5 Institutional Changes: Welfare Services

In the previous sections the development of welfare during the 1990s has been analysed from the perspectives of various population groups' living conditions and welfare resources. In Chapters 5 and 6 the focus is shifted to the different welfare state institutions, firstly welfare services and thereafter to cash benefit systems, and their role as collective welfare resources for citizens during the 1990s. Common for both the cash benefit systems and welfare services is that they aim to influence the level and distribution of welfare in its broadest sense. At times this can be read directly at the individual level, e.g. by studying household incomes, but more frequently there are only indirect indicators of the impact of welfare systems on individual welfare. It is often possible to follow how many people actually receive some sort of payment or utilise a service. However, many have the right to, and need for, benefits of various types without claiming or using them. In order to assess the development of welfare during the 1990s it has therefore been both relevant and necessary to study not only the actual expenditures and number of people who received support but also other aspects in the development of systems of social protection.

How childcare, schools, health and medical care, care of the elderly and other social services function is important for most people's welfare and daily life. This does not exclusively apply to those who make use of the services during different phases in their lives. Well-functioning welfare services are also an important resource for people who at a given time do not need to use the services, but can regard them as insurance coverage for possible future needs. In addition, the welfare services can also constitute a resource for citizens who themselves are not in need of the services; for example well-functioning care of the elderly is a resource for everyone who has a family member in need of assistance, and

schools where children become well-equipped for the demands of adult life, are a resource for society as a whole. Accessibility and quality are central concepts in the assessment of the extent to which welfare services can serve as collective resources for people's welfare. Are the services accessible to the citizens who require them and does their structure and quality meet the needs of the citizens?

In the following sections (5.1 to 5.7) we seek to provide a description of resource allocation trends in the different social service areas and, to the greatest possible extent, place these developments in relation to the development of needs that can be identified. Further, the Commission has sought to illuminate how resources are allocated within the respective fields. Since a common denominator for welfare services is that they occur in the encounter between those who perform and those who use the services the personnel are a central resource. Therefore we strive to not limit the description to economic terms but also make use of information on personnel, e.g. number of employees, staffing levels, education etc. In addition, changes in regulatory systems and other circumstances that have affected the accessibility and content of the services are described. The focus is on the scope of the services and on the organisation and content of the undertakings and aims ultimately to an assessment of the welfare services as resources for the citizens.

5.1 Childcare[1]

For a long period of time the goals of Swedish childcare policies have been in part to stimulate children's development through educational efforts and to contribute to evening out differences among population groups in the conditions during childhood and adolescence and in part to facilitate for parents to combine parenthood with gainful employment or studies.

Childcare during the 1990s can be described in terms of both expansion and contraction. In terms of legislation it is reasonable to speak of an expansion. The public engagement was broadened in that from 1995 the municipalities were assigned an enhanced obligation to, without undue delay, provide daycare for all children

[1] This section is largely based on Christina Bergqvist and Anita Nyberg's contribution to the Commission (SOU 2001:52).

between the ages of 1 and 12 years whose parents work or study. In 1998 the provisions governing childcare were transferred from the Social Services Act to the Education Act, the term daycare centre was replaced with pre-school and the activities received their first curriculum. The heightened emphasis on childcare's educational role can be seen as a step towards making childcare available to all children, regardless of whether the parents are employed or not. A further step in the same direction was taken by Parliament *(Riksdagen)* in November 2000 through a decision to introduce pre-school activities for at least three hours per day for children of the unemployed and parents on parental leave.

Also with respect to the number of children receiving childcare it is reasonable to speak of an expansion during the 1990s. The number of children registered in some form of childcare (preschool/daycare, registered childminding home or after-school care) rose from 532,000 to 720,000 between 1990 and 1999. Annual variations in birth rates naturally influence this trend but also the occupancy rate of pre-school and after-school care increased. Of 3-6 year olds the proportion in childcare rose from 64 to 82 per cent during the 1990s and among 7–9 year olds from 49 to 63 per cent. The *number of* children in pre-schools dropped by 10 per cent between 1996 and 1999, while the number of children in after-school care increased by 39 per cent during the same period. Again, a reflection of changes in birth rates. The *proportion* of registered children has risen every year for pre-schools as well as after-school care. In other words, childcare has progressed towards greater universality during the 1990s.

At the same time, there has been an institutional shift within childcare in that the proportion of children in publicly financed but privately operated childcare-centres increased from 5 per cent in 1990 to 15 per cent in 1999. Non-profit operation of privately managed childcare dominates, foremost parental co-operatives, although for-profit operations in the form of limited companies increased most rapidly during the 1990s (Trydegård 2001, cf. National Agency for Education 2000a). The well-educated parents, and those with substantial resources otherwise, are considerably more inclined to make use of privately managed childcare while, for example, children of parents born abroad are clearly under represented in private pre-schools. Consequently there can be a clash between the goal of increasing parents' freedom of choice through the expansion of privately managed childcare and the ambition that

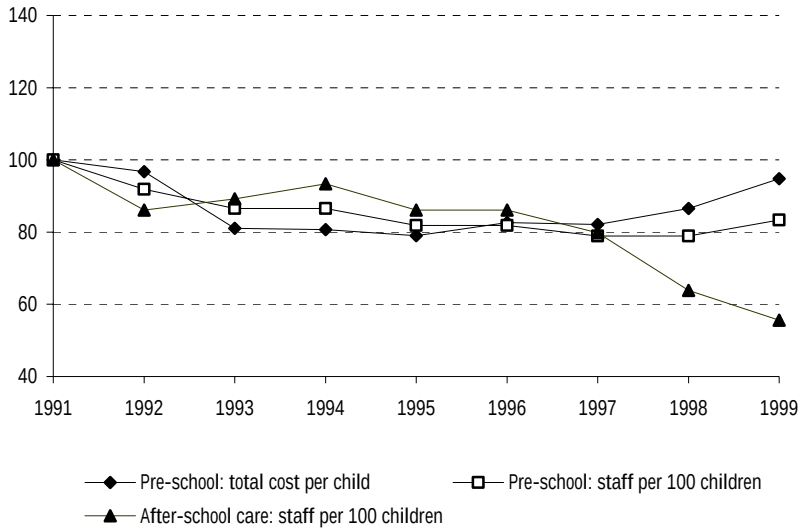
childcare is to create "meeting places for children with different ethnic, cultural and social backgrounds" (Government Bill 1999/2000:129 p. 8).

During the decade under study the financing of childcare has also moved towards greater private funding. Childcare fees were raised and the parents' share of the total cost of childcare rose from 10 to 18 per cent. During the same period most municipalities linked fees both to the income of parents and to the duration of time the child/children spent in childcare while at the same time the differences in municipal fees increased. The introduction of the so-called max fee reform will alter this and most parents will pay lower fees.

The question of childcare quality is of course central from the perspective of children and parents. However, there are a number of issues which makes it difficult to make an evaluation of how the quality has changed. Measured in financial terms the allotments for childcare are characterised by restraint during the 1990s. In total, the public funding has decreased but the increase in fees paid by parents means that the total economic resources for childcare were roughly equivalent in 1990 and 1999, approximately SEK 40 thousand million. The cost per child at pre-schools dropped during the first half of the 1990s and despite an increase at the close of the decade the level was lower in 1999 than in 1991. (See Figure 2). The drop in resources for after-school care was even more substantial, and it continued during the closing years of the 1990s (National Agency for Education 2001c).

The size of children's groups increased by 20 per cent at pre-schools and by 65 per cent at after-school care activities. Staffing levels vary considerably from municipality to municipality and the municipal differences have, in this respect, increased during the decade (Bergmark 2001). In Sweden as a whole the number of children per full-time employed person increased from 4.2 to 5.4 in pre-schools and from 8.3 to 17.5 in after-school care. This trend in pre-schools reversed in 1998, while the reduction in staffing levels accelerated within after-school care during the closing years of the decade in pace with the considerable increase in the number of registered children (See Figure 2).

Figure 2. Total cost including parents' fees (fixed rates) per full-time child in day care/pre-school plus staffing levels within pre-school and after-school care respectively per 100 children (index: 1991 = 100)



Source: Bergqvist & Nyberg 2001.

The dilution of resources, i.e. the lower staffing levels and larger groups of children, can in themselves be seen as indirect indicators of reduced quality within childcare. Another often used quality indicator is the training level of personnel which has increased substantially in pre-school and after-school care as well as registered childminding homes. The proportion of staff with educational training working within after-school care activities has however dropped since 1998 (National Agency for Education 2001c). To the extent the working environment of childcare workers has consequences for the quality of care, it is noteworthy that, e.g. the proportion of childcare workers who are anxious and have difficulty sleeping because they think about their work has doubled (Bäckman 2001). However, it is impossible to make an overall assessment of the impact that these changes have had more directly on the children.

5.2 Schools

The compulsory comprehensive school's aims include providing the pupils with the knowledge, skills and education in general that is necessary for participation in society. According to the Education Act all children are to have access to equivalent education regardless of gender, social group or place of residence.

Schools as institutions underwent major changes during the 1990s with respect to principals as well as grading systems and curricula. Schools have successively become a municipal concern and they now are responsible for both operation and financing. Another institutional shift in the school field concerns the relationship between the public and private. A number of parliamentary decisions during the 1990s made the expansion of publicly-funded privately run so-called independent schools possible. The proportion of compulsory school pupils attending independent schools increased between 1990 and 1999 from 0.9 to 3.4 per cent (Statistics Sweden 2000b). An equivalent trend also exists within secondary schools where the proportion of students in independent schools rose from 1.5 to 3.8 per cent between 1995 and 1999 (National Agency for Education 2001c). The majority of independent schools were non-profit-making enterprises but for-profit and major companies are the most rapidly expanding. Independent schools are most common in the larger urban centres and in municipalities with a small proportion of residents with a low level of education. (Trydegård 2001). Children attending so called independent schools more often had parents with higher education and incomes than children attending municipal schools. (National Agency for Education 2000b).

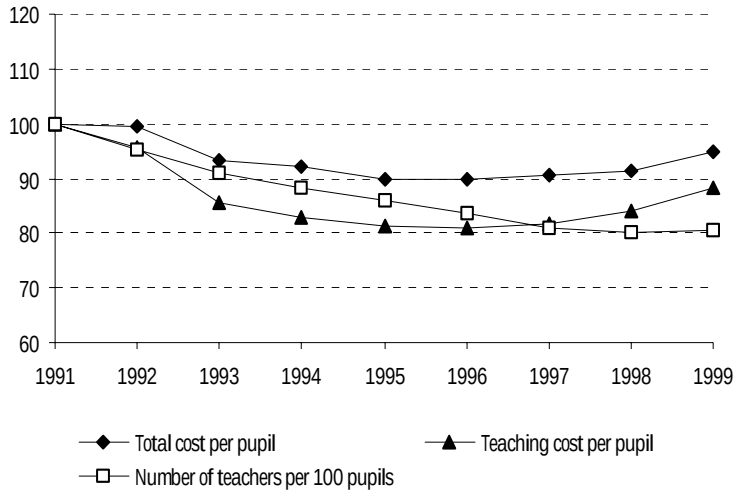
Starting from a resource-orientated welfare perspective schools can be assessed from a variety of perspectives. In keeping with the school system's aims the first question concerns the extent to which schools provide the pupils with the knowledge and skills necessary to positively influence their future living conditions. A direct answer concerning the influence of developments during the 1990s is not possible from this perspective given the considerable lack of comparable knowledge and skill evaluation at the compulsory school level. Nor is it possible, due to the altered grading system, to follow leaving grades over time as well as to compare the numbers that have attained the grades necessary to continue studies at the next level of education. However, available data

indicates that pupils without complete compulsory school grades increased between 1990 and 1997, and that the proportion of pupils without qualifications for secondary school studies continued to increase between 1998 and 2000 (Gustafsson, Andersson & Hansen 2000; see also section 3.2).

A traditional but indirect indicator of schools as a resource for citizens is the allocation of funding. The total cost of compulsory schools declined by 15 per cent during the first half of the 1990s (calculated in fixed prices), but after an extra contribution in the closing years of the decade the level climbed to somewhat higher than during 1990 (SEK 56 thousand million in 1999). At the same time, for demographic reasons, the number of compulsory school pupils increased by a full 17 per cent and in 1999 there were slightly more than one million pupils attending compulsory school.

Figure 3 shows the development of compulsory school costs per pupil during the 1990s as well as the number of teachers per 100 pupils. From a balance sheet perspective it is foremost the endpoints of the curves that are of interest. As the figure illustrates the total cost per pupil is roughly five per cent lower in 1999 compared with 1991. The costs of teaching dropped more noticeably, i.e. by 12 per cent, despite an increase of funding for schools towards the end of the decade. The teacher-pupil ratio fell even more, i.e. by close to 20 per cent. The number of teachers per 100 pupils in 1999 was 7.6 which can be compared with 9.4 in 1991 (National Agency for Education 2001c). Although the number of school children with a different mother tongue than Swedish increased during the 1990s the number of teaching hours in mother tongues and in Swedish as a second language fell substantially (SOU 2000:3). Also, the proportion of teachers with university level teacher training has fallen. The proportion without such qualifications has increased from 8 to 13 per cent between the beginning and end of the decade (Statistics Sweden 2000b) and increased to more than 17 per cent in year 2000 (National Agency for Education 2001e). At the end of the decade more than 70 per cent of Sweden's municipalities had a lack of compulsory school teachers (The Swedish Association of Local Authorities 2001a). To the extent that the teachers' working environment has an impact on quality it is important to note that the proportion of teachers who consider their workload excessive and who are troubled by sleep difficulties and anxiety increased dramatically during the period (Bäckman 2001).

Figure 3. Compulsory schools: Total cost and teaching cost per pupil respectively (fixed rates) plus teacher–pupil ratio 1991–99 (index, 1991 = 100)



Source: National Agency for Education 2001c.

In the case of upper secondary schools the changes in resources has been less dramatic. As has been the case with many other welfare areas the reduction in resource allocation at the start of the decade was followed by an increase in the closing years of the 1990s. In 1999 the aggregate costs amounted to SEK 22 thousand million. At the end of the decade the cost per pupil was ten per cent higher compared with 1991, while the teacher–pupil ratio returned to the same level as at the start of the decade. (National Agency for Education 2001d). Within secondary schools the proportion of teachers without university level teacher training increased during the 1990s, from 7 to 18 per cent (Statistics Sweden 2000b).

Otherwise, the greatest changes within secondary schools are that all programmes are three years and formally are university entrance plus the introduction of so-called individual programmes. Individual programmes are primarily intended for pupils who are not qualified or have not been admitted to studies at the upper

secondary school level in what are known as national programmes. The number of students in the individual programmes has risen the 1990s and in 1999 encompassed 14 per cent of first year upper secondary students (National Agency for Education 2001c). Sharp criticism has been aimed at the individual programmes as they do not seem to have had the desired effect and only a minority of the registered students ultimately graduate from upper secondary school (See e.g. Broady *et al.* 2000). As was stated concerning compulsory school it is difficult to evaluate in general terms whether the students who leave secondary school are more or less equipped, in terms of knowledge, than they did at the end of the 1990s compared with the start. It should however be noted that the proportion of students who graduated within four years of starting secondary school has diminished each year from 1998 to 2000 (See section 3.2).

5.3 Labour market measures[2]

The rising unemployment during the first years of the 1990s resulted in heavy pressure on Swedish labour market policies. The number of people in active labour market programmes increased substantially while the efforts became more differentiated and decentralised. At the start of the decade there where five alternatives; vocational training, training for the disables, temporary employment, recruitment support and youth measures. Only two of the above-mentioned survived the entire decade. The others disappeared successively and were replaced while at the same time the range of options as a whole was extended considerably. Table 19 presents an overview of developments as well as the number registered for the various labour market programmes.

[2] This section is largely based on Håkan Regnér's contribution to the Commission (SOU 2000:37), see Methodological Appendix.

Table 19. Number of participants in active labour market programmes, in thousands, 1990–99 [a]

Year	Vocational Training	Temporary Employment	Measures for the Disabled	Recruitment Support	Youth Measures	Training Substitutes	Work Skill Development	Computer Centres	Workplace Introduction
1990	38.6	8.1	87.7	2.3	4.8	-	-	-	-
1991	58.6	10.8	86	4.8	13.2	-	-	-	-
1992	86.3	15.8	84.8	13.5	34.6	8.3	-	-	-
1993	53.2	14	84	9.2	67.7	9.8	35.1	-	-
1994	59.5	16.7	87.2	25.5	56.9	12.7	44.5	-	-
1995	54.6	14.5	92	21.0	20.4	11.2	41.3	5.9	21.5
1996	45.6	8.3	85.9	12.3	-	9.8	52.3	11.9	32.4
1997	36.9	7.1	85.2	3.7	-	3.5	52.5	14.0	34.3
1998	41.9	1.1	89.6	-	-	0.3	38.9	11.5	19.4
1999	45.0	-	89.5	-	-	-	8.0	7.3	2.3

Year	Start-Your-Own	Municipal Youth Programmes	Temporary Public Employment (OTA)	Individual Employment Support	Support Work in Public Service	Project Work with Unemployment Benefits	IT undertakings	Development Fund Guarantee	Workplace training
1990	-	-	-	-	-	-	-	-	-
1991	-	-	-	-	-	-	-	-	-
1992	-	-	-	-	-	-	-	-	-
1993	-	-	-	-	-	-	-	-	-
1994	10.2	-	-	-	-	-	-	-	-
1995	10.1	1.7	-	-	-	-	-	-	-
1996	10.3	12.6	-	-	-	-	-	-	-
1997	12.3	14.2	5.4	-	-	-	-	-	-
1998	12.5	12.2	7.8	10.6	4.1	0.3	0.7	2.8	-
1999	10.8	7.3	7.8	9.7	2.9	0.6	3.0	5.6	22.5

a The measures for the disabled include protected workplaces, salary contributions, labour market institute and other publicly protected employment. Youth measures include special and contracted introductory positions. As of 1 July 1995 Workplace Introduction replaced programmes for university graduates, immigrants and young people.

Source: Regnér 2000 and the Labour Market Board (AMS) Statistics Service.

Over the entire period and in terms of the number of participants labour market training is, alongside measures specifically for the disabled, the largest single measure although it has declined proportionally. In 1990 more than 50 per cent of the unemployed were engaged in labour market training. In 1999 the proportion had

declined to 16 per cent. The introduction of other measures, particularly Work Skill Development in 1993, resulted in a considerable movement from labour market training. The aggregate expenditure for active labour market measures (excluding those for the disabled) rose from just under 9 to more than 20 thousand million during the decade (88 per cent in fixed rates). Since the number of participants increased substantially the resources expended per individual in the programme decreased. The proportion of the workforce that participated in active measures varied from 1.2 to 5.3 per cent during the 1990s and in 1999 the figure was 3.1.

The decentralisation of labour market policies has been expressed in a number of ways. One is that in 1996 the municipalities obtained decisive influence over the so-called 'job centre committees' in that they became allowed to appoint a majority of the committee members. Furthermore, the municipalities overtook direct responsibility for certain labour market programmes, particularly concerning young people – in 1995 for young people up to the age of 20 (within Municipal Youth Programmes) and in 1998 for people between the ages of 20 to 24 (within the framework of the so-called Development Fund Guarantee). In 1998 a trial programme was also launched in five counties giving freedom in the application of labour market funding.

5.4 Healthcare[3]

According to the second paragraph of Health and Medical Services Act (SFS 1982:763, 2§) healthcare in Sweden shall aim to promote good health and that care is to be provided under the same conditions for the entire population. The Act also stipulates that care is to be provided with respect for people's equal value plus that those with the greatest need of care shall be given preference.

How healthcare is to be financed, organised and operated has been one of the central issues in the past decade's welfare policy debate. Today, 18 county councils, 2 regional bodies and one municipality without a county council (Gotland) operate healthcare. During the 1990s a number of major changes in healthcare's focus leading towards greater municipal care and consequently also distinct changes in financing. The reform of care of the elderly that

[3] This section is partially based on Olle Lundberg's (SOU 2000:38) and Göran Berleen's (unpublished) contributions to the Commission.

was primarily conducted in 1992 is the greatest of these remodelling processes but also the psychiatry reform of 1995 has been significant. On the whole the shift in the distribution of labour between municipalities and county councils has involved a focus on more emergency medical care within the county councils while the municipalities have taken over a considerable portion of the more long-term caring tasks. During the 1990s healthcare has also undergone substantial changes with respect to the forms of direction and ownership. A majority of county councils have introduced purchaser-provider models with performance-based remuneration systems and, at the same time, private care providers have become more common, particularly within the primary care sector. All in all the consequences of these organisational changes on the quality and availability of care are not possible to quantify at present.

It is difficult to present a uniform picture of the cost of health-care based on the available statistical sources because, among other reasons, of the changes in principals and also due to shifting definitions and limitations. Generally speaking it can however be confirmed that the public expenditure for healthcare increased overall during the 1990s, foremost during 1998 and 1999. The increase is attributed to a considerable extent by the markedly increased costs for pharmaceuticals. In total, the public expenditure on healthcare amounted to more than SEK 120 thousand million in 1999 (Statistics Sweden 2001c).

Also, the costs of health and medical care paid directly by households increased during the 1990s, and these expenses amounted to more than SEK 23 thousand million in 1999. The increase is attributable to, e.g. the fees paid by patients for visits to doctors and dentists plus pharmaceuticals climbed substantially during the 1990s (National Board of Health and Welfare 2000c). In 1990 a visit to the doctor cost SEK 60 in both primary care and at hospital. In 1999 the fee in primary care was SEK 100 on average while the charges for specialist care had risen to an average of SEK 200. The variations between different county councils were considerable at the end of the 1990s. If the fee level from 1990 had only increased at the same pace as general price increases the patient fees in 1999 would instead only have been roughly SEK 75. In 1998 doctor's visits for children and young people in out-patient medical service became free of charge but certain county councils have subsequently eroded this principle. Higher user fees during

the 1990s have to some extent been justified as a means to reduce "excessive consumption" of medical care but they also risk reducing the use of care services that had genuinely been necessary. (Granqvist 2000).

