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PUBLIC ASSISTANCE IN SWEDEN
SOME COMPARISONS WITH THE UNITED STATES

Ralph D. Husby with Eva Wetzel

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College of Commerce and Business Administration
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Public Assistance in Sweden
Some Comparisons with the United States

In the past 100 years, the industrialized countries of the world have developed increasingly comprehensive social insurance programs in order to guarantee to their populations some level of social and economic security within the context of a modern industrialized state. In virtually all cases, these social insurance systems include old-age, survivors, and disability insurance; health insurance; workman's compensation or industrial injuries insurance; and unemployment insurance. Nevertheless, there will always be some individuals and families who find themselves both unable to provide for themselves and ineligible for benefits from the social insurance programs. For these persons, most countries have public assistance programs sometimes known as welfare, public aid, social help, etc. Benefits from these programs are virtually always means-tested, and typically public assistance is decentralized. Unlike social security programs, benefit levels, guidelines and rules regarding various special situations and circumstances, and sometimes even eligibility requirements are determined individually by the separate local jurisdictions.

In this paper, public assistance in Sweden is described and compared to the U.S. system. In Section I., an overview of other income security programs in Sweden is presented in order to see who might need public assistance, followed by a description of Social Aid (public assistance). In Section II., various aspects of the welfare systems in Sweden and the U.S., including the clientele, are compared. The Appendix describes the social insurance and social welfare programs in more detail.
I. Public Assistance in Sweden

Overview of income security

Sweden is well known for having one of the most comprehensive income security systems in the world. The social insurance and social welfare programs of Sweden combine to cover virtually all families and individuals in need. The elderly, the disabled, and the survivors of deceased bread-winners are covered in Sweden by social insurance as in the U.S. However, coverage in Sweden, by virtue of a two-tier social security system, is universal: one pension in the two-tier social system is paid regardless of prior income and employment; the other pension system is similar to U.S. Social Security: the pension level is based on prior earnings and is received only by those who have gained eligibility through contributions (payroll taxes) for at least three years. Neither of these pensions are means-tested. The elderly, disabled, and surviving widows and children, therefore, need never apply for public assistance in Sweden except to supplement social insurance or to receive temporary benefits while social security application is processed.

In the case of families with children, there is a tax free general children's allowance (barnbidrag) for all children under age 16 (1,320 kronor annually or about $293 in 1973) payable regardless of income. In the case of a mother who is divorced, separated, deserted, or never married, the absent parent is ordinarily required by law to make support payments. In the event that the absent parent cannot be located or is unable to make support payments, a "child support advance" is paid by the Child Welfare Board. Thus some families with dependent children that would be forced to apply for AFDC in the United States would not have to turn to public assistance in Sweden.

For one who is unemployed, there is unemployment insurance through Unemployment Benefit Societies related to labor unions as well as a government
program known as cash labor market support for those persons who are not members of the Societies. The government program attempts to cover all those workers who are not members of the Societies. Thus, again the family which must turn to welfare (AFDC or AFDC-UP) in the U.S. is more likely to be covered by unemployment insurance in Sweden.

Public Assistance

For those families and individuals who are unable to earn some minimum income and are ineligible for any pension or unemployment insurance and whose total income from earnings, child support advances, and the children's allowance leaves them in need, Sweden has a system of assistance known as social aid or social help (Socialhjälp).

Social help should be seen in relationship to the statutory social insurances. In old age, needs should normally be covered by the folkpension and the supplementary pension, in ill health by health insurance, in case of a handicap and other disablement through the folkpension, supplementary pension, and sometimes industrial injury insurance, etc. However, even with the present extensive system of social insurance, gaps in the security system may occur. It can also occur that the money allocated in certain cases does not cover the actual need. Social help is, in such cases a complement to the social insurance system.

Specifically eligible for social aid under national law in Sweden (statutory social aid) are dependent children and their mothers as well as those who due to age, illness, handicap or lack of physical or mental ability are unable to support themselves. Voluntary social aid may be given on grounds other than the above, determined by the individual county board. Oddly enough, many of the individuals described eligible for statutory social aid are ordinarily eligible for a pension. As actually administered, social aid is given in virtually all cases where the need exists. According to national

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1Anders Bruzelius, Gunnar Engström, Lars-Ake Åström, Socialhjälp och Social Omvårdnad (Social Aid and Social Care), Håkan Ohlssons Förlag, Lund, 1972, pp. 7-8.
statute, assistance should be given in cash and in such a way as to help and encourage the recipient to become self-sufficient.\textsuperscript{2}

In the case of a person who is unemployed but ineligible for unemployment benefits (or the unemployment benefits are below the social aid levels), the individual must be enrolled with the unemployment board and be able to show that he has been unable to find a job through the state employment service. A person unable to find employment for medical or other personal reasons is referred to the social physician or rehabilitation office. Social aid is given to a person who refuses a job only if the social physician determines that there are medical or social reasons in evidence.\textsuperscript{3}

The levels of assistance in one municipality (country) of Sweden, Malmö, as of January 1973, are presented in Table 1. The basic grants listed in Table 1, e.g., 445 kronor (kr) for a single individual, are intended to cover food; laundry; personal hygiene; telephone; newspaper, radio, and TV fees; and other personal expenses. In addition to these basic amounts, aid can be given to cover rent, utilities, clothes, household furniture, medical costs, and transportation to and from work up to 50 kr a month. Each adult recipient can receive up to 720 kr a year for clothing (not including work clothes); children's clothing is assumed to be covered by the children's allowance.

