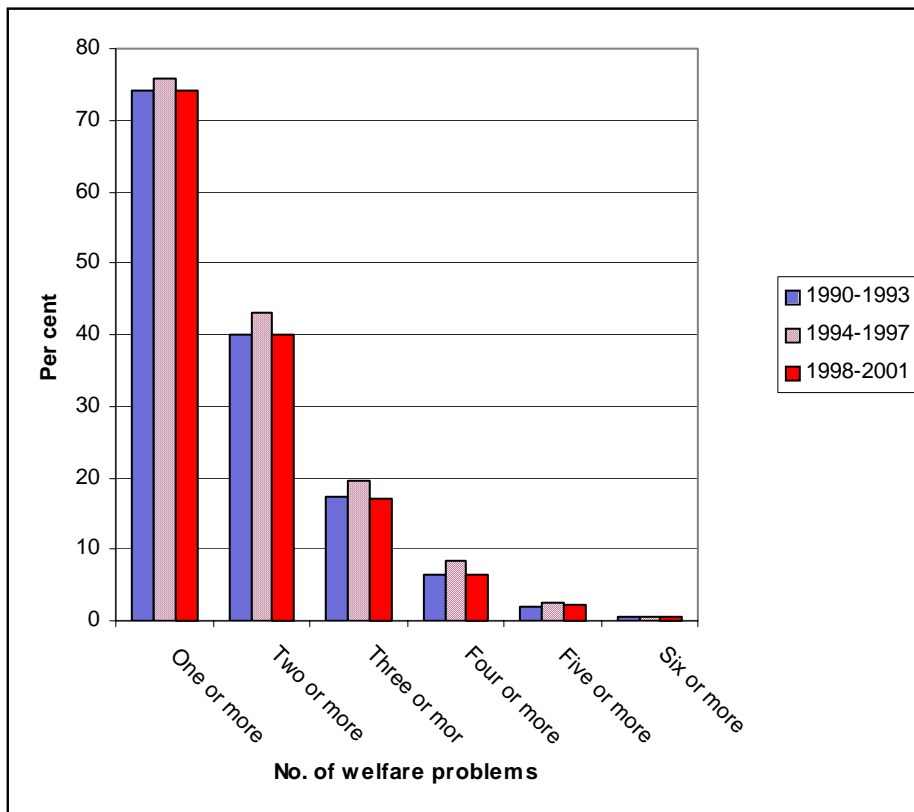
Source: Statistic Sweden, Survey of Living Conditions 1990 – 2001. Own calculations

The concept of social exclusion is notoriously difficult to define in a distinct manner (c.f. Byrne 1999; Silver 1994). There is nevertheless a general idea that exclusion involves a process that cut off people from the mainstream society. Hence, social exclusion could be described as an effect of links between different specific welfare problems – unemployment that leads to poverty that leads to health problems that leads to social isolation etc. Welfare state efforts will never succeed in preventing all kinds of welfare problems. However, the main task for any policy against social exclusion should be to cut the links between different kinds of welfare problems so that a process towards social exclusion can be prevented. The first step in order to do that is of course to identify the most important links to cut. One way of doing that is presented below.

In Figure 5 is the accumulation of welfare problem shown for the three periods. The figure shall be read as follow. The first set of bars show the fraction of the population that has one or more problems, the second set shows the incidence of two or more problems etc. As can be seen, a fair share of the population does experience at least one problem, less then half of the population has two or more problems. There is only about 2.5 per cent of the population that suffers from five or more out of the nine problems and the fraction that has six or more problems makes up just about half a percentage of the population. However, again it has to be pointed out that survey data, even though of good quality and with a high response rate, almost by certainty misses the most marginalized section of the population – they will simply not show up in survey data.

The differences over time are extremely small, the only thing that is discernable is that the accumulation is somewhat more pronounced in the middle period, i.e., the result basically confirms the pattern revealed earlier in this report. About on fourth of the population have no problem at all, a third has only one problem and less then half the population has two or more problems. Around seventeen per cent has three or more problems.

**Figure 5. Accumulation of welfare problems, 1990-2001.**

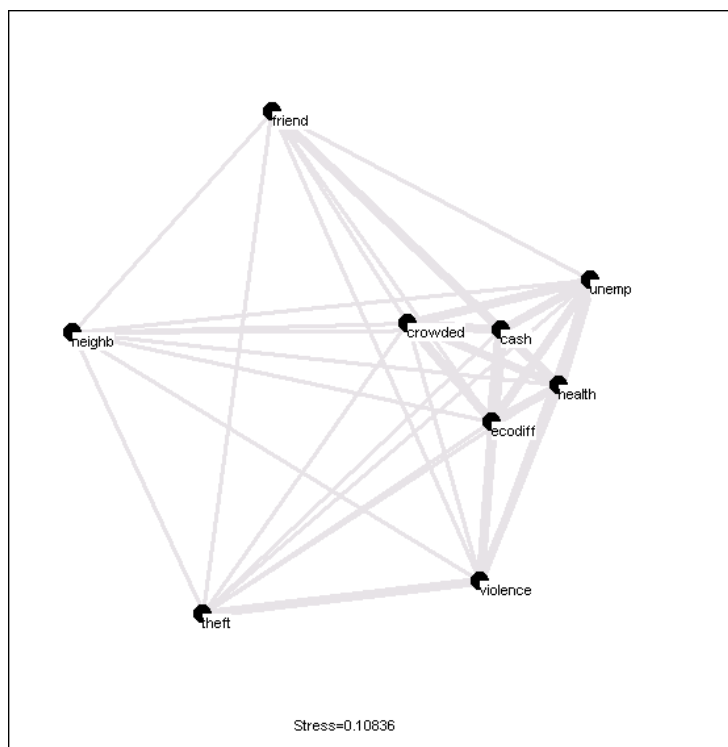


Source: Statistic Sweden, Survey of Living Conditions 1990 – 2001. Own calculations

The connections between the indicators displayed in Table 12 have in a first step been analyzed in a series of logistic regression models, estimating a log-odds for every bivariate link. Since age is strongly correlated to some of the problems, as for example health

(the old), violence (the young) every estimate is controlled for by age (age is entered into the regression model as a set of dummy variables). The estimates have, in a second step, been used as in-data in a multi dimensional scaling process, which results in the map displayed in Figure 6. A map for each period has been calculated, they do, however, look very much the same so only the map for the latest period , i.e., 1998-2001, is displayed. The closer the indicators are located to each other, the closer relationship and, the thicker connection, the stronger estimate.

**Figure 6. MDS estimation of connections between welfare problems during the period 1998 - 2001**



Source: Statistic Sweden, Survey of Living Conditions 1998 – 2001. Own calculations

The most interlinked problems are economic problems, unemployment, health and, living in over crowded conditions. The most central of these variables is the lack of cash margin, emphasising the importance of access to economic resources and the negative consequences of poverty. It is also interesting to see that both lack of friends and exposure to violence is connected to the central economic variables while theft and lack of contact with neighbours are less likely to appear together with the other variables.

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