The system for user fees related to the purchase of prescription pharmaceuticals has been fundamentally altered on a couple of occasions during the 1990s with the notable effect of increased costs for the individual. Until the beginning of the 1990s the user fees for pharmaceuticals essentially followed the general price increases but thereafter user fees have increased considerably faster (National Board of Health and Welfare 2000c).

Also the dental care has been subject to numerous changes in the design of user-charges during the 1990s. These changes have, roughly, meant increased costs for the individual user and that fewer have received public subsidies when visiting the dentist or dental hygienist. In connection with the design of a new system of remuneration introduced in 1999, free price-setting was introduced which has led to increased prices in both public and private operations. The increased costs appear to have decreased the utilisation of dental care, also among those with dental problems (National Social Insurance Board 2001d). The private insurance policies have, on the other hand, not been successful in expanding their coverage despite the fact that the 1990s has implied marked increases in the user-charges for the individual.

During the 1990s there has been a considerable reduction in staffing levels in the healthcare system. Although different sources of data provide differing figures at least 60,000 jobs have disappeared from the healthcare system in addition to the changes resulting from the change in principals. The drop has primarily concerned assistant nurses and orderlies, in other words, the staff with mainly caring duties. When it concerns physicians the trend has been the reverse.

That the number of physicians has increased overall in Sweden does not necessarily mean increased access to physicians for the individual citizen. Nor does the fact that the number of physicians employed by the county councils rose from 2.2 per thousand residents in 1990 to 2.6 in 1999 (Ministry of Health and Social Affairs 2001) necessarily mean increased accessibility. Here we find, among other things, major regional variation, both in the number of services and, more relevantly, the number of staffed services. A survey commissioned by the Commission indicates that

the staffing situation with respect to specialist trained general practitioners varies between as well as within county councils. Municipalities/primary healthcare clinics in socially exposed areas often have fewer general practitioners on staff. For the three most northerly county councils (Jämtland, Västerbotten and Norrbotten) the staffing situation has worsened since 1998 compared with the country as a whole.

The number of beds in institutional medical care has been cut by half during the 1990s beyond the take-over of geriatric care and nursing homes by the municipalities as a consequence of the reform of the care of the elderly. At the same time, the number of doctor's visits increased somewhat as did the number of operations, while the number of treatments only dropped marginally, primarily within surgery. These seemingly contradictory development tendencies are related in that the average periods of treatment were cut noticeably within institutional care and also due to an increasing number of treatments within out-patient care.

An overall assessment of how healthcare functions as a common resource for the citizens is difficult to make on the basis of available information. That periods of treatment have been shortened and that the number of beds has declined can not in themselves be interpreted as gains or losses in welfare. It is the availability and quality of care that can be obtained that is significant. In this context there are a number of examples where improved methods of treatment have contributed to improved quality of care both in terms of survival and the living conditions of people suffering from various diseases. Improvements in coronary artery treatment has, according to an evaluation by the National Board of Health and Welfare, prevented 3,000 deaths during the 1990s, and likewise healthcare has reasonably contributed to reduced mortality due to stroke and various forms of cancer (National Board of Health and Welfare 2001c). Measures that improve the quality of life and functional capacity have also increased during the 1990s. For example, the number of balloon expansions of coronary arteries climbed from just under 2,000 to 7,000 cases between 1991 and 1998, while the number of cataract operations rose from approximately 28,000 in 1990 to 60,000 in 1999 (National Board of Health and Welfare 2001c).

Developments within the healthcare field, including new treatment methods, means that more patients can be treated at the same time as the number who can require treatment increases. This results in, for example, the number of people awaiting balloon expansion has not declined despite the increase in the number of cases treated and that the number of patients awaiting cataract operations has risen from just above 16,000 at the end of 1991 to close to 24,000 at the beginning of 1997 (National Board of Health and Welfare 2001b). An increase in treatment capacity does therefore not necessarily lead to shorter waiting lists and therefore using medical care waiting lists as the sole indicator of the availability of healthcare is not appropriate.

The discussion about queues for treatment in the health care system has presumably contributed to the fact that the number of private health insurance policies has increased five times from 1990 to 2000 (Grip 2001). These insurance policies should primarily be seen as instruments for enhancing the access to health services by ensuring fast and smooth delivery of various forms of specified treatment. This kind of insurance does however not provide an alternative for those who are in poor health to begin with since they are not insurable, and for others the insurance will work less well if too many subscribe to them.

Alongside the increase in technical quality the changes in staffing and working environment should also be considered when making a more general assessment of the quality of healthcare. Although there is no means to quantify what the deterioration of the working environment in the care sector (Bäckman 2001; le Grand, Szulkin & Tåhlin 2001) has had for consequences on e.g. security and care, a reasonable hypothesis is that medical staff with a heavy workload run the risk of performing poorly. It can also be noted that the number of cases concerning accidents and errors in healthcare more than doubled during the 1990s. This increase can however depend on an increasing inclination to report incidents as well as an increase in the frequency of incidents. At both the beginning and the end of the decade approximately 13 per cent of the reported cases resulted in some form of sanction (National Board of Health and Welfare 2001b).

Healthcare's availability is also influenced by the staffing situation, not least of all the vacancies in socially troubled areas where the need for care is often greater. Even the higher user fees for doctor's visits and medication risk reducing the use of care services

among financially weaker groups. There is however no evidence yet that the proportion of who refrain from visiting the doctor when needed has increased during the 1990s.

5.5 Care of disabled people[4]

The aim of policies for disabled people is to eliminate obstacles to full participation in society for persons with disabilities. A smoothly functioning help system is one of the prerequisites for providing disabled persons with the help and assistance they require to be able to participate in society on the same terms as other citizens.

As opposed to many other welfare areas the 1990s have been a relatively offensive decade relatively with respect to support for people with disabilities, at least for those with the greatest need for help. In the middle of the worst crisis years a disability reform and a psychiatry reform were introduced. The disability reform took effect in 1994 and means, among other things, the introduction of special rights legislation for those with the most severe functional impairments (Act concerning Support and Service for Persons with Certain Functional Impairments, LSS and the Personal Assistance Act, LASS). The psychiatry reform that took effect in 1995 means, e.g. that the municipalities were assigned greater responsibility for the situation of people with psychiatric impairments.

The aggregate public financial resources for care and assistance to disabled persons increased more than in many other welfare areas – from SEK 15.5 thousand million in 1993 to SEK 27.5 thousand million in 1999 (Statistics Sweden 2001c).[5] Recalculated to fixed rates this represents an increase of 68 per cent. The major part of the increase occurred between 1993 and 1995, in connection with the introduction of the disability reform, and thereafter the expenditures were largely unchanged until 1998 when they again began to climb. In 1999 slightly more than 40 per cent of the resources went to different forms of special accommodation, somewhat less to support in conventional housing (primarily personal

[4] This section is primarily based on Karin Barron, Dimitris Michailakis and Mårten Söder's (SOU 2000:38) plus Marta Szebehely, Johan Fritzell and Olle Lundberg's (SOU 2001:56) contribution to the Commission. The term disabled in this section refers only to those under the age of 65. The care of those above 65 is discussed in the next section.

[5] It is not possible to distinguish between resources for the functionally impaired and care of the elderly prior to 1993, and also thereafter the information is based on estimates of actual cost distribution.

assistance and home help service) and the balance (just more than 20 per cent) went to mobility service, assistive devices, home equipment, rehabilitation etc. Compared with the opening years of the decade this represented a rather dramatic shift in resources towards undertakings in people's ordinary homes.

Both the disability reform and the psychiatry reform represented a reinforcement of the trend towards de-institutionalisation that began a few decades earlier. Despite the phasing out of institutions there were, in general terms, as many people with disabilities who lived in some form of special accommodation at the end of the 1990s as at the start of the decade. Even if *the numbers* were unchanged the *forms* of accommodation have changed. Foremost, people with mental disabilities and with learning difficulties moved from traditional institutional accommodation to more home-like housing, e.g. group housing.

For disabled people younger than the regular retirement age the introduction of the rights legislation (LSS/LASS) has meant that the individual's position contra public authorities has been strengthened. However, the economic downturn has also meant that the individual must actively seek assistance. Evaluations of the disability reform and the psychiatry reform show that fewer than anticipated have benefited from the services. The Handicap Commission estimated in 1992 that about 40,000 people with learning disabilities and 60,000 others with serious physical or mental disabilities would be entitled to assistance under the provisions in LSS. In 1999 half as many people, or a total of roughly 50,000, received some form of LSS-based support.[6] Of these, 10,000 had physical or mental disabilities (of which 2,500 had mental disabilities), while the others were people with learning difficulties. This means that those with physical, and foremost mental, disabilities received assistance to a considerably lower degree than the commissions studying disability and psychiatry had estimated.

Personal assistance is the newest effort for people with disabilities that has received the most attention. This effort represents a positive development for the group who were covered by the

[6] LSS encompasses ten different measures. The most common measures are "daily activities", "advice and support " plus "accommodation with special service for adults". The total number of measures in year 2000 was approximately 100,000; therefore, the same person can have been the recipient of several different measures. (National Board of Health and Welfare 2001d).

reform (see e.g. National Board of Health and Welfare 1997).[7] However, "personal assistance" only accounts for a small amount of the total undertakings based on the provisions of LSS/LASS and encompasses a limited group of disabled people. The close to 9,000 people who had a personal assistant according to LASS at the end of the decade all had a considerable need of help and received, on average, a total of 10 hours of assistance daily. The cost of personal assistance according to LASS has increased by approximately 15 per cent annually during the past four years and in year 2000 amounted to approximately SEK 7 thousand million. The cost rise is a consequence of an increase in both the number of people with assistance benefits and the number of assistance hours per person and week. Men have personal assistance more often than women and men are also granted more assistance hours but knowledge of the mechanisms behind these gender differences is lacking (National Social Insurance Board 2001a).

For people with functional impairments who are not covered by the disability reform the 1990s have presumably meant reduced access to publicly financed help. Obtaining an overall picture of how many receive publicly financed assistance is not possible. The analyses made of disabled people who receive help in their homes, presented in section 3.4, indicates that the proportion receiving municipal help has declined for all groups of people with functional impairments except those with the greatest need of assistance. The disability reform has meant a concentration of resources to those with the greatest functional impairments while at the same time others with functional impairments have increasingly needed to satisfy their help needs by other means, foremost via family efforts.

A number of commentators have claimed that the rights legislation benefits individuals with a good ability to look after their own interests while other, less well-equipped, groups can find it more difficult to have their needs met (see e.g. SOU 1999:21; Åström 2000). People with mental disabilities are particularly exposed. In recent years attention has also been drawn to the fact that those granted support in accordance with LSS/LASS have had difficulty in actually receiving the measures since it is common that municipalities do not execute court or other decisions. This has been

[7] Personal assistance can be granted in accordance with LSS as well as LASS. Those who require basic personal assistance for less than 20 hours per week receive their help according to LSS, whereas those who require more than 20 hours per week can receive their support under LASS. In such cases the municipalities bear the cost of the first 20 hours per week and the balance is carried by the social insurance office.

widely criticised and as of 1 July 2000 the county administrative boards are empowered to issue conditional fine orders to municipalities that do not execute court orders.

5.6 Care of the elderly[8]

According to the national action programme for policies of the elderly that was adopted by Parliament in 1998 (Government Bill 1997/98:113) the fundamental principles for care of the elderly that have applied during the past decade apply: the elderly are to be able to age in security with maintained independence and have access to good medical treatment and care. The action plan also sets forth that care of the elderly is to be publicly funded and available as needed and not based on purchasing power. Despite the unaltered goals the 1990s were a turbulent period for care of the elderly, in terms of organisation as well as resources. What these changes have meant for care of the elderly as a welfare resource for elderly people and their families has not been established.

Information on the impact of the growth of new forms of management and operation along with organisational changes and their effect on the welfare of the elderly is very limited. Profit centres and performance-based financing systems have been introduced in many places and more than half of the country's municipalities have introduced organisational models that mean that assistance decisions are separated from execution of the decisions. Contracted care of the elderly, i.e. publicly financed and regulated care of the elderly undertaken by other actors than the municipalities themselves, quadrupled during the decade and in year 2000 included eleven per cent of those in special accommodation and nine per cent of home help hours. The rate of increase was particularly strong 1999 and 2000 (National Board of Health and Welfare 2001e). For-profit operations are those that are most prevalent and most rapidly growing. Of all employees involved in privately run care of the elderly three-quarters worked for for-profit-generating companies during the year 2000. This represents an increase from 28 per cent in 1993. Privately-operated care of the elderly is more common in larger population centres and in municipalities with a small proportion of residents with a

[8] This section is primarily based on Marta Szebehely's contribution to the Commission (SOU 2000:38).

low level of education (Trydegård 2001). An increasing share of care of the elderly is provided by a small number of large companies. In 1999 the four largest private actors accounted for half of the contracted operations (National Board of Health and Welfare 1999b).

In terms of resources the first half of the decade was characterised by restraint - the public resources for care of the elderly did not increase at the same pace as the number of elderly. However, during the latter half of the decade the resources increased in real terms, i.e. with consideration given to the increase in the number of elderly in the population. The aggregate public funding for care of the elderly was estimated at more than SEK 55 thousand million in 1999. This represents a rise in fixed rates of more than 20 per cent between 1993 and 1999, while the number of 80 year olds and older in the population rose by 10 per cent during the same period.[9] The largest costs within care of the elderly (73 per cent of the aggregate expenses in 1999) were costs for special accommodation, i.e. nursing homes, old people's homes, group accommodation for those with dementia, service houses etc. Compared with 1993 the costs for special accommodation rose by 22 per cent while the cost of home service and home medical care increased by 7 per cent (Statistics Sweden 2001c). Contrary to care of disabled people there is a trend in care of the elderly towards a shift of resources from help in the home to institution-based forms of help.

Care of the elderly cannot be viewed as isolated from health and medical care. Elderly people have a considerable need of medical care and changes within the medical care sector influence the needs within municipal care of the elderly. The increase in resources for municipal care of the elderly must therefore be regarded in light of the number of employees in healthcare diminishing noticeably during the 1990s, and that the number of hospital beds was close to being cut in half at the same time as treatment periods were drastically reduced, particularly for older patients (see section 5.4). Elderly with great care needs, who previously were often taken care of within healthcare, today consume an increasing proportion of the municipal resources for care of the elderly. As a consequence home help services are increasingly concentrated on fewer and

[9] It is not possible to provide a comparative picture of the financial resources for care of the elderly for 1990–1993 due to changes in the principals and changed definitions in account summaries, but also because the cost of undertakings for the elderly and younger disabled people are not presented separately.

more demanding groups of elderly people and services such as cleaning, laundry, shopping and walks are increasingly beyond the municipal undertakings.

The proportion of elderly receiving care began to decline substantially more than 20 years ago and this decline also continued during the 1990s although not at the same pace as previously. The proportion of elderly (80 years +) living in special accommodation was essentially at the same level in 1999 as in 1990 (22 per cent), while the proportion receiving home service or home medical care declined from 25 till approximately 21 per cent.[10] Municipal care of the elderly is unevenly divided in terms of gender and it is more common that men living alone receive assistance compared with women in the same situation. Among married couples it is instead more common that municipal help is provided if the wife is the person in need of help which means that an older woman who cares for her spouse is more alone in bearing responsibility for care than a married man in the same situation (Szebehely, Fritzell & Lundberg 2001).

During the 1990s there has presumably been an increase in care efforts performed by the voluntary sector although the information situation is unclear (see Svedberg 2001). As indicated in section 3.5 there has been a drop in the municipal home help services, and, at the same time, there has been an increase in family efforts as well as the purchase of care provided by companies and privately financed. It is shown that these shifts, which can be characterised as an informalisation and a market orientation respectively, are unevenly distributed from a class perspective. Elderly with higher education tend to replace municipal home help services with market help while those with less education more often receive assistance from family members. These shifts in help patterns therefore tend to lead to a reinforced layering in care of the elderly. From a welfare perspective it is important to recognise the consequences for help recipients as well as help providers. In this context it is important to note that the family members who have received an increased responsibility for care are, in practise, usually women, foremost elderly wives and middle-aged daughters.

The shift from publicly financed care of the elderly towards family care and privately purchased help is presumably a consequence of stricter help allocations as well as fee increases and con-

[10] Changes in statistical reporting in 1998 make comparisons difficult, see National Board of Health and Welfare 2001f.

tent/organisational changes within municipal home help services. The risk that elderly refrain from municipal help for financial reasons has been noted, not least of all with respect to family to less well-to-do elderly who have been forced to bear greater responsibility for care than is desirable. A Bill concerning protection against high fees for elderly care measures is currently before the Swedish Parliament (Government Bill. 2000/01:149).

To what extent care of the elderly is a resource for elderly in need of help and their families naturally depends to a considerable degree on the quality of activities. The possibility of following developments during the 1990s is however very limited although in a follow-up of the national action plan for policies for the elderly the National Board of Health and Welfare (2001f) confirms that a number of problems remain despite the additional resources allocated in recent years. One problem is the lack of co-ordination between in-patient care, primary healthcare and the municipal care of the elderly. This results in considerable difficulties for the increasing number of elderly with wide-ranging medical and social needs who are cared for in the home or in municipal accommodation for the elderly. Another problem is staff recruitment that is particularly troublesome in a majority of Sweden's municipalities. This is partially a consequence of increased competition for labour but the National Board of Health and Welfare also links the problem to cutbacks, reorganisations and exposure to competition which in turn has had negative effects on "the opportunities to recruit, develop and retain staff and, ultimately, to be able to provide the elderly with sound and secure treatment and care" (National Board of Health and Welfare 2001f:9).

5.7 Individual social services

Individual Social Services consist essentially of three sectors: income support, child and youth social service and care of substance abusers. The support provided in the first-named sector is normally considered as part of the cash benefit system and is treated in more detail in section 6.4, while the undertakings in the two latter-named sectors can be regarded as welfare services. Organisationally the different parts do however belong together although a clear trend during the 1990s was to drive the activities

within individual and family care towards an increasing degree of specialisation.

Child and Youth Social Service[11]

Child and youth social service is regulated by the Social Services Act (SoL) and Care of Young People Act (LVU). SoL is framework legislation that makes heavy, but relatively general, demands on the municipalities. This means there is considerable room for flexibility in how activities are to be conducted. The purpose of undertakings are described as the municipalities should "…work so that children and young people grow up in secure and sound circumstances". The provisions of LVU are considerably more detailed but it is also to a high degree dependent upon municipal practise and interpretation with respect to when and how often the law is applied.

For child social service the 1990s was an eventful decade in the municipalities. The changes were however not unambiguous. First, a number of principle indications and formal decisions pointed towards an increase in the level of ambition in the field. Notable here are foremost a number of decisions that in different ways aim to strengthen the position of children. After Sweden's ratification of the UN Rights of the Child Convention in 1989 and the establishment of a child's ombudsman in 1993, work intensified in the development of the child's perspective within social services. The 1998 revision of the Social Services Act gave social services special responsibility for considering the children's situation, protecting their rights and, to a greater extent, take the child's views into consideration. Furthermore, the duty to report to social services was extended for certain occupational groups. At the same time limits were imposed on how long studies involving child and youth social service cases were allowed to take. In the field of compulsory care the decade began with a new Care of Young People Act in 1990. One of the most important changes was that the requirements for compulsory care in so-called behavioural cases (i.e. when the young person's behaviour, e.g. substance abuse or criminality, is the cause of intervention) were reduced by replacing

[11] The section on child and youth social service is primarily based on Tommy Lundström's (SOU 2000:38) plus Tommy Lundström and Bo Vinnerljung's (SOU 2001:52) contribution to the Commission.

the concept of "serious danger" with "obvious risk". In the wake of the changed rules and practise for the refusal to prosecute at the mid-1990s also resulted in a substantial increase in the number of young people referred by the courts for care under the provisions of the Social Services Act. In 1999 the legislation was changed to allow the courts to sentence young people to fixed-term detention to be served in social services so-called Paragraph 12 institutions. Alongside all of these changes which in different ways have contributed to extending responsibility of social care of children and young people the individual's right to support in this field was restricted in that the right to appeal such decisions was removed from the revised Social Services Act of 1998.[12]

Secondly, one can approach the matter of resources for child and youth social service by describing how many have been subjected to a given type of action. However, the statistics produced do not allow any definite conclusions concerning how many families or individuals are concerned. What does exist is foremost information on children and youths in so-called 24-hour care (i.e. taking people into custody for placement in family homes or institutions, voluntarily or by coercion) plus information concerning the contact person activities (relief and social support where social services engage non-professionals who help children and parents). In both instances one can discern a relatively clear increase during the decade. This represents a trend shift compared with previous decades which were characterised by dropping and more stable levels alternatively. In 1990 1.8 children/young people (0–21 years) per 1000 were taken into custody compared with 2.4 in 1999. In principle the entire noted increase concerned young people and not small children. The distribution of voluntary contra coercive placement was relatively unchanged over time. The children of parents with immigrant background ran a higher risk of being subjected to 24-hour care but the increase during the decade was, relatively speaking, higher among children of Swedish-born parents. The difference between boys and girls is negligible and has not changed clearly over time. The overall increase in young people being taken into custody is not solely dependent upon an increase in the number of young people who are taken into custody but also that

[12] The right of appeal of all support in accordance with SoL will be reinstated in January 2002 in accordance with a new Social Services Act (Government Bill 2000/01:80). This accordingly applies to the restrictions described below for care of substance abusers and social assistance payments.

the same young people to a larger extent tend to be taken into custody repeatedly. Many of the placements decided upon are not possible to execute but collapse and are concluded prematurely (Vinnerljung, Sallnäs & Kyhle-Westermark 2001). Also, with respect to the contact person activities, which to a considerable extent is used by single mothers, the rise was very apparent. In 1990 4,400 contact person cases were started while the figure for 1997 was 7,500. The statistics for contact person activities 1998 and 1999 are not comparable with earlier periods but the information suggests a continued, slight increase.