\textsuperscript{2}Ibid., pp. 16-18.

\textsuperscript{3}"Instruktionshandbok för Öppen Socialvård" (Instruction Handbook for Noninstitutional Social Aid), Malmö Social Aid Office, (mimeo), August 15, 1972.
Table 1. Assistance Levels in Malmo, Sweden as of January 1973

<table>
<thead>
<tr>
<th>Assistance Level</th>
<th>Kroner per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Adult</td>
<td>445</td>
</tr>
<tr>
<td>Couple</td>
<td>695</td>
</tr>
<tr>
<td>Children, per child</td>
<td>190</td>
</tr>
<tr>
<td>Supplement for each child age 10-15</td>
<td>30</td>
</tr>
<tr>
<td>Supplement for person lacking cooking facilities</td>
<td>125</td>
</tr>
<tr>
<td>Youths 16-19 in school living at home</td>
<td>320</td>
</tr>
<tr>
<td>Supplement if person needs special diet (Dr. certified)</td>
<td>95</td>
</tr>
</tbody>
</table>


An amount for automobile expenses is included only if an automobile is absolutely necessary for transportation to the recipients' job, or for medical reasons. When a special grant for purchase of household equipment is requested, a case worker typically makes a home visit to determine if the grant will be made. This assistance is never given if the need for social aid is temporary. Assistance to pay off debts is rarely given, but may be considered in the case of essential household items. Each adult recipient can receive up to 720 kr a year for clothing (not including work clothes); children's clothing is assumed to be covered by the children's allowance. Installation cost of a telephone is given only if its need is verified by a physician. Assistance in paying off a television is rarely granted but the question is considered in terms of any children, handicapped, or aged persons in the family. No assistance is given to help pay for a color TV, tape recorder, or stereo. If social aid is used for such purchases, aid-in-kind rather than cash may be substituted.  

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4 Ibid., pp. 7-11
Persons of the same sex or siblings living together are considered single as are persons over 20 living with their parents. Persons of the opposite sex living together are ordinarily considered a couple whether they have children or not. In cases where it is difficult to determine whether the couple lives under marriage resembling circumstances, rent agreements and receipts may be studied to make such a determination.\(^5\)

Once the grant has been calculated, income of the recipient is subtracted from the grant to yield the monthly benefit. Thus, benefits are reduced by 100% of earnings. Income includes earnings (after taxes), sickness benefits, any pension (old age, children's, early pension, etc.), life annuities, child support from father, child support advances, retraining benefits, unemployment benefits, housing allowance, study grants for students in excess of mandatory study benefits, pensions from former employers, and private charity. Not included in income is the children's allowance, maternity benefits, or supplements for invalids.\(^6\) If employed, 100 kr can be deducted from income, an amount which is supposed to cover work related expenses.\(^7\)

Much social aid is given on a temporary basis. Families with income near the grant level may have financial emergencies such as a rent or utilities debt. Social aid is often given in such circumstances to prevent the family from sliding into deeper financial difficulties.

There are no rigid assets tests; instead, officials attempt to take a flexible approach. Much depends on whether aid is permanent or temporary.

\(^{5}\)Ibid., p. 9.

\(^{6}\)Ibid., p. 3.

\(^{7}\)Ibid., p. 6.
Savings of the recipient must be used before aid will be given, although if need is considered permanent, 5000 kr can be disregarded. However, if aid is indeed more permanent, a family may be asked to sell a house that is too big or too expensive. Social aid can be given to defray interest costs of a mortgage but not the principal. Also, a more permanent recipient is obligated to sell off stocks or bonds that he may own, although this does not have to be done immediately.

II. Swedish and U.S. Public Assistance Compared

One striking difference between public assistance in Sweden and the United States has to do with eligibility. Many individuals who would be eligible for welfare in the U.S. would not need welfare in Sweden because of the more comprehensive nature of the social insurance system as well as the existence of the children's allowance and child support advance payments. All the aged and disabled as well as all surviving widows and children are covered by at least one tier of the Swedish social insurance system regardless of prior earnings or employment. In contrast, the aged and disabled in the U.S. who are ineligible for Social Security must apply for means-tested benefits under the Supplemental Security Income program, and the family of a deceased worker not covered by Social Security and without other means would have to rely on AFDC. Also, a permanent problem tends to get a permanent solution under Swedish social insurance. A person who becomes unemployed and dependent because of injury or poor health will receive an early pension. An older worker who becomes unemployed may receive an early pension if the employment service cannot find a suitable job for him.