A third means to present the resource development within child and youth social service is to attempt to describe the activities in terms of costs or personnel. Difficulties in defining the areas mean however that, along with the lack of uniform and worthwhile statistics in this field, it is difficult to make more specific observations with respect to resource availability and changes during the 1990s. From the available information there is nothing that suggests that the number of municipal social workers has diminished. Nor do the studies conducted by the National Board of Health and Welfare indicate that there have been any general cutbacks in financial resources (National Board of Health and Welfare 1998a). On the contrary, the municipalities' costs for placement of children and young people in 24-hour care have increased. This is a natural consequence of the rising number of placements but also due to a shift to more expensive forms of care. The number of family homes has declined and been replaced by privately-owned facilities for care and accommodation. The results of different studies also indicate that child and youth social service during the 1990s was accorded a higher priority than care of substance abusers (Bergmark 1997; Hessle & Vinnerljung 1999).

Fourthly, the development of activity quality should be considered when studying the development of resources in the field. The absence of functioning procedures for the evaluation of the undertakings and their results does however mean that we totally lack the possibility to express views on the extent to which the previous decade has involved changes in quality or the extent to which the undertakings have become more effective or suited for their purpose.

Care of Substance Abusers[13]

The care of adult substance abusers in Sweden is largely conducted beyond the scope of the health and medical care system. The responsibility for long-term treatment and rehabilitation rests essentially with the municipalities while the county councils generally bear responsibility for detoxification and the treatment of ill-health caused by abuse. SoL and the Care of Abusers (Special Provisions) Act (LVM) govern the municipal responsibilities. Undertakings of a voluntary nature are usually done with the support of SoL, whereas coercive measures are based on the provisions of LVM.

An equivalent heightening of ambitions as described above for the child and youth social service cannot be found within care for abusers. This is particularly evident at the national level of state initiatives where the only substantial change during the decade was the circumscription of the individual's right to assistance from the municipality, in that the right to appeal support in this field was abolished in the revised Social Services Act of 1998. At municipal level the political signals are more difficult to review but the results of different case studies suggest that care of substance abusers has had a relatively low priority and that the municipalities, under the pressure of weakening finances, have often regarded institutional care of adult abusers as an area where savings can be made (see e.g. Bergmark 1995).

The trend during the 1990s is characterised by a shift from "in-patient" to "out-patient" care. The number of people subject to undertakings within "in-patient" abuser care (i.e. receiving care in an institution, voluntarily or under coercion) declined during the decade. In total it is a matter of a reduction of approximately 1,200 people, or 27 per cent, between 1990 and 1997 (the figures for 1998 and 1999 are not entirely comparable with previous years, but in themselves they do not indicate any continued reduction). The drop was more pronounced within coercive care compared with voluntary care and was essentially concentrated on the care of alcohol abusers. The care levels for drug and mixed abusers have been relatively unchanged over time. In parallel, an increase in "out-patient" care has been observed. This form of care was however not registered in official statistics before 1998 which makes it

[13] The section on care of substance abusers is primarily based on Lars Oscarsson's (SOU 2000:38) contribution to the Commission.

difficult to estimate the increase with greater precision. Judging a number of studies conducted by the National Board of Health and Welfare it would however appear that the number of undertakings within "out-patient" care was stable between 1991 and 1994, and then rose during the latter half of the decade (National Board of Health and Welfare 1998b). Further, the duration of treatment within institutional care has declined whereas the periods of care within "out-patient" care appear to have increased.

A common impression concerning care of abusers is that resources have diminished during the decade. It is however very difficult to confirm this impression using official statistics. The primary reason is the lack of reliable statistics for cost-related trends for this field. Judging by national studies done on various occasions (which, although not systematic, cover the period from 1993 to 1996) the aggregate costs have remained largely unchanged (National Board of Health and Welfare 1998b). It should however be noted that cost development has varied considerably from municipality to municipality and that there is a lack of local examples of substantial cutbacks within the sector. A development tendency that is more noticeable is the shift that occurred during the 1990s from state, municipal and county council institutions to privately-operated institutions. The latter increased from representing 21 per cent of all homes for care and accommodation in 1990 to 41 per cent in 1999.

It has not been possible to comment on how the quality of care for abusers has developed during the period in question. The lack of evaluations and follow-ups in the field has meant that we cannot express an opinion on what the shift from institutional care to "out-patient" care has meant for those concerned, their well-being or opportunities to deal with their abuse. The criticism aimed at care of abusers, i.e. that the work is generally not controlled by clear help efforts or systematic knowledge, is in principle as relevant today as at the beginning of the 1990s.

6 Institutional Changes II: Income Maintenance

The core of the welfare concept as applied by the Commission is individual resources. Public institutions of various kinds may constitute such resources and thereby influence individuals' room for manoeuvre. On the income maintenance side, this partly involves public social insurance schemes and benefits and partly market institutions such as insurance companies. Even if there is good reason to include different types of institutions in a review of welfare development, specifying the extent or character of such institutions is not always easy as statistics are often deficient. The attempts made below to describe them in terms of a welfare balance sheet will therefore be partly of a preliminary nature.

In this section we examine social insurance schemes and support to families, cash labour market assistance and social assistance. From a welfare viewpoint, a number of different aspects in relation to these types of institutions need to be taken into account:

One basic concern has to do with degree of coverage, i.e. how large a proportion of the population or workforce is insured or otherwise entitled to a benefit. Degree of coverage is determined to a great extent by the basic qualification requirements associated with all types of insurance or income maintenance. In addition, it is affected by the presence of certain qualification requirements of a more specific nature, such as having to have worked for a certain number of months. Degree of coverage may also be affected by changes in the population, for instance as a result of a growth in immigration. Other conditions then determine how many of the insured will actually draw benefit, such as the kind of proof required for an injury to be classified as a work-injury. When degree of coverage is to be assessed, it may be relevant to study both how large a proportion of the relevant population group is insured and how many of those affected by unemployment, for example, are actually drawing the benefit concerned.

In other words, entitlement to various types of benefit is governed by the qualification requirements. This refers partly to the entry requirements qualifying people for insurance coverage in the first place and partly to the requirements that determine whether or not an injury or illness qualifies a person for benefit. The requirements usually differ between social insurance and other benefits. In the insurance field, the most basic requirement is usually indicated by the name of the insurance category concerned. In the case of sickness benefit, for instance, reduced working capacity must be due to illness. As regards other benefits, a distinction can be made between universal benefits of various kinds (e.g. families with children) and selective benefits linked to various kinds of income or means testing.

Another important aspect with regard to benefits is the level of compensation, i.e. what proportion of normal income is actually paid out in the event of illness, unemployment, etc. In practice, benefit levels are determined not only by the specified percentage rate but also by the income ceiling for benefit entitlement and by how income is calculated. In comparing benefit levels over a period of time it may be relevant to use different bases for comparison. In the case of insurance against loss of income, a feasible course is to relate to income levels for the rest of the population, while in the case of benefits there is reason to take into account both their nominal and their real value.

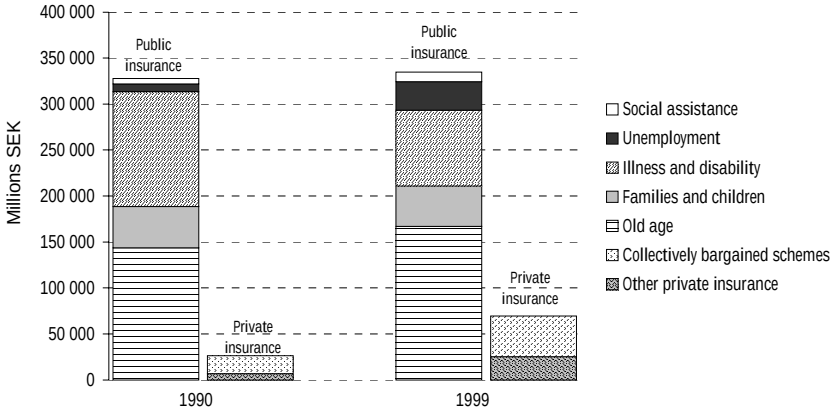
Period of payment may also be a crucial factor in determining how a person's economic welfare is protected by insurance. Here we should distinguish between the length of the initial unpaid qualifying period and the actual period of payment, which in terms of time captures each end of the payment period in chronological order. Taken as a whole, shortcomings in degree of coverage, low compensation levels and insufficient periods of compensation add up to an enhanced risk of economic hardship for individuals affected by illness, unemployment, old age or changes in their maintenance burdens. But simply taking account of public insurance schemes and benefits is not enough. Private insurance levels and degree of coverage must also be considered.

The effects of regulatory change always pass through an administrative filter. Here changes may occur in the administration's application of the regulatory system without any changes having been made in the legislation itself or even in the general guidance provided by government agencies and authorities. In our report, we

identify a number of examples illustrating the importance of the administrative dimension.

By studying cost levels in 1990 and 1999 for different insurance and benefit areas relating to income maintenance, we acquire an important perspective on the 1990s. Figure 4 shows that public expenditure on security-related benefits increased between 1990 and 1999. These aggregated figures, however, conceal major differences between the various areas. In addition, we can see that private insurance has grown faster than public. On the public side, pensions provision has increased as well as costs for social assistance and unemployment benefit. Financial support to families is at roughly the same levels at both ends of the decade, while expenditure on illness and disability is considerably lower in 1999. Growth trends in both collectively bargained and private insurance schemes are strong and unequivocal. For the reasons described above, however, studying cost is an inadequate way of assessing welfare development in relation to the various income maintenance systems. The description that follows below shows that the regulatory changes made in the degree of coverage, qualification requirements, compensation levels and compensation periods in the various schemes during the 1990s tend to follow different patterns from those of registered expenditure.

Figure 4. Public and private expenditure for income maintenance-related benefits, 1990 and 1999, by area and insurance category. Millions SEK at 1999 prices



Sources: Grip 2001 and National Social Insurance Board 2001e, calculations made by the Commisson.

6.1 Cash benefits to families with children[1]

The economic trends and crises of the 1990s stamped their mark on the financial support provided to families with children. At first, however, this support was made more generous, partly to compensate for the increase in family costs caused by the tax reform and partly to offset a decline in redistribution on the tax side. During the crisis years, the great majority of benefits and allowances were cut, and were then increased once again in the final years of the decade, albeit by different degrees.

Parental insurance

Parental insurance was affected by most of the changes made in benefit levels in the sickness insurance scheme. In principle, the level of compensation moved from 90 to 80 per cent of income between 1990 and 1999. The reduction also applied to the temporary parental benefit payable for the care of sick children, which was not however affected by the unpaid initial waiting day introduced for ordinary sickness benefit.

Naturally, the parental benefit rate tends to follow the nativity curve. The number of benefit days taken in connection with childbirth was 46 million during the baby boom of 1990, a figure that fell to 36 million in 1999. The number of days on temporary parental benefit for the care of a sick child fell from 7 million in 1990 to 5 million in 1999. The collectively bargained insurance schemes that augment sickness benefit, for instance, do not apply to parental insurance, although individual employers may provide extra temporary parental benefit. This means that the maximum compensation paid to the person staying at home with a child is based on income equivalent to no more than 7.5 times the price base amount. The proportion of people with incomes above this ceiling increased considerably in the 1990s, not least among women, which meant that income protection was eroded for an ever larger group.

[1] This section is based on the Joakim Palme's contribution (SOU 2000:40) to the Commission and on basic data commissioned from the National Social Insurance Board (RFV 2001c).

Child allowance

The child allowance scheme has remained general throughout the 1990s and is payable without either income or means testing. The 1999 amount was nominally higher than the 1990 figure: SEK 750 per month as against 560 per month. In real terms, however, this represents an increase of only SEK 50 per month (at 1999 prices). The volume of child allowance is of course primarily influenced by the birthrate and by the number of children in the age groups concerned. The number of children aged 0–15 grew by 7 per cent during the first half of the 1990s, from 1.66 million to 1.74 million. The changes in the size of child allowance, however, had a far greater effect on costs than these changes in group size. The amount was raised to SEK 750 as early as 1991, when supplementary benefit for families with three or more children was also stepped up. In 1996 and 1997, child allowance was nominally worth less (SEK 640) and in 1998 it was restored to SEK 750 per month.

Advance maintenance allowances and maintenance support

In 1997, the old system of advance payment of child maintenance was replaced by a new system in which the allowance was called maintenance support. The greatest change in the scheme concerned how the level of maintenance liability was to be calculated and the conditions governing maintenance payment. In 1990, maintenance advance was paid at SEK 990 per month and in 1999 at SEK 1,173 per month. At 1999 prices, this corresponds to a cut of just over SEK 50.

An important fundamental change, however, was made in the calculation of payment levels for maintenance as a whole. During the decade, an earlier system involving the upward revision of the price base amount was abandoned in favour of nominal amounts. These changes in the rules were introduced as early as 1995 and meant that the allowance was no longer to be automatically indexed with 40 per cent of the price base amount but was to be calculated in nominal terms. The level was fixed at the same as for 1994, i.e. SEK 1,173 per month, and remained unchanged for the rest of the decade. The number of children entitled to maintenance allowance/support rose from just over 280,000 in 1990 to approx 345,000 in 1999. Revision of the rules for calculating maintenance

liability and maintenance payment meant that liable parents had to pay an increasingly large share of the total cost of this kind of support (Sjöberg 2001).

Housing allowance

During the 1990s, moves to give housing allowance the character of a family policy measure grew in strength. Towards the end of the decade, further delimitation meant that in practice it acquired the character of a single parent allowance. In 1991, some 328,000 households were drawing housing allowance and in 1999 the figure was 378,000, which however marked a sharp drop from the peak figure of 556,000 in 1995.

Housing allowance, like child allowance, was one of the instruments used to boost redistribution levels in the tax reform of 1991, and thus acquired a more important role in cost terms. In 1992, moreover, it was decided to transfer the administration of housing allowance from the local authorities to the social insurance offices. At the same time, the principles for assessing applicants' income were altered. More generous benefit levels, higher housing costs and new ways of calculating income bases, combined with the impact of mass unemployment on household income, caused housing allowance costs to increase much faster than had been budgeted for.

Consequently, a series of changes were proposed and were eventually introduced. The changes concerned benefit levels in the Spring Budget Bills of 1995 and 1996. This led to a tightening up of both the amounts and the area covered. Nor was housing allowance to be paid any longer to people over 28 years of age without children. The improvement in the labour market in the latter part of the decade also served to reduce the number of families with children entitled to housing allowance.

Child pensions and care allowance

As a rule, child pensions are also counted as support to families. Child pensions in the form of the deceased parent's basic pension and earnings-related supplementary pension entitlement are payable to surviving children up to the age of 18. The number of

child pensions remained constant at around 30,000 over the decade, and the rules here remained largely unchanged.

This also applies to the care allowance, the aim of which is to enable parents to stay at home to look after children who are either sick or disabled. The number of parents granted this allowance almost doubled between 1990 and 1999. In 1990, care allowance was paid to some 15,000 parents while in 1999 the figure was around 28,000.

6.2 Social insurance[2]

The pressure that the Swedish welfare state came under in the 1990s led to virtually all income maintenance-related systems being exposed to government review and action. This applies not least to social insurance schemes. During the crisis years, a series of important budget cutbacks were imposed. In the second half of the decade, restorative action was taken in several cases, which means that by and large the difference between the beginning and end of the 1990s does not appear very dramatic (see section 8.3). The changes vary from area to area but in general affected both the levels and periods of compensation, qualification requirements and degree of coverage. On the whole, the changes tended to be of a limiting nature.

Sickness insurance

Sickness benefit is payable to persons who are a party to the general social insurance scheme, who have income entitling them to sickness benefit and whose working capacity has been reduced by at least a quarter. Formally speaking, there is no final limit to a sick leave period for those of employable age. The above situation has not altered during the 1990s.

In the sickness insurance scheme, compensation levels have been reduced from 90 to 80 per cent but have also been affected by changes in the rules governing the income on which benefit entitlement is based. In addition, an initial unpaid waiting day has

[2] This section is based on contributions to the Commission by Joakim Palme (SOU 2000:40), by Ola Sjöberg and Olof Bäckman (SOU 2001:57) and by Gunvall Grip (SOU 1001:57), as well as on basic data commissioned from the National Social Insurance Board (RFV 2001c).

been introduced and the qualification requirements have been made more stringent at various stages. Degree of coverage has probably not been adversely affected by regulatory change but has been reduced as a result of labour market shifts in the wake of the diminishing supply of jobs. The two-week employer period introduced at the end of the decade was a major change in principle but in practice did not alter benefit levels.

In the Swedish system, the social insurance ceiling – i.e. the maximum amount of income on which sickness benefit may be assessed (SGI) – has long remained at 7.5 times the price base amount. The fact that the price base amount is only adjusted upwards with the consumer price index means that the number of people with incomes above the ceiling increases when real wages increase, which was the case during the latter part of the 1990s. In 1990, the income of 3 per cent of women and 17 per cent of men of employable age exceeded this ceiling. The corresponding figure ten years later was 8 per cent of women and 26 per cent of men (Batljan & Andersson 2000).

Having an income above the ceiling does not, however, necessarily mean being paid less compensation in the event of illness. Most people in gainful employment covered by collective agreements have, via these agreements, compensatory payments that give them equivalent levels of compensation all the way up to incomes 30 times the price base amount. An important exception in this respect concerns private employees in the blue-collar sector who are not covered by agreements that compensate for falling benefit levels above the stipulated ceiling. In addition, the proportion of temporary employees increased during the 1990s (SCB 2000c), and this group is not normally covered by collective agreements. Agreement-linked insurance also means that most employees have compensation levels 10 percentage points above the prescribed level. Further, the volume of private insurance has grown sharply during the 1990s. For example, the number of individual health insurance policies in four major companies in the private insurance sector rose from just over 170,000 in 1992 to 395,000 in 2000, which represents an increase of 130 per cent. Private health insurance, however, usually only takes effect after a lengthy period of sick leave or disability pension.

The number of current sick leave cases of at least 30 days' duration in December 1990 was 169,300. The corresponding figure for December 1999 was 203,000, which represents an increase of

20 per cent. The greatest increase was in long-term sick leave. During the first half of the 1990s, however, the number of sick leave cases fell sharply, and if we instead compare the lowest figure in the decade (1995) with the highest (1999), we find an increase of almost 60 per cent in current 30-day cases.

Work injury insurance

Developments in the 1990s led both to the disappearance of occupational injury benefit and to an adjustment in the levels of temporary compensation for work injury so that they matched those for sickness-related insurance. In addition, the proof needed for an injury to be classified as work-related became more exacting.

All persons gainfully employed in the country are insured against work injury, but the definition of a work injury was revised in July 1993. From that date, a higher degree of probability was required for an injury or illness to be classified as a work injury (RFV 2000). At the same time, the old occupational injury benefit was absorbed into ordinary sickness benefit. Only if a work injury has resulted in lasting incapacity, which persists even after any acute illness associated with the injury has passed, does compensation in the form of a work injury annuity become payable.

Partly as a result of this change in the definition of work injury and partly due to the disappearance of occupational injury benefit, the number of work injury cases reported to the Social Insurance Office in the 1990s fell dramatically. In 1990, over 94,500 cases were examined, and 86 per cent of them were approved. In 1999, some 16,500 cases were dealt with and 67 per cent approved. The figures for 1999 are to be treated with caution as the social insurance offices' procedures for reporting statistics were revised in that year. The proportion of approved cases was the same in 1998 (RFV 2001b), however.

In the case of work injury annuities, compensation levels throughout the decade were 100 per cent of an estimated potential income, with a ceiling of 7.5 price base amounts. For the old occupational injury benefit, too, the level was 100 per cent, but as a result of the merger with sickness benefit the compensation level for work injury at the acute stage of illness was set at 80 per cent of SGI at the end of the decade.

In addition, much of the Swedish workforce is covered by supplementary agreement-linked insurance in the event of a work accident, although not of a work-related illness. Compensation from agreement-linked insurance followed the levels for national insurance, although with a slight delay, and consequently declined in the 1990s. Private individual insurance in this field was lacking.

Disability pensions

During the 1990s, disability pensions underwent changes as regards both qualification requirements and levels of compensation. The combination of cutbacks in certain areas and increased compensation levels in others meant that people with few earnings-related supplementary pension (ATP) points or none at all were not greatly affected while those with a large number of ATP points experienced a decline in their levels of compensation. The number of new disability pensioners was probably affected by the gradual tightening up of qualification requirements.

The aim of disability pensions and temporary disability pensions is to provide economic security in the event of a long-term loss of working capacity. At the beginning of the decade people could also be granted disability pensions for labour market reasons. In addition, there were special rules for older wage-earners, with lower qualification requirements, but these were abolished altogether in 1997. Further, more stringent definitions of what constituted a loss of working capacity were introduced by stages during the 1990s.

As in the case of old age pensions (see below), disability pensions are in three parts: a basic pension, a general earnings-related supplementary pension (ATP) and a pension supplement (PTS) for those with little or no ATP entitlement. Thus disability pensions were affected by changes in the price base amount in the same way as old age pensions. As the PTS share in the disability pension is twice as large as the one in the old age pension, the cutbacks did not have the same effect on disability pensioners in the lower income bracket as on old age pensioners there. This state of affairs was further reinforced by the fact that basic pensions in the form of disability pension or temporary disability pension were reduced in 1995 while the supplement for disability pensions/temporary disability pensions was increased to the same extent.

The number of recipients of disability pensions grew during the 1990s from 361,000 in 1990 to 422,000 in 1999. The number of new disability pensions, on the other hand, declined from 50,500 in 1990 to 39,500 in 1999. This figure has, however, fluctuated considerably during the decade. Between 1991 and 1993, the number increased fairly sharply, then decreased even more sharply until 1995 when the curve levelled out.

Collectively bargained sickness insurance also includes compensation in the event of disability pension or temporary disability pension. On top of this are payouts from private sickness insurance (see above), which expanded considerably during the 1990s. As we have noted, such compensation is paid primarily in connection with chronic illness and/or disability retirement.

Survivor's pension and partial pension

In the 1980s, a decision was taken in respect of widow's pensions that from 1990 resulted in a gradual phase-out. At the same time a new form of survivor's pension was introduced, known as a readjustment pension, applying to both widows and widowers, in contrast to widow's pension, which only applied to widows. In 1997, changes were made in the level of compensation, which led to lower levels for recipients with high ATP points. To coincide with this, the period of payment was reduced from 12 to 6 months.

The number of recipients of survivor's pension has shifted in that widow's pensions in the form of basic pension have decreased from 60,000 in 1990 to 14,000 in 1999 while at the same time recipients of readjustment pensions have increased from 2,000 to 5,000. Widow's pensions in the form of ATP increased between 1990 and 1999, however, from 360,000 to 390,000.

Partial pensions aim to make the transition from work to retirement smoother by reducing work input by stages during the final years of gainful employment. Although the system was much discussed and criticised during the 1990s, few of the proposed changes were effected. The qualification requirements were altered, however, in that the minimum retirement age was raised from 60 to 61 in 1994. The number of recipients declined from 38,000 to 7,000 between 1990 and 1999. With the arrival of the new pension reform, this type of benefit is to be phased out altogether.

Old age pensions

In 1998, the Riksdag approved a major reform of the national pension scheme. It largely followed the guidelines adopted by the Riksdag four years earlier. This reform did not have any effect on income maintenance expenditure or people's incomes in the 1990s and is thus not discussed further here. The system in place during the 1990s, however, was subject to a number of minor changes that had a direct impact on the compensation paid. It is these changes that will be discussed here and they concern both qualification requirements and levels of compensation.

In principle, Swedish basic pensions are payable to all habitual residents of the country who have reached the normal retirement age. Certain requirements concerning period of residency have always affected qualification, however, and these have to be met before a person is garanted full entitlement. Swedish ratification of the EEA agreement in 1992 affected the pensions sector in one important respect as the qualifying regulations for basic pensions were then made more stringent so that full basic pension is now available only to those with 40 years of residency in Sweden. Despite the presence of certain transitional rules, this change in the regulations resulted in a decline in the proportion of older residents actually qualifying for a full basic pension. The size of the group not entitled to a full basic pension is dependent in particular on the extent of immigration from non-EU countries, as Community law provides a certain amount of protection for those who move around within the Union. It is precisely this type of immigration that proved particularly extensive in the 1990s. Fulfilment of the qualification requirements would, however, have been a problem for many older immigrants under the old system as well. The problem has been accentuated, though, as a result of the stricter requirements.

The pension benefit level was subjected to a number of changes in the 1990s, in particular with respect to the price base amount. The three parts of the old age pension scheme – basic pensions, ATP and PTS (see above) – are all calculated on the basis of the price base amount and are therefore affected to different extents by index movement. Between 1993 and 1999, basic pension and ATP were calculated on the basis of a reduced price base amount of 98 per cent of the ordinary amount. PTS was not affected by this, however. Instead, it was increased in stages during the decade. In

1995 it was decided that, in the event of the national budget deficit climbing above a certain level, the price base amount was no longer to be adjusted upwards in full accordance with the consumer price index, as had been the case in previous years. This affected pensions from 1996 onwards. No compensation has ever been paid for this, as the price base amount is now at a lower level than would have been the case had it been fully adjusted upwards.

As Figure 4 shows, payments for retirement pensions increased during the 1990s. This was partly due to an ageing population and partly because a progressively larger number of new pensioners had high ATP points. This meant paying out a larger sum to more and more people. In December 1990, the number of pension recipients was 1.55 million and of earnings-related supplementary pension recipients (ATP) 1.17 million. At the end of 1999, there were 1.60 million recipients of basic pension and 1.36 million of ATP.

To compensate pensioners with little or no ATP entitlement for the increase in housing costs that accompanied the tax reform of 1991, a special municipal housing supplement (SBTP) was introduced in addition to the ordinary housing supplement (BTP) paid to low income pensioners. The relative importance of housing allowance increased during the decade in the case of pensioners in the lowest income bracket while at the same time the overall number of recipients fell, from 453,000 in 1990 to 364,000 in 1999.

Most wage-earners have additional pension insurance via their collective agreements. The changes that occurred in these schemes will primarily have an impact on future pensions and are therefore not treated further here. The premium income of the life insurance and unit linked insurance companies offering private pension insurance increased at the same time as a growing number of income earners made deductions for pension insurance premiums in their tax returns. In 1990, 17 per cent of the population aged 18–64 invested in pension funds. By 1999, this figure had climbed to 35 per cent. Among those in gainful employment, pension savings are more common among women and older workers. High income earners are also investing in pension funds to a greater extent.

6.3 Economic compensation for unemployment[3]

An important part of the Swedish income maintenance system is insurance that mitigates the economic effects for those suffering unemployment. The dramatic developments that occurred in the Swedish labour market in the 1990s further accentuated the importance of this kind of financial support. Those entitled to unemployment benefit are persons who are unemployed and registered with the employment office as job seekers. In addition, two further requirements apply: a membership requirement and a work requirement. The membership requirement obliges the unemployed person to be a member of an unemployment insurance fund for at least 12 months, a condition that remained unchanged throughout the 1990s. The work requirement, however, was a subject of frequent changes around the middle of the decade. The last of these occurred in 1997 and meant that benefit entitlement was conditional upon six months' work (for at least 70 hours a month) during the 12 months immediately preceding unemployment, or alternatively 450 hours' work over an uninterrupted six-month period. Compared with the rules that applied at the beginning of the 1990s this was a more stringent qualification requirement, if not dramatically so.

For most of the decade, benefit was paid for a maximum of 300 days in the case of under-55s and a maximum of 450 days for those aged 55 or more. In 1998, this age limit was raised to 57. Parallel with unemployment benefit, cash labour market assistance (KAS) has been payable since the mid-1970s to persons who fulfil the work requirement but not the membership requirement in unemployment benefit. In 1998, this form of support changed its name to basic unemployment insurance. Benefit levels here have always been less generous than in the case of benefit from an unemployment fund.

Unemployment benefit levels were revised several times during the decade: from 90 per cent of income to 80 per cent in 1993 and to 75 per cent in 1996. From the autumn of 1997, the 80 per cent level was restored. Meanwhile, the benefit ceiling – the maximum sum payable – was also revised. The ceilings in unemployment insurance have traditionally been lower than those applying in the sickness insurance system, for instance. As a result, many of the

[3] The section on cash labour market assistance is based primarily on the contribution to the Commission by Håkan Regnér (SOU 2000:37), see Methodological Appendix.

unemployed draw the maximum amount of benefit, and the sums they are granted are therefore lower than the level specified in percentage terms. The proportion of wage-earners with income in excess of the income ceiling grew from 44.7 per cent in 1992 to 49.5 per cent in 1997, and the average benefit level (as a percentage of previous pay) fell during the same period from 81.3 to 70.5 per cent (Sjöberg & Bäckman 2001).[4] The first two columns in Table 20 list the maximum daily sums payable for both unemployment benefit and KAS/basic unemployment benefit. This shows that income-related benefit increased comparatively little during the decade (in real terms, in fact, they fell by approx SEK 30), whereas basic insurance/KAS in effect became more generous (an increase of SEK 20 in real terms).

Table 20. Unemployment benefit and cash labour market assistance (KAS), the proportion of recipients and the proportion of non-recipients from either system, 1990 and 1999

Benefit system and maximum daily sum payable, SEK			Proportion of unemployed with and without benefit, per cent		
Year	Unempl. Benefit	KAS/basic benefit	Unempl. benefit recipients	KAS/basic benefit recipients	Non-recipients
1990	495	174	63	8	29
1999	580	240	75	7	18

Sources: Regnér 2000, Sjöberg & Bäckman 2001 and statistics from the National Labour Market Board.

The table also shows what proportion of all unemployed were receiving compensation from one or other of the two systems and what proportion lacked compensation altogether. We can see here that the proportion receiving unemployment benefit increased during the period in question, while the proportion of non-recipients declined to the same extent. One explanation may be that the high level of benefit compared to the KAS/basic benefit entitlement, together with the uncertainty caused by developments in the labour market, amounted to a powerful incentive to join an unemployment insurance fund. Another explanation is that the

[4] In the light of the ceiling problem, supplementary unemployment insurance policies were introduced in the private insurance market at the end of the 1990s. The public response, however, has been relatively modest (Grip 2001).

number of fund members without work increased during the period.

In terms of labour market expenditure, the impact of cash benefits increased in the 1990s. In 1990, some 34 per cent of expenditure comprised labour market policy costs for unemployment benefit and KAS, while in 1998 the share was almost 60 per cent, or SEK 35,000m. The macro economic costs for this form of support rose dramatically in pace with the deterioration in employment. Overall, however, the development described above meant that the level of generosity in the system during the 1990s declined.

6.4 Social assistance[5]

During the 1990s, social assistance was a type of financial support that became increasingly important for people's upkeep. Between 1990 and 1997, the proportion of the population that had drawn social assistance at some point during a given year increased by over 40 per cent. Costs rose during the same period by over 100 per cent in real terms. Greater unemployment was the main contributory factor in this development along with the difficulties many people experienced in gaining a foothold in the labour market, which meant they were less affected by the social insurance systems then operating. In light of the character of the economic crisis and of the qualification rules then in place, particularly in the unemployment support sector, the substantial increase that occurred in the social assistance rate was a relatively natural development. When the Swedish economy subsequently picked up during the latter part of the decade, the social assistance curves began to point downwards. In 1999, the proportion of the population on social assistance was almost down to the same level as for 1990, whereas costs declined more slowly and in 1999 were around 70 per cent higher (in real terms) than in 1990. Total costs in 1999 amounted to SEK 10,500m. The average period for which benefit was provided also increased throughout the decade, from 4.1 months in 1990 to 5.8 months in 1999, while at the same time a growing proportion of the recipients comprised persons with

[5] The section on the regulation of social benefitsocial assistance is largely based on the supporting material supplied to the Commission by Åke Bergmark (SOU 2000:40) and Håkan Johansson (SOU 2000:40), see Methodological Appendix.

lengthy consecutive periods of social assistance (see section 3.7; National Board of Health and Welfare 2001a).

The number of social assistance recipients in the population, however, is not only determined by the way needs or demand develop but is also affected by changes in the regulatory framework and in the case law that regulates this form of support. A distinguishing feature of the social assistance scheme is that like other forms of assistance coming under the Social Services Act (SoL) it largely involves general regulation. Legislation and case law combine to provide a framework but within it actors at different levels are given a freedom of action that means requirements and benefit levels vary not only across time but also geographically. The 1990s are often characterised as a decade of tougher qualification requirements and tougher conditions for social assistance recipients. Reviewed over time, demands undoubtedly increased and the general tendency as regards the size of benefit or what it was supposed to encompass was more restrictive. This had two important consequences: (i) fewer than would otherwise have been the case received support, and (ii) less favourable conditions for those drawing benefit. Neither of these consequences has been studied empirically, however.

The content of legislation and case law underwent important changes during the decade. Both in a number of decisions by the Supreme Administrative Court and in the revised Social Services Act of 1998 we find changes that helped reduce the generosity of the system. Developments concerning the social assistance norm attracted most attention. Under the legislation that still applies, social assistance is supposed to be generous enough to assure the individual of a reasonable standard of living. Until the Act was revised in 1998, what constituted a reasonable standard of living was to be assessed with due regard to the general development of living standards and to be determined by a combination of case law and general guidance provided by the National Board of Health and Welfare. At the beginning of the decade, the social assistance norm proposed by the Board – based on cost estimates for household expenditure from the Swedish Consumer Agency – strongly influenced the actions of the administrative courts in social assistance cases, and in the spring of 1993 the Supreme Administrative Court ruled in two cases on what could be considered a reasonable standard of living. By this time, however, many local authorities were applying substantially lower norms. In a number

of cases, the 'Tingsryd norm' (labelled after a municipality) was applied. This was well below the level recommended by the National Board of Health and Welfare and a number of cost items had been removed. As the result of a ruling delivered by the Supreme Administrative Court in 1994, local authorities in Sweden were given the right to apply the 'Tingsryd norm' and in fact a large number of them began to do so.

In the revised Social Services Act of 1998, the number of items in the general norm was reduced further, in favour of a system with closer detailed analysis of actual items of expenditure. The new wording differentiated between 'income maintenance' and what were termed 'other forms of support'. Income maintenance included a standard allowance (the 'national norm') and an individually tested allowance for certain items of expenditure such as rent, travel to and from work, electricity, medical care and emergency dental care. While the national norm was set by the government and applied equally throughout the country, the local authorities themselves were allowed to decide what could be deemed reasonable in the case of other items. In addition to this, the local authorities were given the freedom (but not the duty) to approve social assistance for costs not covered by income maintenance, such as routine dental care. While decisions on income maintenance were subject to appeal in administrative courts, private individuals did not have the right of appeal against decisions pertaining to the benefit that local authorities were only required to provide on a voluntary basis.

In reviewing the individual's right to social assistance, the local authorities are allowed to impose conditions that have to be satisfied for benefit to be granted. The most important requirement in this respect has long been the one whereby applicants have to be 'at the disposal of the labour market'. At the beginning of the 1990s, the National Board of Health and Welfare specified that this condition was to include the obligation to (i) seek full-time work, (ii) take part in government programmes in the employment policy field, and (iii) take whatever work they were allocated. Around this time, many local authorities developed models requiring individuals to take part in work training schemes or similar work-related activities if they wished to be granted social assistance. The National Board of Health and Welfare reacted negatively to this type of solution and in its general guidance for 1992 decreed that no-one should be denied social assistance on the grounds that he or

she refused to accept employment where wages were not agreement-linked and where normal labour market insurance was not provided. At the same time as standard practice among local authorities was moving in another direction, the rulings of administrative courts on the right of the individual were rescheduled. In the mid-1990s, the Supreme Administrative Court delivered a ruling whereby individuals were required to participate not only in government programmes in the labour market policy sector but also in municipal programmes in this field. In many cases, the local authorities imposed more stringent demands aimed specifically at young adults. In the revised Social Services Act of 1998, this was given a more institutional framework as the law established that young adults under 25 could be required to take part in skill-raising programmes to qualify for social assistance. Young adults receiving social assistance were thereby given additional obligations and in this respect were treated differently from other claimants.

While the more formal regulatory framework was being altered, in most local authorities work in respect of social assistance during the decade was characterised by explicit efforts to keep down the costs of this type of financial support. No systematic studies of how municipal approaches changed are available, but the observations that have been made suggest fairly unanimously that the trend during the crisis years was towards less generosity and tougher requirements (e g see Bergmark 1995). There are solid grounds for assuming that the more restrictive attitude of the local authorities had a restraining effect on the expansion of social assistance, but in the main too little is known about the extent to which this occurred and what the implications were for those affected by the development.

6.5 The impact of income maintenance benefits on income distribution[6]

In the previous section, we summarised a few of the most important rule changes in different parts of the income maintenance system. One way of studying the impact on the population is to examine to what extent various income categories affect income and the distribution of income. Below, we will offer a picture of

[6] This is largely based on the supporting material supplied to the Commission by Johan Fritzell (SOU 2001:57), see Methodological Appendix.

how important the various transfer payments were in terms of volume for different income groups and how this changed in the 1990s. Table 21 shows income structure (i.e. the relative importance of different types of income) in Sweden in 1991 and 1999 in different income brackets. Here we use quintile ratios in dividing the groups. This means we began by ranking income according to size and then divided the population into five groups of equal size, from low to high income. On the basis of this division, we calculated how large a part of total income for each group was accounted for by the various income categories. For the sake of simplicity, we only distinguish between five kinds of income – work income, capital income, pensions, other social insurance and general benefits (sickness benefit, child allowance, etc), and income- or means-tested benefits (housing allowance and social assistance) – and we focus on the fifth with the lowest income and the fifth with the highest. All calculations take account of the amount of tax paid. In other words, all taxable income is net.

It is important to remember that the changes we register in this table are in part due to the income groups varying in their composition when we make comparisons across time. This may perhaps be seen most clearly in the case of pension-related income, which declines sharply in the low income group and increases among the 20 per cent in the high income bracket. This is a structural effect in that at the end of the decade fewer old age pensioners are to be found in the low income bracket and more in the high income bracket. The table shows the great, and greatly increased, significance of capital income for those with high incomes, and this is more clearly evident if the tenth of the population with the highest incomes is analysed in the same way (see Fritzell 2001:167). The total volume of capital income varies considerably across the years. It is worth noting, therefore, that the income year of 1991 was previously considered a special year as the changes in the tax regulations meant that the capital gains realised in this particular year were much greater than before. In the light of the overall size of capital gains at the end of the decade, however, the sums for 1991 appear modest.

Of greater social policy interest are the shifts we are able to note among those with low incomes. Above all, it is clear that selective benefits (housing allowance and social assistance) have come to be an increasingly important source of income in the lower reaches of

income distribution. Closer analysis shows that this was particularly evident around the middle of the decade, but, as we can see, the sums and the share of the total were considerably higher at the end of the 1990s, too, than at the beginning. In the table we have combined housing allowance and social assistance. If these two sources of income are separated, we find that the change over time is largely driven by social assistance.

Table 21. The relative importance of different kinds of income in SEK 1,000 per cost unit and as a percentage of equivalenced disposable income for 1991 and 1999 in 2000 prices for the 20 per cent with the lowest and highest incomes respectively

	1991		1999	
	SEK 1,000 per cost unit	Per cent	SEK 1,000 per cost unit	Per cent
Low incomes				
Work	25	32.9	27	34.7
Capital	4	5.0	2	2.5
Pension	22	27.5	14	18.1
Other social insurance, general benefits	18	23.7	23	30.4
Means- or income-tested benefits	8	11.0	11	14.4
High incomes				
Work	158	69.8	160	63.6
Capital	34	14.0	55	18.5
Pension	23	10.2	34	13.2
Other social insurance, benefits, etc	13	6.1	11	4.5
Means- or income-tested benefits	0	0.1	0	0.2

It has been clearly established that both transfers and taxes have a levelling effect on income distribution. In the material that we have at our disposal, the Commission has been able to establish that this effect was more noticeable during the economic crisis. To some extent, then, social policy systems initially performed their intended task, namely to protect people outside the regular labour market.

The extent to which income distribution changes in a recession may of course also depend on which groups are affected by unemployment. Since the employment crisis of the 1990s afflicted the population fairly generally and loss of income through un-

employment moreover was greater for those with high incomes, the direction of this change was not a foregone conclusion. The distribution of work income became more uneven during the first half of the decade, since the group that either lacked income or had only sporadic work income grew in size. Nevertheless, income distribution after taxes and transfers remained largely unchanged. During the second half of the decade, however, income spread increased, as we have shown in section 2.4.

7 Summary: Institutional Changes

As in the case of individual welfare trends, many of the above changes both in income maintenance systems and in welfare services were a result of changes in the macro economy. The dramatic increase in unemployment led first and foremost to a loss of welfare for those afflicted but also led to a dramatic increase in the number of people receiving unemployment support, both active and passive. This in turn appears to have led to crowding-out effects that limited the economic scope both for other income maintenance systems and for welfare services.

The various income maintenance systems underwent a very large number of regulatory changes during the decade. The direction of these changes tended to follow the curves for unemployment and government finances. The decisions to reduce levels of compensation in the earnings-related benefit system, but also in parts of the family support system, came when the recession was almost at its deepest. Following the economic upturn, benefit levels were adjusted upwards, although seldom to the levels that prevailed at the beginning of the decade.

The downturn was also accompanied by decisions that in one way or another led to more stringent qualification requirements in the various systems. The first to be introduced were stricter requirements for proof of work injury and these were followed by stricter requirements in the disability pension and sickness insurance systems. These measures did not reduce the numbers of insured but did affect the number actually receiving benefit. The introduction of a waiting period in both the unemployment benefit and sickness benefit systems also made conditions tougher, and in addition the qualification requirements for social assistance were tightened up by stages.

Viewing the decade as a whole, the changes introduced into income maintenance systems were largely of a limiting character,

even if the differences in benefit levels were relatively modest if we compare the end of the decade with the beginning. The employment crisis and the policy decisions on changes in the income maintenance systems naturally affected the population considerably. One evident effect was that selective benefits came to be more important for households, something that still applied at the end of the decade for those in the low income bracket (see section 6.5). Another effect, as we have shown in a study for the Commission (Grip 2001), was that private insurance expanded in many parts of the social insurance sector during the decade. It is also important to highlight the numerous regulatory changes as a factor in itself, as it could result in public loss of confidence in income maintenance systems.

In many respects, developments in the welfare service field were more disparate. Some general patterns did emerge, however. *Privatisation* and *user financing* were two of these. Privatisation without public involvement remained a marginal phenomenon, while publicly financed services 'produced' by a non-public actor became increasingly common in childcare, education, child and youth social service, and care of the elderly. This development was a direct result of policy decisions and manifestations of political will. Greater user financing – i.e. where the individuals themselves pay for a larger share of the service – was also common. We find for instance that the proportion of the total cost paid for by users themselves in the form of direct charges increased both in childcare and in health and medical care. A third general trend during the decade was *decentralisation.* Decentralisation tendencies will be examined more closely in section 8.4. It is important to note once again that the impact of these three changes – decentralisation, privatisation and user financing – on people's welfare and on the distribution of welfare is largely unknown.

The economic restraints imposed on many welfare services differed in character by sector, and we have also found that in certain cases there was no evidence of any restraints at all. The most obvious example of how restraints differed in character among the different welfare services sectors can be found by comparing the care provided to young and old members of the community respectively. In the childcare sector we find that a growing number of children were allocated some form of care but that both the costs per child and the number of employed adults per child declined. In other words, the restraint applied here took the form

of what the Commission has previously referred to as resource depletion. In old age care, however, the proportion receiving help could be said to have fallen due to the fact that certain tasks are no longer part of the public undertaking. In compulsory education, compulsory attendance has of course meant that savings cannot be made by denying children education. Instead what we find here is distinct evidence of resource depletion insofar as the number of pupils per teacher increased substantially. We also find that the proportion of teachers lacking teacher training grew in compulsory school, a trend that appears to be accelerating in the 2000s, in contrast to childcare, where staff qualifications have improved. Costs per pupil were higher in 1999 than in 1991 and teacher ratios were unchanged. The changes in costs and staffing were less noticeable at upper secondary school level.

The welfare services sector also contained areas characterised if anything by offensive initiatives. In particular this applied to care of the disabled, where rights legislation was introduced and where public economic resources in real prices increased by around 68 per cent. From a user perspective, however, these developments could not be described as unequivocally positive as persons with disabilities not covered by the disabled policy reform as well as groups with little opportunity to safeguard their interests may have been placed at a disadvantage. In child and youth social service, levels of ambition were similarly raised with the strengthening of children's formal rights and the absence at least of any signs of general cutbacks.

In the health and medical care sector, costs increased during the decade, especially in the latter years, chiefly as a result of higher costs for medicines. Staffing in this sector declined significantly over the decade. This, in turn, have had negative consequences for working conditions and possibly also on the quality of care. On the basis of the welfare perspective we are applying, however, there are also clear indications of technological advance having reduced hardship for those suffering from various illnesses.

Overall, restraints in both income maintenance systems and the welfare services sector led in several cases to shifts both towards solutions of a purely private nature and towards market-related solutions, even if the processes partially differed. Individual and agreement-linked insurance systems grew in importance in typical social insurance sectors, and old age care was characterised by an increase in both care input by relatives and by privately purchased help. The fact that this occurred, however, does not mean that

private services were necessarily functional equivalents in the sense that the private sector started where the public sector stopped without there being any other consequences. We have noted different types of stratifying patterns in both these shifts in income maintenance systems and welfare services. In the social insurance field, for instance, we know that private saving for pensions is most widespread among high income earners (but also among women) and agreement-linked insurance for obvious reasons does not cover all citizens. By the same token, we can see that in the old age care sector, senior citizens with financial resources have replaced municipal home help with market help to a greater extent, while those less well off have often had to rely on assistance from relatives.

8 Administration Report: Structural Preconditions and Political Decisions

The development of people's welfare in the 1990s was affected not only by changes in a number of welfare systems but also by demographic and economic change as well as political decisions. In this chapter we will be looking at the economic and demographic conditions that prevailed during the 1990s and at the political decisions taken both at the national level and in the municipal sector that had a bearing on the welfare of individual citizens and the various systems aimed at securing their welfare.

8.1 Demographic change

Social policy institutions are affected in a number of ways by demographic change and by changes in the population structure. Changes in the population's age structure are particularly significant in this respect as the various age groups differ both in their specific welfare needs as well as in their ability to generate resources for financing the systems of social protection. Immigration is also a major factor in this context, both from an individual welfare viewpoint and in relation to the demands levelled at the social policy institutions.

Age structure of the population[1]

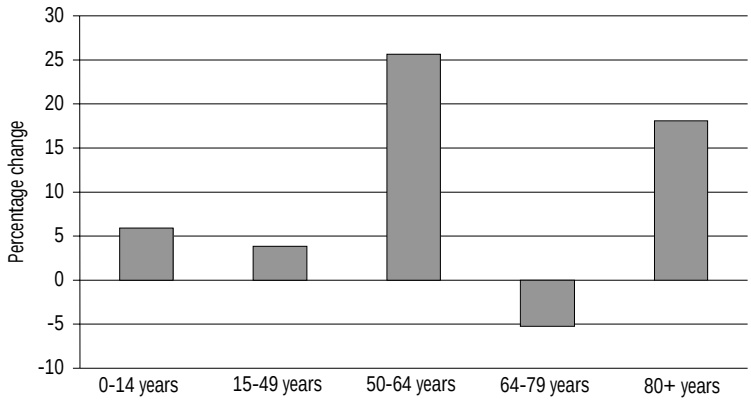
At the beginning of the 1990s, Sweden had a very high proportion of elderly people by European standards. In 1990, 18 per cent of the Swedish population were over 65 years of age. At the same time, there was a large proportion of young children in the population, a result of the high fertility rate in the late 1980s and

[1] This section is based principally on SOU 2000:3 and on Thomas Lindh's contribution to the Commission (SOU 2003:37).

early 1990s. In 1992, the proportion of 0–4 year olds in Sweden was seven per cent, the highest level since the late 1960s. The high proportion of elderly people and young children exerted strong pressure on the economy and on welfare systems. While children, and the elderly to an even greater extent, claim a large share of public consumption and transfers, they contribute very little to the financing of the systems.

The remainder of the 1990s saw a growth in the maintenance quota (i.e. the relationship between those in employment and others) in Sweden. The occupationally active part of the population grew while growth in the pensioner group ceased. The structure of the occupationally active group, meanwhile, was changing. The proportion of older members of this group (aged 50–64) increased sharply (Figure 4). Despite the fact that productive activity tends to decline for those aged 55 and above, this shift in favour of older members of the occupationally active group was a favourable development in economic terms. The 50–64 age group is the largest in the population in terms of average income and savings, which means that it makes a large positive contribution to both income tax and social insurance contributions as well as to capital income tax.

Figure 4. Percentage change in the sizes of different age groups, 1990–99



Source: Population statistics from Statistics Sweden.

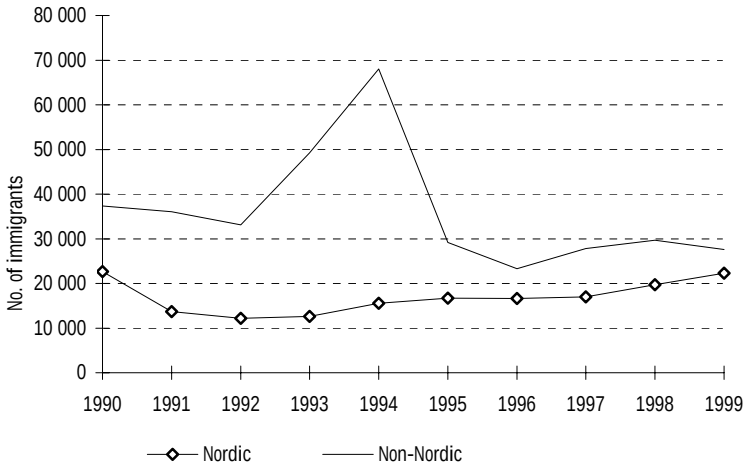
The improvement in the maintenance quota meant that the available resource base for the financing of the welfare systems grew. At the same time, however, shifts occurred in the age structure that in certain respects added to the demands on the welfare systems. A development of special note was the substantial increase – about 18 per cent – among the very oldest members of the population, the 80+ age group. The oldest citizens receive a large share of public welfare services, primarily in the form of healthcare and social care. The high birthrates around 1990 also meant that the 0–14 age group grew in size during the 1990s, while the sharp decline in fertility in the latter part of the decade caused a gradual shift from young children to children of school age. This development is a factor of considerable importance for assessing developments in childcare and, especially, in compulsory education during the 1990s.

Immigration[2]

During the 1990s, a number of conflicts and civil wars around the world led to Sweden taking in various waves of refugees. By far the greatest influx of immigrants was from former Yugoslavia. The refugee group from that part of the world is clearly discernible in the sharp upswing in non-Nordic immigration that occurred in 1993 and 1994 (Figure 5). Of those granted residence permits on refugee or quasi-refugee grounds in the 1990s, more than 77,000 or 53 per cent came from former Yugoslavia.

[2] This section is based principally on SOU 2000:3, see Methodological Appendix.

Figure 5. Number of Nordic and non-Nordic immigrants, 1990–99



Source: Statistics Sweden.

Immigration and the costs of refugee reception brought pressure to bear on many social policy institutions. At the same time, many immigrants, especially newly-arrived refugees from non-Western countries, experienced considerable difficulties in establishing themselves in the Swedish labour market (Edin & Åslund 2001). We should therefore take special note of the fact that the number of foreign-born citizens from countries outside Europe increased in the 1990s. During the first seven years of this decade, the number of non-Europeans in the population increased by 40 per cent. The number of arrivals from Europe excluding the Nordic countries also increased relatively sharply, while the number of Nordic immigrants in the population declined slightly during this period.

One important aspect of immigration is that it alters conditions for social policy and educational policy by altering the age structure of the population. Among immigrants, children and persons of reproductive age are clearly over-represented. This over-representation entails on the one hand greater claims on social policy systems dealing with children and young adults, including school education. On the other hand, the younger age profile to be found among immigrants represents an opportunity to redress the

maintenance balance in an ageing Swedish population – on condition that the labour market situation improves for newcomers to the immigrant community.

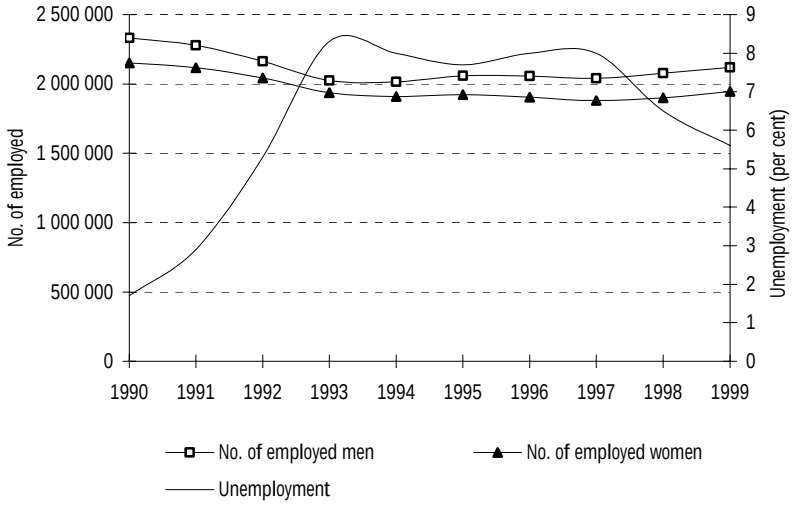
8.2 Changes in the economy and in the labour market[3]

Changes in the economy and in the labour market in the 1990s significantly affected both developments in the welfare sphere and the basis for economic policy. Of particular importance in this respect were employment and unemployment trends, which not only affected individual living standards but also had a fundamental effect on the structural conditions underlying welfare policy during this decade.

When the economic crisis hit Sweden in the early 1990s, employment fell dramatically and unemployment rose to levels that had previously been considered almost inconceivable. Even when compared to many other countries in Western Europe, the unemployment trend in Sweden was dramatic. Between 1990 and 1993, employment declined by over half a million people, or around 13 per cent, and unemployment on the open market rose from 1.7 to 8.3 per cent (Figure 6).

[3] This section is based on Per Lundborg's contribution to the Commission (SOU 2000:37) and on SOU 2000:3.

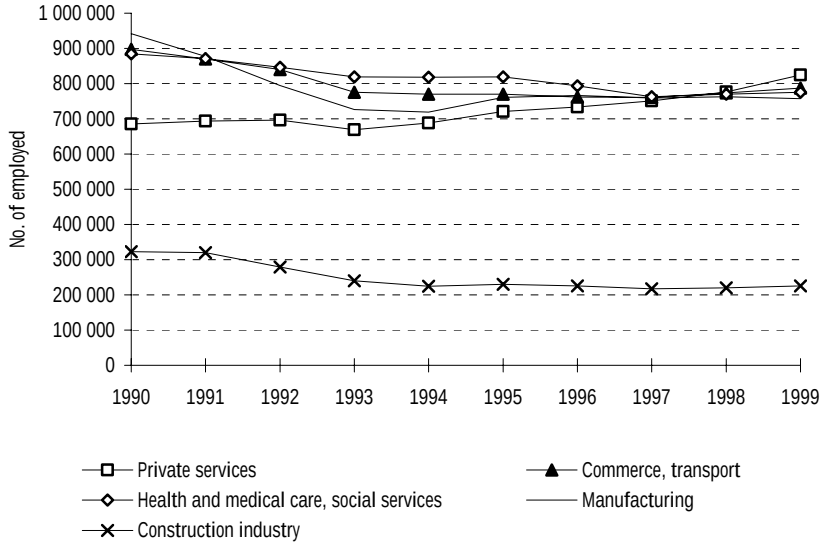
F*igure 6.* Number of employed and unemployed on the open labour market (per cent), 1990–99



Source: Statistics Sweden.

The decline in employment up until 1992/93 may be divided into an international phase, characterised by a combination of domestic cost crisis and international recession, and a real interest phase, characterised by high rates of real interest and a concomitant fall in domestic demand for goods and labour. In the international phase, export-dependent sectors of the economy were the ones most adversely affected by the employment downturn, especially manufacturing (Figure 7). In the real interest phase in 1992–93, sectors that are more dependent on domestic demand were also affected, such as commerce, transport and construction, following which employment in these sectors stabilised after 1994. It is also worth noting that employment in the private services sphere grew continuously, except in 1993, and by 1999 was in fact slightly higher than in manufacturing industry.

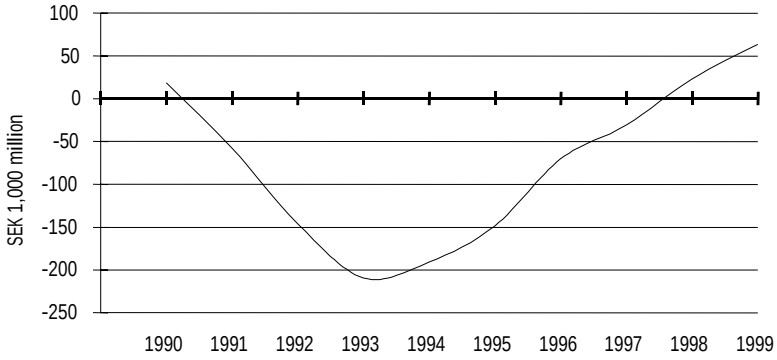
Fig*ure 7.* Employment in subsectors of the economy, 1990–99



Source: Statistics Sweden.

The employment crisis came to have a powerful impact on government finances as the downturn in employment led both to reduced revenue and to greater public expenditure, e.g. in the form of unemployment benefits. This resulted in a rapidly accelerating deficit in government finances. In 1990, government finances showed a surplus of almost SEK 19,000 million. From 1991, the deficit was virtually in free fall and amounted in 1993 to almost SEK 210,000 million. In 1994, the deficit was still almost SEK 200,000 million, but then diminished rapidly and in 1998 and 1999 had been turned into surpluses of just over SEK 20,000 million and SEK 60,000 million respectively.

Figure 8. Government financial saving (differences between income and expenditure), 1990–99. SEK 1,000m in current prices

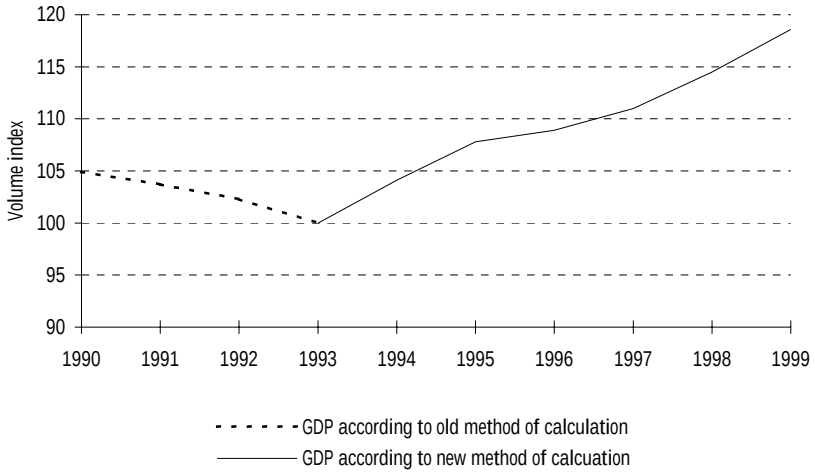


Source: Ministry of Finance.

An important factor in explaining the improvement in the Government's financial savings after 1993 is the cutbacks in public expenditure launched by both the Center-Right and Social Democratic Governments. These cutbacks, together with the drop in tax revenue due to the unemployment crisis in the private sector, led to an employment downturn in the central and local government sectors and in public services provision, such as health and medical care and the social services. It should be noted that the employment downturn in these sectors was not as concentrated in time as the downturn in the private sector but was spread through much of the 1990s, with particularly large drops in employment recorded for 1996 and 1997. Between 1990 and 1998, the number of local government (including county council) employees declined each year, and the total number of employees in this sector fell from almost 1.3 million to less than 1.1 million during this period. After 1997, however, there were signs of an employment recovery in the local government sector, a development that occurred much later there than in the private sector.

In the aftermath of the economic crisis, Sweden's gross national product (GNP) declined for three consecutive years (Figure 9). While the employment problem persisted throughout the decade, the growth trend was reversed as early as 1993.

F*igure 9.* Gross national product (GNP) in real terms, 1990–99. Volume index (1993 = 100)



8.3 Central decisions and development trends in economic policy in the 1990s

Viewed overall, there is clearly a link between the economic crisis of the 1990s and welfare development during this period. In the case of individual policy decisions and institutional changes during the decade, however, their cumulative effect on welfare development is very difficult to gauge. Also, the large number of concurrent policy and institutional changes that took place, during a period of acute economic crisis, makes it difficult to isolate the impact of individual policy choices. Some policy decisions and approaches, however, would seem to be of particular interest when seeking to understand the ways in which both individual living standards and the structural basis of welfare policy changed during this decade.

Even before the economic crisis broke out in Sweden, a number of decisions were made that either shaped welfare development in the 1990s directly or, by changing the conditions for economic policy, affected welfare policy more indirectly. A step that affected welfare development both directly and indirectly was the decision to reform the Swedish tax system, a reform that largely came to be

implemented in 1990 and 1991. The aims of this reform may be summarised in three main points: to reduce taxation on work and savings and raise taxation on consumption and borrowing; to introduce equal treatment in the tax system for work income and capital income; and to combat tax planning and tax fraud (Government Bill 1989/90:110). The most important elements in the tax reform came to be a broadening of tax bases, primarily in the case of capital tax and value added tax, and a lowering of tax rates on income from work and capital. The tax reform was under-financed in the short term, and the idea was for 'dynamic effects' such as an increased labour supply to boost government revenue in the long term. The tax reform was intended to be neutral in distribution terms, with the negative effects of reduced marginal tax rates being offset by the simultaneous raising of child allowance and housing allowance. Analyses (Björklund, Palme & Svensson 1995) show that the cumulative levelling effect of the tax system was clearly reduced as a result of the tax reform, but that this was fully offset by the increases in child allowance and housing allowance. Taken as a whole, then, the tax reform meant that income from different income maintenance systems came to comprise an increasingly large part of disposable income, especially for families with children.

The tax reform of 1990–91 also marked the beginning of a change in housing policy. The increased significance of housing allowance engendered by the reform meant that housing policy acquired a more selective orientation, a trend that came to be accentuated further with the advent of the non-socialist Government in 1991. This Government set about making radical changes in housing policy, based on the view that housing concerns should be dealt with in the same manners as concerns relating to other markets. In general, the decisions taken in the 1990s, by both Social Democratic and non-socialist governments, resulted in the housing sector developing from a heavily-subsidised sphere into a source of government revenue (Lindbom 2001). This was caused both by an increase in revenue, for example via heavier property tax and other means, and by cutbacks in expenditure in the form of lower interest subsidies and tax subsidies. Generally speaking, this development obliged households to absorb an increasingly heavy share of housing costs themselves in the 1990s, forcing many of them to forgo other forms of consumption, while making them

more vulnerable to future market-related and housing policy changes (Dellgran & Karlsson 2001).

In order to understand how the economy developed in the 1990s, it is essential to remember that low inflation rather than full employment came to be seen as a precondition for maintaining employment levels and thereby welfare levels. In actual fact, the first steps towards this anti-inflation policy were taken back in 1982 in connection with Sweden's 'super-devaluation' of the krona. Following this measure, which reduced the value of the currency by 16 per cent, the idea was for Sweden to shift to a 'hard currency policy'. By tying the krona to a fixed rate of exchange, price and wage increases were to be kept down even during periods of high employment. If cost levels nevertheless rose excessively, adjustment would be achieved by a period of low profit in business together with lower employment. Further steps in this anti-inflationary policy were taken in 1993, when the Riksbank announced an inflation goal of 1–3 per cent at the most, and in 1999, when the Riksbank acquired greater formal independence and the price stability goal was embodied in law.

Deregulation of the credit market in 1985 also came to affect economic and thereby social policy development in the 1990s. The decision to deregulate, and especially the decision to abolish lending ceilings for banks, building societies and finance companies, acted as a strong incentive to greater lending for both businesses and households. This, together with a low rate of real interest in the late 1980s, pushed up lending and prices, particularly on property, in what might best be described as a self-perpetuating spiral. When property prices subsequently fell in the early 1990s, this resulted in substantial credit losses for banks and finance companies. In practice, the state was obliged to absorb a large share of these losses, which further increased the national budget deficit. At the same time, imbalances in the financial sector contributed to a downturn in private consumption as well as in investment and employment in the real estate and construction sector during the early years of the decade.

The tax reform, changes in housing policy, the adoption of an anti-inflation policy and the deregulation of the credit market were all moves that in one way or another came to shape economic development, and thereby welfare development, in the 1990s. Once the economic crisis had set in, a number of steps were taken in

direct response to the acute economic difficulties facing the country.

Crisis policy in 1990–1992 and the defence of the exchange rate[4]

The late 1980s, often described as a period of overheating, were characterised, inter alia, by high domestic inflation caused by high price and wage increases, which led to a deterioration in Swedish industrial competitiveness. When the international business climate began to weaken at the beginning of the 1990s, the Swedish export industry rapidly lost market shares. In 1990, too, the first signs of serious imbalance in the financial system appeared, in the aftermath of the deregulation of the credit market and the subsequent expansion of lending. A clear decline in employment could already be discerned at this stage, partly in the construction sector and partly in export-oriented sectors and those branches of industry that depend on the export sector.

At this point, the Government entered into talks with the social partners to discuss prospects for introducing a more austere economic policy and for combating inflation without causing further growth in unemployment. These talks did not, however, yield results, and in early 1990, therefore, the Social Democratic Government presented what was termed a 'stop package', involving legislative intervention in price and wage formation by such means as wage freezes, price freezes, rent freezes and restrictions on the use of industrial action. However, the stop package was defeated in the Riksdag and the Government was obliged to resign. The task of forming a new government went once again to the Social Democrats, though, and a Social Democratic minority government took office in February 1990. In the spring, the Government presented fresh proposals for tightening up financial policy, including the withdrawal of proposals for a sixth week of industrial holiday leave and an extension of the parental insurance period.

By this time, the parliamentary unrest was influencing currency markets, and, seeking to curb the flow of capital out of the country and defend the exchange rate, the Riksbank raised the interest rate. The unrest in the currency market caused the Government to introduce further budget policy measures in the autumn of 1990,

[4] This section is based principally on Södersten 1994, Jacobsson 1997, Jonung 1997, 1999, and Government Bill 2000/01:100 Appendix.

including a reduced benefit level in the sickness insurance system. Simultaneously, the Government announced its intention to launch a process aimed at taking Sweden into the European Community (EC), where at that time the priority was fixed exchange rates as part of the European Monetary System (EMS). In May 1991, Sweden took its European policy a step further when the Riksbank announced that the krona had been unilaterally tied to the ecu.

Sweden's new European policy and the accompanying budget policy cuts stabilised the situation in domestic interest and currency markets in the first half of 1991. During the second half of the year, however, further pressure was brought to bear on the Swedish economy. In November, Finland devalued the mark against the ecu in the wake of the crisis that had been generated, inter alia, by the decline in trade with the former Soviet Union. During this period, the real interest rate abroad rose as well. In this situation, speculation against the krona began afresh and the Riksbank was forced to raise the interest rate once again.

The elections in September 1991 led to a change of government and a four-party non-socialist coalition took power, led by Carl Bildt. The coalition's economic policy orientation, labelled 'A New Start for Sweden', emphasised deregulation, privatisation and structural reform. As before, policy centred on fighting inflation via a fixed rate of exchange. Grave problems mounted up for the Swedish economy, however, and the growing financial crisis, losses of production and increasing unemployment further undermined confidence in the fixed rate of exchange. A wave of speculation was levelled at the krona and the more the Riksbank sought to defend the fixed rate of exchange by resorting to the interest weapon, the deeper the crisis became at home. As expenditure on unemployment grew and revenue declined, primarily because of the lower employment rate but also because of the under-financed tax reform and the costs of the financial crisis, the rapidly growing budget deficit also began to be seen as an increasingly important problem for the Swedish economy.

Then, in 1992, inflation in Sweden began to fall markedly, due partly to the fact that the direct effects of the tax reform on inflation had disappeared and that nominal wage increases via what was known as the Rhenberg Agreement had been kept down. Falling inflation together with high nominal interest rates in the wake of the struggle to defend the exchange rate led to very high real interest rates, which in turn caused domestic consumption to

wane and saving to increase. The tax reform had provided further incentive to increase saving and reduce borrowing. The high rates of real interest together with diminishing consumption led to a further drop in investments in the construction sector, inter alia, as well as the widespread elimination of industries and jobs above all in the production sector focusing on the domestic market. Consequently, both the employment decline and unemployment had spread from the exporting sectors of the economy to those that focused more on the domestic market.

At this point, in the autumn of 1992, the non-socialist Government began talks with the Social Democratic opposition aimed at resolving the crisis. The outcome, known as Crisis Package 1, was presented on 20 September 1992 and entailed an injection of SEK 20,000 million into the budget via a combination of increased income and reduced expenditure. The situation in the interest and currency markets, however, remained unstable, one of the reasons being that the crisis in the bank sector had become increasingly acute. After a while, therefore, Crisis Package 2 was introduced, aimed at improving the competitiveness of Swedish business and thereby improving the prospects of, and thus confidence in, the fixed rate of exchange. Included in the package were proposals for a shorter industrial holiday and lower employer's social insurance contributions. Unrest in the currency market continued, however, and at the end of 1992 the Riksbank was in principle left with no option but to engage in support buying of the krona to defend the fixed rate of exchange, as further increases in the interest rate would have hastened the economic decline. Support buying, however, proved fruitless, and on 19 November the Swedish currency was allowed to float. When the defence of the krona ended, the employment decline in the export industry and the import-competing sectors was checked and the sharp downturn in the Swedish economy was halted.

Crisis policy in 1993–1997[5]

As we have seen, the fight against inflation was at the heart of economic policy in Sweden during the early 1990s for both the non-socialist and the Social Democratic governments. No attempt

[5] This section is based principally on Jacobsson 1997, Jonung 1997, 1999, and Government Bill 2000/01:100 Appendix 5.

was made, therefore, to tackle the budget problems caused by the decline in employment in the private sector by combating unemployment or boosting employment, as it was felt that this might jeopardise the fight against inflation. Instead, reducing government expenditure, or 'budget restructuring', as it came to be called, was considered essential to an economic recovery based on a combination of rising employment, falling unemployment and a low rate of inflation. During the remainder of its term of office, therefore, the non-socialist Government continued to advocate budget cutbacks, and in the spring of 1993 presented the 'Nathalie Plan' aimed at restructuring the budget over the long term.

The elections of 1994 restored power to the Social Democrats, who besides reducing expenditure also sought to increase income as a means of redressing the balance in the state's budget. The Government also presented specific goals for public sector finances and later for labour market development as well. The national debt as a proportion of GNP was to be stabilised by 1998 at the latest (a goal that was later to be revised to target stabilisation by 1996) and public finances were to be in balance by 1998. In 1995, the 'Convergence Programme', which largely corresponded to the convergence criteria established by the EU prior to the formation of the Economic and Monetary Union (EMU), specified that the deficit in the public sector was not to exceed 3 per cent of GNP by 1997. It was further stated that the public gross debt was not to exceed 60 per cent of GNP, or, if this limit was exceeded, the debt was to reduced at a satisfactory rate (Government Bill 1994/95:25; Government Bill 1994/95:150).

In March 1996, the Social Democratic Government specified in its statement of policy that unemployment in the open market was to be no more than 4 per cent by 2000 (Government Bill 1995/96:207). Furthermore, the Budget Bill for 1999 established a further goal for employment whereby the proportion of the population aged 20–64 in regular employment was to reach 80 per cent by 2004 (Government Bill 1998/99:1).

The measures taken to achieve sustainable public finances in the long term also included a more specific target for budget policy through the introduction both of goals for public financial saving and of expenditure ceilings. The expenditure ceilings are nominal in character, valid for three years and applied to all expenditure in the national budget (apart from interest on the national debt), including expenditure on the social insurance schemes accounted for

outside the national budget (Government Bill 1994/95:150). The goal of an enduring surplus in public financial saving, corresponding to an average 2 per cent of GNP over a business cycle, was established in the Spring Budget Bill of 1997 (Government Bill 1996/97:150). Later, the goal for 2001 was revised upwards to 2.5 per cent. Restrictions were also imposed on municipal financial saving via the introduction in 2000 of a 'balance requirement', according to which municipalities/local authorities and county councils were obliged to draw up budgets in which income exceeded costs.

An important part of the restructuring of the national budget was the 'Consolidation Programme' implemented between 1994 and 1998 and which involved a permanent strengthening of public finances by SEK 126,000 million, corresponding to 7.5 per cent of GNP, including the SEK 18,000 million that had already been voted through during the Government's previous term of office. The Convergence Programme added a further SEK 500 million to the national budget in 1997 and 1998. Just over half of the Consolidation Programme involved cutbacks in expenditure. Of these, almost half comprised lower transfers to households, while other parts of the reduction in expenditure related to public consumption and lower subsidies. State subsidies to municipalities/local authorities and county councils, however, were largely exempted from the cuts, which did not protect local and regional government from economic pressures as their tax base had been eroded by the high rate of unemployment while at the same time their costs had increased, e.g. for social assistance.

Higher insured person's social insurance contributions, which went up from 0.95 per cent in 1994 to 6.95 per cent in 1998, came to comprise about a third of the additional income. Another 6 per cent came from a controversial levy that involved raising state tax from 20 to 25 per cent on income above a certain level.

Reconstitution in 1997–2000

In the wake of the budget cuts and the Consolidation Programme, there was a marked improvement in public finances after 1994, and in 1998 government financial saving (i.e. the difference between income and expenditure) was on the positive side for the first time since 1990. In the latter part of the decade, this improvement

enabled the Government partly to restore some of the levels in the transfer systems that had been reduced earlier and partly to invest in the public sector – primarily the municipal sector – and step up measures to combat unemployment.

Within the transfer system, most of these 'reconstitution measures' concerned family policy, including increases in child allowance and restoration of the supplement for families with three children or more. Benefit levels were also raised in the parental insurance system as well as in sickness insurance and unemployment insurance. In the case of pensioners, the housing supplement was increased.

Besides these reconstitution measures in the transfer systems, additional steps were taken at the end of the decade to strengthen resources in both the municipal sector and the educational system. Many of these measures were included in the five-point programme for work and education that the Social Democratic Government presented in conjunction with the 1997 Spring Budget Bill. These additional investments in the municipal sector added up to something like SEK 4,000 million for 1997 and SEK 8,000 million for the period 1998–2000. The Government's ambition was for this additional funding to be used for initiatives in the healthcare, education and community care sectors, for such purposes as reducing queues for medical treatment, raising quality in the old age care service and providing extra support for pupils with special needs in education. The goal was for these initiatives to create employment for around 25,000 more people than would otherwise have been the case. The Budget Bill for 1998 and the 1998 Spring Budget Bill together boosted the sum of additional funding for municipalities/local authorities and county councils to more than SEK 21,000 million during the period 1997–2000.

The employment decline and the growth in the number of unemployed in the 1990s brought strong pressure to bear on employment policy. After 1993, unemployment in the open market began to fall, but the improvement in the labour market situation lost momentum in 1996 and 1997, requiring the Government to take action once again in an attempt to ensure that its goal of no more than 4 per cent open unemployment by the end of 2000 would not be jeopardised. In this connection, educational policy came to play a pivotal role. In 1997, the Adult Education Initiative (AEI) was introduced, one of its aims being to provide 100,000 new openings in adult education, primarily for unemployed adults

lacking a proper upper secondary education, along with 30,000 permanent new openings in higher education. New employment policy measures were also introduced, including special initiatives for reducing unemployment among young adults lacking further education, initiatives that were aimed at making a more active use of unemployment benefit. In addition, certain regulations were simplified.

8.4 Development in the municipal and county council sector

In assessing the development of what we have chosen here to call welfare services, it is important to observe what happens in municipalities/local authorities *(primärkommuner)* and county councils *(landstingskommuner),* i.e. in the primary and secondary tiers of the Swedish local government system. While local and regional policy decisions have far-reaching implications of their own for important welfare services, the entire local government sector is manifestly dependent on decisions taken at the national level. This dependence applies both to funding capacity and to the degree of self-government and autonomy. Funding capacity is affected both by the grants provided by central government and by the ways in which different regulations affect the authorities' chances of levying or benefiting from taxes. Scope for action is determined by a number of different parameters: the degree to which government subsidies are earmarked, the content of legislation and the way it is framed, and what structures have been developed (via government agencies and others) for the implementation and follow-up of central government intentions in various spheres.

In addition, there are ideological currents in local and regional government that in various ways affect the conditions underlying the services provided. One of the development features that has attracted most attention, alongside market-influenced models for the organisation of work, is the increased presence of private forms of production in the welfare services sector. This matter is dealt with in closer detail below, as are the general economic preconditions for local authorities and county councils in the 1990s.

Local authorities

Local authorities have principal responsibility for central sectors such as childcare, school education, old age care and individual and family care services. How quality and availability develop in these spheres depends to a very great extent on more general processes and changes in things like the local authority's economic situation, organisation and degree of independence from central government. Ever since the first stages of Swedish welfare state development, this has been an area in which the fundamental premises have been changing relatively rapidly. The 1990s were no exception in this respect, and below we will seek to describe the most important changes that took place during the decade in terms of decentralisation, privatisation and financing.

Decentralisation[6]

Although no general definition of the term 'decentralisation' appears to be available, the term is used in most contexts to describe a shift within the framework of a vertical division of power, from higher to lower planes of society. In other words, it involves a devolution of political or administrative power from the central to the local level, or, expressed differently, a withdrawal of the nation state's burden of responsibility and its replacement by local power and influence.

To describe what happened in the 1990s as an unequivocal shift to greater municipal autonomy and greater decentralisation would hardly be accurate. The decade saw decisions and developments that both enhanced and reduced municipal freedom of action and both extended and limited municipal accountability. If the events of this period are weighed together, however, we find that decentralisation as a whole increased, even if the relationship between central and local government is a complicated one and it is difficult to weigh the various development features against one another. We can see, though, that the most important decisions concerning decentralisation were made during the first half of the decade and that the second half brought central government

[6] This section is based principally on Åke Bergmark's contribution to the Commission (SOU 2001:52).

initiatives that primarily sought to ensure the achievement of national policy objectives.

Two reforms appear to be of particular importance. One was the introduction of a new Local Government Act in 1991 and the greater scope it gave local authorities for shaping their own internal organisation. The other was the switch a year later from earmarked to general state grants (see below), as a result of which central government ceded some of the possibilities it had previously had for influencing distribution and orientation in local authority activities by imposing terms and distributing funding. At the same time, as a result of the 'Ädel-reform' in the old age care sector and the reforms in psychiatric care and care of the disabled, the local authorities took over responsibility for activities that had previously come under the county councils, and were also given more general responsibility for school education. In the active labour market policy sphere, municipal commitments grew virtually throughout the decade.

In the aftermath of the new Local Government Act rapid organisational changes took place at the municipal level. Although municipal activities had already involved frequent organisational changes prior to 1992, the speed of change picked up with the arrival of the Act, and the changes increasingly came to involve fundamental restructuring of the committee system. By the mid-1990s, two thirds of the country's local authorities had abandoned the traditional practice of dividing committees along sectoral lines. Also, the total number of committees in the country fell as a result of local authorities choosing to economise by merging some of them into cross-sectoral decision-making bodies (SOU 1996:169, Appendix V).

Nor can what happened in the 1990s be properly assessed without considering the changes that had occurred previously. Thus the fact that Swedish local authorities went into the economic crisis with – depending on the relevant framework legislation – a relative lack of administrative control in many areas, must be viewed as an important factor in the developments that followed. One example of this is social assistance, where the local authorities, at least up until the arrival of the new Social Services Act in 1998, were able to push developments in the direction of fewer rights and greater obligations for the individual.

Among the decisions that restricted municipal freedom of action in various ways were, on the financial side, firstly the municipal tax

freeze introduced between 1991 and 1993 and the central government incentives provided subsequently with the aim of keeping down municipal tax rates (see more about this below). Secondly, it is worth noting that central government in the second half of the 1990s began using targeted grants to a greater extent for the purpose of encouraging quality and growth in specific areas. Thirdly, the revision of the tax equalisation system in 1996 limited the opportunities that local authorities with a high tax capacity previously had for levying substantially lower tax rates than others. Finally, some legislative changes raised levels of ambition for the municipal level without local authorities being compensated for the resultant increase in costs, e.g. the obligation imposed on them to offer childcare more widely from 1995.

An outcome that is attributed in many quarters to the increase in local government autonomy was a wider spread between local authorities as regards both the amount of resources invested in different spheres of activity and the extent of public access to municipal services. The Commission's analyses show, however, that there was no unequivocal or comprehensive increase of municipal variation in this respect during the decade. Nor has analysis found anything to suggest that degree of variation might have increased in the wake of those decisions considered the most important from a decentralisation viewpoint, i.e. those made during the first half of the decade. It should be noted, however, that the differences between local authorities are very extensive in many spheres.

Privatisation[7]

In the early 1990s, many local authorities began to move towards a separation of policy and production via what were known as purchaser-provider models and to divide their operations into profit centres with greater economic responsibility for their activities. Applying terms such as 'cost efficiency through competitive tendering', they introduced new municipal administrative and organisational forms in which a market-like approach was expected to result in greater productivity. This trend was an international phenomenon in the 1990s, more explicit in Sweden than in the

[7] This section is based principally on Gun-Britt Trydegård's contribution to the Commission (SOU 2001:52).

other Nordic countries, but more restrained here than in certain other European countries, such as the UK.

These new models had most influence following the non-socialist parties' assumption of power in 1991, when the new coalition proclaimed a 'freedom-of-choice revolution in the welfare system' and implemented a series of strategic legislative changes (e.g. the new law on public procurement) aimed at facilitating the entrepreneurisation of public undertakings. The Social Democrats' resumption of office at the elections of 1994, however, did not spell a return to the previous system to any appreciable extent. By the end of the 1990s, market orientation had made its mark in at least some form in most of the country's local authorities and county councils, but in varying degrees, and with more or less drastic changes in previous structures as a result.

An important feature of this trend towards market models was the privatisation of municipal operations. In essence, this privatisation tendency involved the provision (or production) of services previously confined to the public sector being handed over to the private sector – to a firm, a company, a cooperative or a nonprofit organisation – without public financing or administrative control being relinquished. Transfers of whole operations, i.e. financing, management and control, from public to private were on the whole a more marginal phenomenon.

The proportion of employees in private employment in municipal welfare services more than doubled during the 1990s. Table 22 shows the proportion of employees in non public management forms (employed in private management, one-person businesses and publicly owned joint-stock companies) in 1993 and 2000. We find that the increase was not only unequally distributed across different sectors but also developed at very different levels. The greatest relative increase was in care services for elderly and disabled people where the increase, from an initially low level, was around 400 per cent. In the are a of residential care for children, youth and substance abusers, the increase was more limited, relatively speaking, although in terms of percentage units it was higher (+18 percent) than in any other sector.

Table 22. Proportion of workers in non public management forms in the welfare services and percentage increases between 1993 and 2000

	Proportion of workers in non public management forms, per cent		Increase in proportion. of workers in non public management forms, per cent
Year	1993	2000	1993–2000
Childcare	4.0	10.8	170
Education [1)]	1.2	3.4	183
Care of elderly and disabled people	2.5	12.9	416
Residential care for children, youth and substance abusers	19.1	37.1	94
Municipal welfare services, total	4.4	9.6	118

[1)] For education, the comparison is between 1994 and 2000 as the figures for 1993 were unclear.

Analysis of more specific data shows that the increase was greater for profit-seeking enterprises than for non-profit organisations (such as parents' co-operatives in the childcare and school sectors). It is also clear that growth tended to speed up in the transition between 1999 and 2000. If the figures are broken down at the municipal level, very extensive variations appear. The proportion of employees under private management varied in 1999 between zero and 32 per cent. In just over half of Sweden's municipalities/local authorities, less than 5 per cent of staff in the welfare services were under private management in that year. Generally speaking, the proportion of private employees was greater in municipalities/local authorities with a high concentration of Moderate Party (Conservative) voters and a relatively low level of municipal service provision, while it was lower in areas that had a high concentration of residents with fewer educational qualifications.

Financing[8]

In conjunction with the municipal economic reform programme of 1993, extensive changes were made in the system of government grants to local authorities and county councils. These included abolishing most of the specially-targeted grants in favour of a system of more general grants. Local authorities were allocated a lump sum, known as the 'municipal block-grant', to enable them to make their own priorities between different spheres of activity while still performing their duties under the law. Something like 85 per cent of state grants were placed in the 'money-bag'. This change was followed by a period during which the share distributed in the general system grew while the specially-targeted grants diminished in scope. The latter were largely provided as remuneration for services provided to the state by local authorities, such as refugee reception and certain employment policy programmes. During the latter part of the decade, however, central government began to earmark funds to a greater extent as a means of stimulating growth and enhancing quality in specific areas, especially in education, health and medical care and in community care.

Further, a new equalisation scheme for municipalities/local authorities was introduced in 1993. This contained a guaranteed basic sum to ensure municipalities/local authorities of a specified minimum level of tax capacity as well as a supplement to or deduction on the basic sum to compensate for structural differences. In addition to this, a special supplement was payable if the local population declined by more than 2 per cent over a five year period. This system was fiercely criticised, however, especially by municipalities/local authorities in metropolitan areas. The system was revised in 1996 so that tax revenue was no longer redistributed from one local authority to another. Instead, central government assumed formal responsibility for the equalisation costs but financed this by means of an equalisation charge levied on municipalities/local authorities with a high tax capacity and favourable structural conditions. The recipients of the grants were municipalities/local authorities with relatively low levels of tax revenue and high structurally determined costs. The reform was implemented by stages over a three year period, from 1996 to 1998.

[8] This section is based principally on Åke Bergmark's (SOU 2001:54) and Ola Sjöberg's (SOU 2001:57) contributions to the Commission, see Methodological Appendix.

The opportunities that municipalities/local authorities with a high tax capacity had previously had for levying significantly lower tax rates than others were limited by the changes introduced in the tax equalisation system. Another change that limited the local authorities' financial scope for action during the decade was the Government's imposition of restrictions on their freedom to raise local tax rates. During the 1991–1993 period, this took the form of a municipal tax freeze. In 1994, a remuneration totalling SEK 4,200 million was provided to those municipalities/local authorities that desisted from raising their rates. In 1995, the Government refrained from actively opposing tax rate increases and consequently the average tax rate rose markedly in that year. For the period between 1997 and 1999, the rule was that municipalities/local authorities raising their tax rates forfeited government grants equivalent to half of the increase in revenue.

Finances[9]

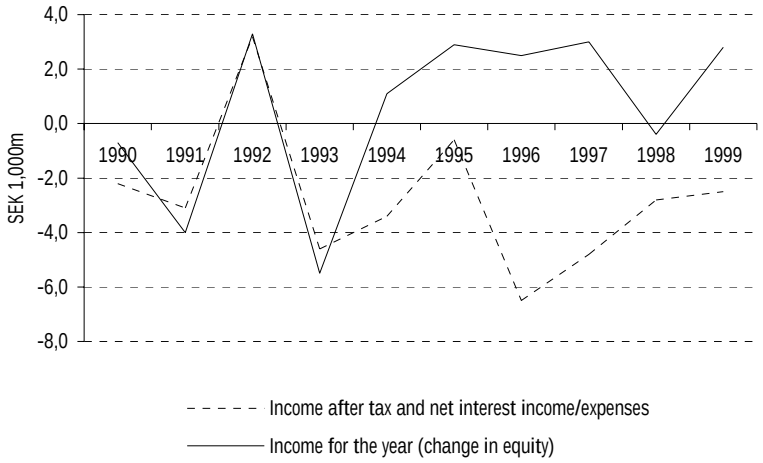
For local authorities, the 1990s entailed severe strain on both the income and the expenditure side. On the income side, the decline in employment during the first half of the decade eroded municipal tax revenue. Costs were forced up by greater demand for municipal services. Demand for childcare increased, more children began school, the pressure on old age care intensified and social assistance costs rose sharply. Also, a number of reforms, such as the childcare guarantee scheme and the upper secondary school reform programme, brought further pressure to bear on municipal finances.

Figure 10 shows the local authorities' income statements for the 1990s. We find that despite everything municipalities/local authorities achieved relatively stable positive results for the 1994–1999 period, while their results in the early part of the decade were considerably less favourable. For every individual year from the mid-1990s up until 1999, however, it was the non-operating items that contributed most to the positive results, which would otherwise have been negative. A typical example of such income is the capital gain generated by the sale of municipally-owned property. It is also important to remember, however, that the economic situation and economic development during the decade

[9] This section is based principally on Ola Sjöberg's (SOU 2001:57) contribution to the Commission.

varied greatly between the different local authorities. For quite a few local authorities, the situation at the end of the 1990s was considerably gloomier than the figures suggest.

Figure 10. Municipal income statements 1990–99



Source: Statistics Sweden.

County councils

During the 1990s, a number of changes were made in the county council's areas of responsibility. The 'Ädel' reform and the reforms in psychiatric care and care of the disabled (see sections 5.5 and 5.6) meant that responsibility for activities previously in the county council domain was passed to the municipalities/local authorities while at the same time county council tax was reduced in the transferral of fiscal power that accompanied the move. Health and medical care, however, has remained the principal task of the county councils and accounts for about 80 per cent of all county council activities in the country as a whole.

By tradition, county councils and counties have shared the same geographical boundaries. In the 1990s, however, the old form of county division was broken up by the implementation of two mergers into larger regions, one comprising Skåne and the other Västra Götaland. These are presently governed by popularly elected representatives in regional assemblies. For a trial period, the

regions have been given responsibility for spheres of activity that used to be managed by central government via the county administrative boards, such as the business sector, culture, and roads and railways. In Gotland, health and medical care has been the responsibility of the local authority for some time. In all, therefore, 18 county councils, two regions and one local authority are responsible for health and medical care (as their principal task) but also for public dental care, public transport and certain cultural activities, upper secondary and higher education, and tourism, etc.

Region Skåne was established in 1999, replacing the county councils of Kristianstad and Malmöhus. At the same time, the City of Malmö handed over responsibility for health and medical care to Region Skåne. Three healthcare organisations, some other county council activities and parts of two county administrative boards were thereby merged into a single organisation. In 1999, the Västra Götaland Region was established, governed by a popularly elected regional assembly. This region has taken over responsibility for the tasks previously performed by the Skaraborg, Älvsborg and Bohus county councils as well as the 'county council activities' of the City of Göteborg.

County councils, too, have been influenced by the types of market models and market incentives described above in the case of municipalities/local authorities.[10] In 1992 and 1993, legislative changes were introduced to enable county councils to contract out operations to private entrepreneurship. In 1993, the family doctor reform was introduced, followed in 1994 by the free right of establishment for doctors in private practice – reforms that were either circumscribed or revoked by the Social Democrats when they returned to power in 1994 (Blomqvist & Rothstein 2001). Market orientation in the healthcare sector persisted, however, even if there were considerable regional differences in the way private care providers, for example, were viewed. In many county councils, initial enthusiasm has cooled, while in others, especially those with non-socialist majorities, the use of private care providers has been actively encouraged. In the year 2000, S:t Göran's Hospital in Stockholm became the first general emergency hospital in Sweden to be sold into private ownership, and there are currently plans to do the same with other major hospitals in the Stockholm County Council area. That same year, however, the

[10] The section on market incentives and privatisation in county councils is based principally on Gun-Britt Trydegård's contribution to the Commission (SOU 2001:52).

Riksdag adopted legislation prohibiting the sale of emergency hospitals to private entrepreneurs.

Table 23 shows the proportion of employees in non public health and medical care sector (employed in private management, single-person firms or publicly owned companies) in 1993 and 1994. The 'out- and in-patient care' category refers to what we usually mean in reference to health and medical care: employees at policlinics and medical centres, daycare facilities, hospitals and other areas, including nursing homes.[11] The phrase 'other health and medical care' refers to medical laboratories, physiotherapists, occupational therapists and suchlike. The table also shows that the contribution of private employees was substantial and that the percentage increase, 114 per cent, is comparable to that we previously found in the case of municipalities/local authorities.

Table 23. Proportion of workers in non public management forms in the county council health and medical care sector, and percentage increases between 1993 and 2000

	Proportion of workers in NON PUBLIC management forms, per cent		Increase in proportion of workers in NON PUBLIC management forms, per cent
Year	1993	2000	1993–2000
Out- and in-patient health and medical care	5.3	12.0	126
Dental care and 'other health and medical care'	32.9	63.9	94
County council healthcare, total	8.3	17.8	114

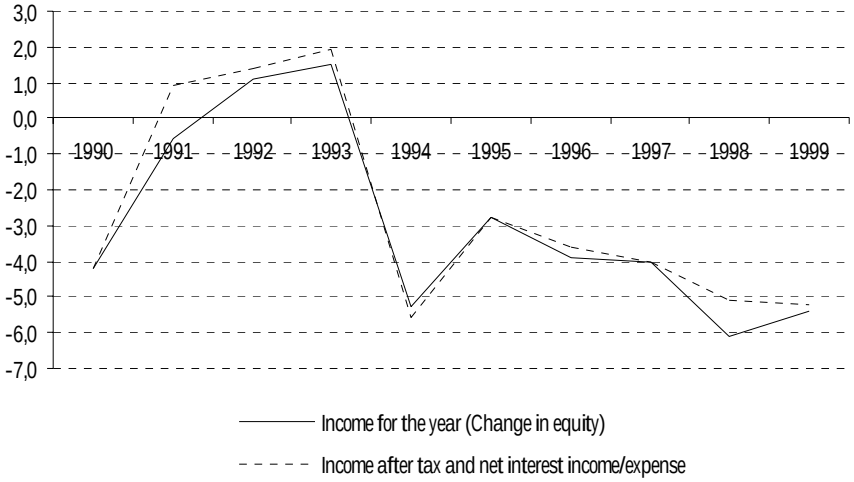
Source: Trydegård.

Like the municipalities/local authorities, county councils suffered financially from developments in the labour market and the consequent decline in their tax bases. Also, as can be seen from Figure 12, results in the county council sector have been negative for most of the decade. It should also be noted that this was the case despite the gradual decline in county council net costs throughout the period. The increased charges imposed in health

[11] Nursing homes normally come under primary municipal care of the elderly, but it has not been possible to separate them in the analyses performed. In all, this refers to approximately 20–25 per cent of all employees in this sector.

and medical care during the 1990s (see section 5.4) did not greatly affect development, as they constitute a relatively modest source of funding overall. Higher charges were probably intended primarily to influence consumption and demand in such a way as to reduce costs. Thus raising charges may have a serious impact on people in need of care without actually enhancing county council income to any great extent.

Figure 11. County council income statements 1990–99



Source: Statistics Sweden.

The overall results of the county council sector were negative from 1994 onwards and financial saving (i.e. the difference between income and expenditure) was also negative after 1996. This meant that at the end of the 1990s many county councils had to draw on reserve funds or take loans to a greater extent than before in order to finance their day to day activities. The Swedish Federation of County Councils states, however, that half of the total number of county councils have a good chance of meeting the government requirement of a balanced budget for 2001 (Swedish Federation of County Councils 2001). It was the large metropolitan areas/regions of Skåne, Västra Götaland and Stockholm that recorded major deficits at the end of the 1990s and which will have difficulty meeting the balanced budget requirement without substantially reducing costs and/or raising taxes.

* * *

The economic crisis of the 1990s was characterised by negative growth, mass unemployment and record increases in the budget deficit. Changes and decisions in the outside world undoubtedly had an effect on economic and political development in Sweden during this decade. But with the exception of Finland, the depth and range of the crisis was unmatched among the most developed industrial countries. This strongly suggests that decisions and processes at the national level had a decisive impact on the course of the crisis.

Even if it might be useful to retrospectively evaluate both the consequences of various decisions and the scope for decision-making that existed, not least as a guide and a basis for future economic policy decisions, such an analysis does not come within the Commission's brief. From a welfare viewpoint, however, it should be noted that macro economic developments in the 1990s had a very appreciable impact on progress in the welfare sphere. This applies both to the resources available in social policy systems and to the situation of the private individual. Unemployment affected all sections of the population, but the prolonged employment crisis had a particularly serious effect on the welfare prospects of vulnerable groups in society.

The conclusion of this Commission is that when important macro economic decisions are to be made there is every reason to carefully consider the impact they may have on welfare development in the broader sense used in the present balance sheet.

All in all, closer examination of the way in which macro economic choices in the 1990s contributed to the severe unemployment crisis that afflicted Swedish welfare so profoundly would appear to be a task of considerable urgency.

One problem in this context concerns the weight attached to standard economic facts as opposed to facts about welfare outcomes. Welfare statistics concerning people's financial difficulties, health, social relations and working conditions are not given anywhere near the same attention in the debate as information concerning economic growth, inflation, stock prices and interest levels. In this respect, the fundamental idea behind Swedish welfare research – that macro economic relations constitute too narrow a framework on which to base important policy decisions – has clearly had difficulty making itself felt. One reason

for this may be that statistics concerning central economic conditions such as inflation and growth are produced with very little delay. The same applies to individual-based statistics in the employment and social insurance sphere, including details about unemployment and sick leave. The current production of annual welfare statistics derived from Statistics Sweden's Surveys of Living Conditions is such that the data is not available until at least eight months after the end of the year surveyed, and also that in many cases analyses take a further year or so to arrive. In view of this delay, it is difficult to relate current problems or development trends recorded in administration registers or economic statistics to the individual level where, in the Commission's view, welfare should really be measured.[12]

Another reason for the difference in public impact is that economic and administrative statistics are often based on established criteria and definitions. The inflation rate, the unemployment rate and the sickness rate are, however, neither self-evident nor uncomplicated measures of price change, unemployment or sickness, but they have become established as such. In the welfare statistics field, no central criteria or units have won the same recognition in the public mind. To a certain extent, this may be because welfare statistics are a comparatively recent phenomenon. In our view, however, they have now become so established that it should be possible to compile a short list of central indicators for different areas. We also believe that regular follow-up of the most central welfare indicators would broaden the scope of the national debate on welfare issues and thus provide a more comprehensive base for political discussions, decisions and measures. Nor would a monitoring function of this kind conflict with more wide-ranging analyses of welfare trends that seek to explain developments in a specific area. In addition, knowledge gaps concerning welfare and welfare policy must be remedied so as to allow citizens to follow developments relating both to living conditions and to activities financed by the taxpayer.

The structure of Swedish society underwent major changes in the 1990s. Population patterns changed, in terms of both age and country of origin. Working life and the labour market changed in some respects, partly mirroring shifts in Sweden's industrial structure. Deregulation in the economy and the greater mobility of

[12] This and the following paragraph are based on Part II *Knowledge gaps about welfare and welfare policy* of the final report which is to be made available in English at a later date.

various production factors, not least capital, altered the rules of the game and the basic economic conditions. Taken as a whole, these developments represent a significant challenge to welfare policy. The differences that are to be found between different sections of society and the shifts in various welfare resources in the social fabric engendered by the 1990s are an important aspect of the challenges faced by social policy. In each policy area, a number of different courses of action may be taken in response to these challenges. Hence, at the beginning of the 21st century, Swedish welfare policy faces a number of important challenges and choises. The aim of the reports that the Commission has presented is to contribute knowledge concerning the implications of the 1990s for the tasks ahead. Knowledge is an important basis for informed choice. Ultimately, however, both citizens and political parties should be guided in their choices not just by factually-based knowledge but also by value-based assessment of the various options confronting us.[13]

[13] This paragraph is based on and Part III *Preconditions and challenges for welfare policy* of the final report which is to be made available in English at a later date.

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Walzer, M. 1983. *Spheres of Justice. A Defence of Pluralism and Equality.* Oxford: Blackwell.

Vinnerljung, B., M. Sallnäs & P. Kyhle-Westermark 2001. *Sammanbrott vid tonårsplaceringar – om ungdomar i fosterhem och på institution* (Crisis in the placement of teenagers: Young people in foster homes and residential care). Stockholm: Socialstyrelsen.

Åberg, R. & M. Nordenmark 2000. Arbetslöshet och levnadsvillkor under 1990-talets krisår (Unemployment and living conditions in the crisis years of the 1990s), in Fritzell, J. (ed.), *Välfärdens förutsättningar – Arbetsmarknad, demografi och segregation* (Conditions of Welfare: Employment, Demography and Segregation). Reports of the Government Commissions (SOU) 2000:37. Stockholm: Fritzes.

Åström, K. 2000. Förändringar och förskjutningar i välfärdens rättsliga reglering under 1990-talet (Changes and shifts in welfare regulations in the 1990s), in Szebehely, M. (ed.), *Välfärd, vård och omsorg* (Welfare and Care). Reports of the Government Commissions (SOU) 2000:38. Stockholm: Fritzes.

Methodological Appendix

This appendix gives the following background information: (i) a list of all the publications from the Commission and their content, (ii) a list of other material contributed to the Commission (iii) a list of the external commentators, and (iv) references for the tables in Chapters 2 and 3.

1. Publications from the Commission

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2000:3, *Välfärd vid vägskäl.* Delbetänkande av Kommittén Välfärdsbokslut [Welfare at the Crossroads. Interim Balance Sheet for Welfare from the Welfare Commission]. **Stockholm: Fritzes.**

1. *Strukturella förutsättningar och förändringar* (Structural preconditions and changes)
2. *Socialpolitikens förutsättningar och förändringar* (Preconditions and changes in social policy)
3. *Välfärd, ofärd, och ojämlikhet* (Welfare, disadvantage and inequality)
4. *Ofärd, kunskapsluckor, och vägval* (Disadvantage, knowledge gaps and choices)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2000:37, Fritzell, J. (ed.), *Välfärdens förutsättningar. Arbetsmarknad, demografi och segregation* [Conditions of Welfare. Labour Market, Demography and Segregation]. **Stockholm: Fritzes.**

Per Lundborg, Swedish Trade Union Institute for Economic Research, *Vilka förlorade jobbet under 1990-talet?* (Who lost their jobs in the 1990s?)

Mikael Nordenmark & Rune Åberg, Umeå University, *Arbetslöshet och levnadsvillkor under 1990-talets krisår* (Unemployment and living conditions in the crisis years of the 1990s)

Håkan Regnér, Stockholm University, *Ändrade förutsättningar för arbetsmarknadspolitiken?* (A new basis for employment policy?)

Britta Hoem, Statistics Sweden, *Utan jobb – inga barn? Fruktsamhetsutvecklingen under 1990-talet* (No job – no children? Fertility trends in the 1990s)

Thomas Lindh, Uppsala University, *1990-talets ekonomiska utveckling – vilken roll har åldersfördelningen spelat?* (Economic development in the 1990s: The impact of age distribution)

Maria Appelqvist, Umeå University, *Flyktingmottagandet och den svenska välfärdsstaten under 1990-talet* (Refugee reception and the Swedish welfare state in the 1990s)

Roger Andersson, Uppsala University, *Etnisk och socioekonomisk segregation i Sverige under 1990–1998* (Ethnic and socioeconomic segregation in Sweden in 1990–98)

Hans Swärd, Lund University, *Utvecklingen av den svenska hemlösheten under 1990-talet* (Homelessness in Sweden: Trends in the 1990s)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU)

2000:38, Szebehely, M. (ed.), *Välfärd, vård och omsorg* [Welfare and Care]. **Stockholm: Fritzes.**

Tommy Lundström, Stockholm University, *Om kommunernas sociala barnavård* (Child welfare in the municipal social services)

Lars Oscarsson, Örebro University, *Den socialtjänstbaserade missbrukarvården under 1990-talet – förutsättningar, utveckling och behov* (Social service care of substance abusers in the 1990s: Prerequisites, trends and needs)

Olle Lundberg, The Welfare Commission, *Sjukvård och vårdutnyttjande* (Healthcare and care utilisation)

Karin Barron, Dimitris Michailakis & Mårten Söder, *Funktionshindrade och den offentliga hjälpapparaten* (Disabled persons and the service system)

Marta Szebehely, The Welfare Commission, *Äldreomsorg i förändring – knappare resurser och nya organisationsformer* (Old-age care in transition: Scarcer resources and new organisational forms)

Karin Svedberg Nilsson, SCORE, *Marknadens decennium – gränsomdragande reformer i den offentliga sektorn under 1990-talet* (The decade of the market: Public sector reforms that redrew boundaries in the 1990s)

Karsten Åström, Lund University, *Förändringar och förskjutningar i välfärdens rättsliga regleringar under 1990-talet* (Changes and shifts in welfare regulations in the 1990s)

Roland Granqvist, Stockholm University, *Ekonomiskt tänkande om sjukvården under 1990-talet* (Economic thinking on healthcare in the 1990s)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2000:39, *Välfärd och skola* [Welfare and Education]. **Stockholm: Fritzes.**

Donald Broady, Mats B. Andersson, Mikael Börjesson, Jonas Gustafsson, Elisabeth Hultqvist, Mikael Palme, Uppsala University, *Skolan under 1990-talet – sociala förutsättningar och utbildningsstrategier* (Education in the 1990s: Social prerequisites and educational strategies)

Jan-Eric Gustafsson, Anette Andersson, Michael Hansen, Göteborg University, *Prestationer och prestationsskillnader i 1990-talets skola* (Educational performance and differences in performance in the 1990s)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2000:40, Bergmark, Å. (ed.), *Välfärd och försörjning* [Welfare, Income and Income Maintenance]. **Stockholm: Fritzes.**

Kjell Jansson, Statistics Sweden, *Inkomstfördelning under 1990-talet* (Distribution of income in the 1990s)

Joakim Palme, The Welfare Commission, *Socialförsäkringar och kontanta familjestöd* (Social insurance and cash benefits to families with children)

Diane Sainsbury, Stockholm University, *Välfärdsutveckling för kvinnor och män på 1990-talet* (Welfare development for women and men in the 1990s)

Åke Bergmark, The Welfare Commission, *Socialbidragen under 1990-talet* (Social assistance in the 1990s)

Tapio Salonen, Lund University, *Ungdomars socialbidragstagande och försörjningssvårigheter under 1990-talet* (Social assistance rate and income maintenance difficulties among Swedish youth in the 1990s)

Håkan Johansson, Lund University, *Ungdomar med socialbidrag – ett politiskt problem för 1990-talet* (Youth on social assistance: A political problem for the 1990s)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2000:41, Johan Fritzell & Olle Lundberg. *Välfärd, ofärd och ojämlikhet* [Welfare, Disadvantage and Inequality]. **Stockholm: Fritzes.**

1. *Välfärd, välfärdsteori och välfärdsmätning* (Welfare, welfare theory and welfare measurement)
2. *Den allmänna välfärdsutvecklingen* (General welfare trends)
3. *Arbete och sysselsättning* (Work and employment)
4. *Ekonomi* (Economic aspects)
5. *Hälsa* (Health aspects)
6. *Sociala relationer och medborgarskap* (Social relations and citizenship)
7. *Ofärdens ackumulering och samvariation* (Accumulation and covariance of social disadvantage)
8. *Välfärd, ofärd och ojämlikhet under 1990-talet* (Welfare, disadvantage and inequality in the 1990s)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2000:83, Kautto, M. *Two of a Kind? Economic crises, policy responses and well-being during the 1990s in Sweden and Finland.* [In English] **Stockholm: Fritzes.**

1. *The economic crisis of the 1990s*
2. *Balancing of public budgets*
3. *Adjustments in social policy*
4. *Economic welfare*
5. *Concluding remarks*

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2001:52, Szebehely, M. (ed.), *Välfärdstjänster i omvandling* [Welfare Services in Transition]. **Stockholm: Fritzes.**

Åke Bergmark, The Welfare Commission, *Den lokala välfärdsstaten? Decentraliseringstrender under 1990-talet* (The local welfare state? Decentralisation trends in the 1990s)

Gun-Britt Trydegård, The Welfare Commission, *Välfärdstjänster till salu – privatisering och alternativa driftformer under 1990-talet* (Welfare services for sale: Privatisation and alternative management forms in the 1990s)

Lars Svedberg, Ersta Sköndal Folk High School, *Spelar ideella och informella insatser någon roll för svensk välfärd?* (Do voluntary/non-profit and informal efforts have any impact on Swedish welfare?)

Olof Bäckman, The Welfare Commission, *Med välfärdsstaten som arbetsgivare – arbetsmiljön och dess konsekvenser inom välfärdstjänsteområdet på 1990-talet* (Employed by the welfare state: The working environment and its consequences in the welfare service sector in the 1990s)

Christina Bergqvist & Anita Nyberg, National Institute for Working Life, *Den svenska barnomsorgsmodellen – kontinuitet och förändring under 1990-talet* (The Swedish childcare model: Continuity and change in the 1990s)

Tommy Lundström, Stockholm University & Bo Vinnerljung, National Board of Health and Welfare/CUS, *Omhändertagande av barn under 1990-talet* (Residential care of children in the 1990s)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU)

2001:53, Fritzell, J., Gähler, M. & O. Lundberg (eds.), *Välfärd och arbete i arbetslöshetens årtionde* [Welfare and Work in a decade of unemployment]. **Stockholm: Fritzes.**

Johan Fritzell, Michael Gähler & Olle Lundberg, The Welfare Commission, *Att studera välfärdsförändringar* (Studying changes in welfare)

Tomas Korpi & Sten-Åke Stenberg, Stockholm University, *Massarbetslöshetens Sverige – arbetslöshetens karaktär och effekter på individers levnadsförhållanden* (Sweden in an age of mass unemployment: The nature and impact of unemployment on individual living conditions)

Carl le Grand, Ryszard Szulkin & Michael Tåhlin, Stockholm University, *Har jobben blivit bättre? En analys av arbetsinnehållet under tre decennier* (Have jobs improved? An analysis of work content over three decades)

Carl le Grand, Ryszard Szulkin & Michael Tåhlin, Stockholm University, *Lönestrukturens förändring i Sverige* (Changes in pay structure in Sweden)

Magnus Nermo & Lotta Stern, Stockholm University, *Kappsäck och välfärd – samband mellan tillgång till resurser och välfärdsproblem 1991–2000* (Scarcity and prosperity: The link between resource access and welfare problems in 1991–2000)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2001:54, Bergmark, Å. (ed.), *Ofärd i välfärden* [Disadvantage in the Welfare Society]. **Stockholm: Fritzes.**

Michael Gähler, The Welfare Commission, *Bara en mor – ensamstående mödrars ekonomiska levnadsvillkor i 1990-talets Sverige* (Only a mother: The economic living conditions of single mothers in Sweden in the 1990s)

Per-Anders Edin, Uppsala University, & Olof Åslund, Institute for Labour Market Policy Evaluation, *Invandrare på 1990-talets arbetsmarknad* (Immigrants in the labour market of the 1990s)

Martin Börjeson, National Board of Health and Welfare, *Vad innebar 1990-talet för ungdomars livsvillkor?(*The impact of the 1990s on the living conditions of Swedish youth?)

Åke Bergmark & Olof Bäckman, The Welfare Commission, *Mot självförsörjning? Om avslutat långvarigt socialbidragstagande under 1990-talet* (Towards self-sufficiency? Terminating long-term dependence on social assistance in the 1990s)

Felipe Estrada, The Welfare Commission, & Anders Nilsson, Stockholm University, *Brottslighet som välfärdsproblem – Utsatthet för brott och oro för brott 1988–1999* (Crime as a welfare problem: Victimization and fear of crime 1988–1999)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2001:55, Jan O. Jonsson, Viveca Östberg, with Sara Brolin Låftman, Marie Evertsson. *Barns och ungdomars välfärd* [Welfare among children and young people]. **Stockholm: Fritzes.**

Jan O. Jonsson, Viveca Östberg & Sara Brolin Låftman, Stockholm University, *Att studera de yngres välfärd: en inledande beskrivning av levnadsnivåperspektivet och Barn-LNU* (Studying juvenile welfare: An introduction to the living-standard perspective and the Swedish Level of Living Survey for children)

Jan O. Jonsson, Stockholm University, *Barns sociala demografi, familjeförhållanden och sociala resurser* (Children's social demography, family situations and social resources)

Jan O. Jonsson, Stockholm University, *Ekonomiska och materiella resurser* (Economic and material resources)

Viveca Östberg, Stockholm University, *Föräldrars tid och arbete* (Parents' time and work)

Jan O. Jonsson & Sara Brolin Låftman, Stockholm University, *Boende, närmiljö och trygghet* (Home circumstances, local environment and security)

Viveca Östberg, Stockholm University, *Vardagen i skolan: arbetsmiljö, vänner och mobbning* (Everyday life in school: The work environment, friends and bullying)

Jan O. Jonsson, Stockholm University, *Utbildning som resurs under skoltiden och för framtiden: uppväxtfamilj och skolgång* (Education as a resource during schooldays and for the future: Childhood family and schooling)

Viveca Östberg, Stockholm University, *Hälsa och välbefinnande* (Health and wellbeing)

Marie Evertsson, Stockholm University, *Barns hushållsarbete och könsroller* (Children's household work and gender roles)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2001:56, Marta Szebehely, Johan Fritzell & Olle Lundberg. *Funktionshinder och välfärd* [Disability and Welfare]. **Stockholm: Fritzes.**

1. *Funktionshinder i olika befolkningsgrupper – en översikt* (Disability in various population groups – a summary)
2. *Arbete och sysselsättning* (Work and employment)
3. *Ekonomiska resurser* (Economic resources)
4. *Ohälsa och vårdutnyttjande* (Ill-health and care utilisation)
5. *Assistans, hjälp och omsorg* (Personal assistance, help and care)
6. *Funktionshinder och välfärd – sammanfattning och diskussion* (Disability and welfare: Summary and discussion)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2001:57, Fritzell, J. & J. Palme (eds.), *Välfärdens finansiering och fördelning* [The Financing and Distribution of Welfare]. **Stockholm: Fritzes.**

Ola Sjöberg, The Welfare Commission, *Välfärdsstatens finansiering under 1990-talet* (Welfare state financing in the 1990s)

Gunvall Grip, Folksam, *Social, avtalad och privat försäkring i Sverige under 1990-talet* (Social, occupational and private insurance in Sweden in the 1990s)

Johan Fritzell, The Welfare Commission, *Inkomstfördelningens trender under 1990-talet* (Income distribution trends in the 1990s)

Peter Dellgran & Niklas Karlsson, Göteborg University, *Konsumtionsmönster och välfärd under 1990-talet* (Consumption patterns and welfare in the 1990s)

Ola Sjöberg & Olof Bäckman, The Welfare Commission, *Incitament och arbetsutbud – En diskussion och kunskapsöversikt* (Incentives and labour supply: A discussion and review)

Helen Dryler, Stockholm University, *Etnisk segregation i skolan – effekter på ungdomars betyg och övergång till gymnasieskolan* (Ethnic segregation in compulsory school: The impact on pupils' grades and the transition to upper secondary school)

Stefan Svallfors, Umeå University, *Kan man lita på välfärdsstaten? – Risk, tilltro och betalningsvilja i den svenska välfärdsopinionen 1997–2000* (Is the welfare state to be trusted? Swedish public opinion's risk assessment, faith in the system and willingness to pay, 1997–2000)

REPORTS OF THE GOVERNMENT COMMISSIONS (SOU) 2001:79, *Välfärdsbokslut för 1990-talet.* Slutbetänkande av Kommittén Välfärdsbokslut [The Balance Sheet for Welfare in the 1990s. Final report from the Welfare Commission]. **Stockholm: Fritzes.**

1. Bok*slut över välfärden* (A balance sheet for welfare)
2. *Kunskapsluckor om välfärd och välfärdspolitik* (Knowledge gaps concerning welfare and welfare policy)
3. Välfär*dspolitikens förutsättningar och utmaningar* (Welfare policy conditions and tasks)

2. Unpublished Contributions to the Commission

Unpublished contributions from public authorities:

Unpublished contributions from public authorities are available (mainly in Swedish) at the Welfare Commission's website, www.sou.gov.se/valfard, or at the Commission archives.

National Social Insurance Board:

Kompetens och funktionsduglighet i socialförsäkringsadministrationen (Competence and utility in social insurance administration)

Inkomstförhållanden bland individer som fått avslag på ansökan om sjukbidrag eller förtidspension respektive fått sådan ansökan beviljad år 1994 (The income situations of individuals refused temporary disability pensions or disability pensions and of those whose applications were approved, 1994)

Utvecklingen av antalet avslag på ansökan om förtidspension/sjukbidrag under åren 1987–1996 och 1998–2000 (Trends in the number of rejected applications for disability pensions/temporary disability pensions in 1987–1996 and 1998–2000)

National Agency for Education:

Skolverkets underlag till välfärdsbokslut över 1990-talet (The Agency's contribution to the Welfare Commission)

The Ministry of Health and Social Affairs:

Arbetsmaterial från Arbetsgruppen för analys av vilka faktorer som påverkar barnafödande (Supporting material from the Working Group for the Analysis of Factors Affecting Childbirth)

The National Board of Health and Welfare:

Barn och unga (Children and young adults)
Personer med funktionshinder (Persons with disabilities)
Missbrukarvård (Caring for alcoholics and drug abusers)
Socialbidrag (Social assistance)
Kan uppgifter i nationella kvalitetsregistret spegla förändringar i välfärden? (Can information in the National Quality Register reflect changes in welfare?)
Patientavgifter, vårdefterfrågan och jämlikhet (Patient's fees, care demand and equality)
Utveckling inom primärvården under 90-talet (Primary care trends in the 1990s)
Underlag om den psykiatriska hälso- och sjukvården (Report on Welfare on the state of mental healthcare)
Sjukvårdens resurser – utveckling och fördelning (Healthcare resources – trends and distribution)
Tandvård (Dental care)
Vård och behandlingsgarantier (Report on care and treatment guarantees)
Äldreomsorg (Care of the elderly)

Statistics Sweden (SCB):

Bearbetningar av inkomstfördelningsundersökningarna (Collation of research data on income distribution)

Other unpublished contributions:

Unpublished contributions are available (mainly in Swedish) at the Welfare Commission's website, www.sou.gov.se/valfard, or at the Commission archives.

Göran Berleen:
Ett försök till sammanfattning och tolkning av tillgänglig statistik och rapportering inom hälso- och sjukvårdsområdet under 1990-talet (Attempted summary and interpretation of available statistics and reports in the healthcare sector in the 1990s).

Olli Kangas:
PM om Kommitténs rapporter i komparativt perspektiv (Memorandum on the Welfare Commission's reports in a comparative perspective)

3. External commentators on the contributions to the Commission

Ackerby, Stefan, Fil.kand., Director, Ministry of Commerce
Ackum-Agell, Susanne, Director General, Institute for Labour market Policy Evaluation
Allebeck, Peter, Professor, Göteborg University
Anell, Anders, Director, Institute for Health Economics
Aronsson, Thomas, Professor, Umeå University
Bergqvist, Christina, Fil.dr, National Institute for Working Life
Björklund, Anders, Professor, Stockholm University
Blomqvist, Paula, Fil.kand., M.Phil., National Institute for Working Life
Boréus, Kristina, Fil.dr., Stockholm University
Bäck-Wiklund, Margareta, Professor, Göteborg University
Börjesson, Bengt, Professor Emeritus, Stockholm University
Börjesson, Martin, Researcher, National Board of Health and Welfare
Carlgren, Ingrid, Professor, Linköpings University
Diderichsen, Finn, Professor, Karolinska institutet
Edin, Per-Anders, Professor, Uppsala University
Edling, Christofer, Fil.dr., Stockholm University
Ekberg, Jan, Professor, Växjö University

Erikson, Robert, Professor, Swedish Council for Working Life and Social Research
Fredriksson, Peter, Fil.dr., Uppsala University
Grassman-Jeppson, Eva, Professor, Stockholm University
Grosin, Lennart, Docent, Stockholm University
Gustafsson, Björn, Professor, Göteborgs University
Gustafsson, Rolf Å, Professor, National Institute for Working Life
Halleröd, Björn, Professor, Umeå University
Hetzler, Antoniette, Professor, Lund University
Hjern, Anders, Med.dr., National Board of Health and Welfare
Hollander, Anna, Professor, Stockholm University
Hort, Sven E. Olsson, Professor, Södertörns högskola
Jonsson, Jan O., Professor, Stockholm University
Korpi, Tomas, Fil.dr., Stockholm University
Korpi, Walter, Professor, Stockholm University
Kvist, Jon, Ph.D., Danish Institute for Social Research, Copenhagen
Lagerberg, Dagmar, Docent, Akademiska sjukhuset, Uppsala
Lidström, Anders, Docent, Umeå University
Lundborg, Per, Professor, Trade Union Institute for Economic Research (FIEF)
Marklund, Staffan, Professor, National Institute for Working Life
Montin, Stig, Docent, Örebro University
Murray, Mac, Deputy Director, Ministry of Education
Möller-Landgren, Elisabet, Fil. kand., Statistics Sweden
Nygren, Lennart, Professor, Umeå University
Näsman, Elisabet, Professor, Linköping University
Olsson, Clas, Director, Swedish Association of Local Authorities
Paulsson, Karin, Fil.dr., The Swedish National Association for Disabled Children and Young People (RBU)
Salomon, Kim, Professor, Lund University
Salonen, Tapio, Professor, Lund University
Schön, Lennart, Professor, Lund University
Skevik, Anne, Dr.polit., NOVA, Oslo
Stark, Agneta, Professor, Linköping University
Stenberg, Sten-Åke, Professor, Stockholm University
Tham, Henrik, Professor, Stockholm University
Thorslund, Mats, Professor, Stockholm University
Tiby, Eva, Fil.dr., Stockholm University
Tøssebro, Jan, Professor, Trondheim University
Wennemo, Irene, Fil.dr., National Trade Union Confederation
Wikström, Filip, Ekon.dr., Stockholm School of Economics

4. References for the tables in Chapters 2 and 3

Most of the data in tables 1–17 are based on the Commission's own analysis of various statistical databases. The indicators that occur in the tables in Chapter 2 and also recur in Chapter 3 are presented below. Thereafter references for the indicators that only occur in separate tables in Chapter 3 are presented.

Recurring indicators from the Swedish Surveys of Living Conditions (ULF)

The following indicators are based on data from the ULF surveys conducted by Statistics Sweden (SCB) for the years 1990–91 and 1998–99 unless otherwise stated. The questions that the interviewees have responded to are shown in italics:

- Self-determined ill-health: *How do you judge your own general state of health? Is it good, bad or in between?*[1]
- Long-term illness: *Do you suffer from any long-term illness, from the after-effects of an accident, from disability or from any other long-term ailment?*
- Fear, unrest, anxiety: *I have already asked about illnesses but there are some disorders or troubles that I would like to ask about specifically, to be on the safe side. Have you felt any of the following? /…/* Fear, unrest, anxiety?[2]
- Low level of education: People with a nine-year compulsory school education
- *Employed: Which of the following alternatives applied in your case last week? /…/ Include that which applied during only a part of the week.*[3]
- Unemployed: *Was unemployed, looking or waiting for work (entire or part of the week).*

[1] As of 1996, the ULF survey uses five instead of three alternative response. The second part of the question thereby reads: "*Is it very good, good, fairly good, bad or very bad?*". The classification of health status based on this indicator is constructed so that those who described their state of health as worse than "*good*", that is those who chose the alternatives "*bad*" or "*something in between*" in 1990–91 and those who chose "*fairly good*", "*bad*" or "*very bad*" in 1998–99, have been placed in the category "*selfdiagnosed ill-health*".
[2] The given alternatives are: "*Yes, serious*", "*Yes, mild*" or "*No*". During the years 1990–93 this question was not included in the ULF surveys, as a result of which this analysis is based upon data from the years 1988–89 and 1998–99.
[3] The employed category includes those who stated that during the previous week they had full-time or part-time employment (including leave of absence, etc) or were self-employed.

- Physically demanding work: Based on the following four questions; *Does your work involve heavy lifts? Are heavy lifts required daily, about once a week or more rarely? Does your work involve many repetitious and unvaried actions/movements? Does your work require that you bend or twist or adopt some other kind of unsuitable working posture?*[4]
- Hectic work: *Is your work hectic?*
- Has no cash margin: *If a situation arose where you had to come up with SEK 14 000 within a week, could you manage it?*[5]
- Has no close friend: *Do you have a close friend with whom you can maintain contact and discuss all sorts of things? (Do not include members of your family or your household).*
- Limited relations outside one's own household: Based on the following four questions. *How often do you see and spend time together with your parents? Your children? Your siblings? Other friends and acquaintances or relatives?*[6]
- Unable to appeal against a decision: Those responding NO to the following two questions. *Could you yourself write a letter appealing against a decision made by a public authority? And Do you know anyone who could help you with such a task?*
- Refrained from going out for fear of violence: *During the last twelve months, have you refrained from going out in the evening for fear of being assaulted, robbed or otherwise molested?*[7]
- Subject to violence or threat: Those responding YES to at least one of the following four questions. *During the last twelve months, have you yourself been subjected to violence causing such injury as to require a visit to a physician, dentist or nurse, or causing visible marks or bodily injury or that did not cause visible marks or bodily injury or have you been subjected to threats or threats of violence that were dangerous or serious enough to scare you?*
- Has at least two welfare problems. Based on the following six forms of disadvantage. A weak footing in the labour market (not employed, not self-employed, not studying, not doing

[4] Those whose work involves heavy lifts on a daily basis or many repetitious and unvarying actions/movements, or who have to adopt unsuitable working postures, are defined as having physically demanding work.
[5] The amount requested varies between the years to take price adjustments into consideration (in the 1990s; 14 000 SEK, or approximately 1 500 Euros).
[6] Limited relations are defined as seeing either close relatives (children, parents or siblings) or friends more often than once a quarter.
[7] Those responding "*Yes, frequently*" or "*Yes, once or twice*" have been defined as "*worried about violence*".

military service), no cash margin, selfdiagnosed ill-health, inability to appeal against an official decision, limited relations outside one's own household and subject to violence or threat.[8]

Other recurring indicators

- Wage per hour: Concerns median wage in SEK. Based upon the Swedish Level of Living Survey (LNU) for the years 1991 and 2000, Swedish Institute for Social Research. Analysis by the Commission.
- Disposable income per unit of cost: Median values in SEK 1,000. Data concerning disposable household income per unit of cost is based upon the income distribution surveys conducted by Statistics Sweden in 1991 and 1999.
- Duration of low income: Data based upon the 'LINDA Register'. Duration is measured by the proportion of those with disposable household incomes of less than 60 percent of the median income in 1991 and 1997 who also had less than 60 per cent in the years immediately following, i.e. in 1992 and 1998. Analysis by the Commission.

Specific indicators

Table 12. Welfare of children.

Unless otherwise stated the source is the Swedish Level of Living Survey for Children (Barn-LNU) carried out in 2000. Here 1,304 children aged 10–18 years were asked about their living conditions. Since this is the first time that the survey has been carried out it has not been possible to present trends for the 1990s in the case of most indicators.

- Has no cash margin: The data comes from the LNU and refers to the interviewed parent, in 1991 and 2000.
- Number of separations per 1,000 children: The data refers to 1991 and 1999. For 1999, cohabiting parents without common children are excluded, which probably means that the relative numbers of separations are somewhat underestimated.

[8] Persons in the ages 65–84 can per definition not be weakly rooted in the labour market and youth living with their parents can per definition not have a cash margin.

- Subjected to abuse/insult. Four different kinds of abuse/insult are defined on the basis of the following questions: "*How often do you experience the following in school?*" 1. "*Other students accusing you of things you have not done or cannot help.*" 2. "*Other students showing that they do not like you in one way or another, e.g. through teasing, whispering or joking about you.*" 3. "*No-one wanting to be with you.*" 4. "*One or more students hitting you or hurting you in some other way.*" The data shows whether the respondent has experienced this at least once a week.

Table 13. Youth welfare

- Long-term psychological troubles: Data refers to 1988–89 and 1998–99. Persons with long-term psychological troubles have stated that they have a long-term illness, a disability, or a difficulty coded as a "psychological disorder" in the WHO's classification of illnesses, ICD-9. Included here are persons who stated that they suffer from psychosis or depressions, for example, but also persons with retardation. Source: The Commission's analysis of the ULF surveys conducted by Statistics Sweden.
- Incomplete grades: Data refers to 1990 and 1997.
- Incomplete high school/upper secondary education at the age of 20.

Table 15. Welfare of disabled persons

All data in the table refers to the years 1988–89 and 1998–99. Disabled persons are defined here as persons who have at least one of the following disabilities: impaired hearing, impaired vision, impaired mobility or long-term psychological troubles.

- Municipal assistance, informal assistance, private/other assistance and no assistance. The data refers to people living at home with disabilities requiring practical help, aged 16–64 years.
- Disposable income per unit of cost. The data on disposable income in this table is based on the ULF surveys. This means both that the amount in SEK is not fully comparable with the other tables in Chapters 2 and 3 and that the rise in income over time is exaggerated. This does not affect the comparison with

the rest of the population (the two columns on the far right in table 15).

- Has at least two welfare problems. Unlike the other tables in Chapters 2 and 3, "*Has no close friend*" is included instead of "*Limited relations outside one's own household*". The table's data concerning disabled persons compares with 24 percent in 1988–89 and 26 percent in 1998–99 for the population (aged 16–64 years) as a whole.

Table 16. Welfare of the elderly

- Special accommodation: The comparison refers to the years 1990 and 1999
- Municipal assistance, informal assistance and private/other assistance: The comparison refers to the years 1988–89 and 1998–99. Data refer to persons with disabilities who are living at home and who need assistance aged 75–84.

Table 17. Welfare of those born outside Sweden

- Income from work: The data refers to income from gainful employment per individual aged 26–64.
- Social assistance: The data on social assistance comes from the income distribution surveys conducted by Statistics Sweden and refers to the proportion of individuals per household drawing social assistance at any time during the year.