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8Ibid., p. 10.

9This information based on conversation with welfare official in Malmö, Swed-
(see Appendix for more details). An unmarried, divorced, or deserted woman with children receives children's allowance benefits and child support advances. Thus, public assistance tends to be more of a temporary solution for dependency in Sweden. In the city of Malmö, for example, the average length of stay on Social Aid as of 1972 was a little less than 5 months; 27% received aid just one month.\textsuperscript{10}

At the same time, for those families and individuals in need who are ineligible for benefits from the above programs or who remain in need in spite of benefits from the above programs, public assistance is available without regard to marital status, employment status, or the presence of children. In contrast, in the U.S., families in need due to the unemployment of the male head are eligible for AFDC in only 23 states,\textsuperscript{11} and the working poor are rarely eligible. Single individuals and couples without children are not eligible for benefits from any federal welfare program unless aged, blind, or disabled.

Predictably, given these differences in coverage and eligibility in the social insurance and public aid programs, the welfare populations in the two countries bear little resemblance to each other. In the United States, 16\% of the recipients of federally assisted public assistance are aged, blind, or disabled;\textsuperscript{12} virtually all such persons in Sweden would receive a social


insurance pension. The remaining 84% are members of families with dependent children (AFDC families). Of those families on AFDC, only 13% include both parents. In summary, women with children account for 73% of welfare recipients, couples with children account for 12% and the aged, blind, and disabled account for 15%. Thus, women with dependent children dominate the welfare picture in the United States.

A look at some figures from the municipality of Malmö reveal some startling contrasts. A very high 62% of public aid cases are single men and women without children: 41% single men, 21% single women. Only 11% of the cases are single women with children; 15% are couples with children and 12% are couples without children. A very high percentage of divorced men (30%) receive assistance. The incidence of families with children on welfare is only slightly higher than families without children (13.9% vs. 10.7). 14

The most obvious explanation for this contrast in the assistance populations is the difference in eligibility requirements. However, female headed families with children are eligible in both countries and the small percentage of such families in Sweden requires some further explanation. A major difference between Swedish and U. S. societies lies in the role of women. Swedish girls grow up with the expectation that they will work throughout adult life, married or not, mothers or not. The dismal aspects of a housewife's life and the glories of working are commonly touted in the press. Thus, women do not expect to become dependent and therefore, one may presume, are less likely to become dependent. In addition, very early marriages are non-existent as

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14 Jarbo, "Report from the Statistical Department."
18 is the legal minimum for marriage and few marry that early. But in the U.S., AFDC mothers may have married at age 15, 16 or 17. Marriage and motherhood at such an early age is likely to strengthen the dependency of these young women. Also, education will typically come to an end with marriage or motherhood.

Motherhood can occur at a tender age in Sweden, too, but marriage is still impossible until age 18, and unlikely even at that age. Dependence on a man, then, at these very early ages is not possible. Also, for the very young mother, there are a multitude of programs provided by the state, some of them already mentioned, that will keep her in school or working. These are not special programs for unwed mothers but programs intended for all women. Women can receive parent money for 6 months, 2 months before and 4 months after the birth of her baby. If the father is unknown or unable to pay support, the Child Welfare Board gives the mother child support advances. There is also the children's allowance, and for a low-income mother, a housing allowance is available. If she wishes to continue working after her 6 months of parent money, her former job is, by law, waiting for her. Day care centers give priority to the single parent. When the child is ill, a state employed babysitter will come to the home while the mother works, or if the mother chooses to stay home with the sick child, she can receive a sickness benefit. Also, in Sweden, there is increasing emphasis on the individual as economically responsible for him or herself. The marriage rate is falling and women work in increasing numbers.

On the other hand, a large share of divorced men are on welfare because of the burden of child support. If they fall behind in their support payments,
their wages can be garnished. In addition, the divorce may have stemmed from a personal problem of the husband (e.g., alcoholism), and this problem may be intensified by the divorce and lead to further dependence on Social Aid.

Swedish public assistance is also far more generous than the U.S. counterpart. Based on the information for Malmö, Sweden (1973) summarized in Table 1 and the text, a family composed of a husband and wife and 2 children with no other income would receive about 1975 kr a month or 23,700 kr per year (see Table 2). This compares very favorably with the wages of manufacturing

Table 2. Monthly Social Aid Benefits for a Family of Two Adults and Two Children in Malmö, Sweden, 1973

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in kronor per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Husband and wife</td>
<td>695</td>
</tr>
<tr>
<td>Child age 12</td>
<td>220</td>
</tr>
<tr>
<td>Child age 8</td>
<td>190</td>
</tr>
<tr>
<td>Basic Grant</td>
<td>1105</td>
</tr>
<tr>
<td>Rent</td>
<td>600</td>
</tr>
<tr>
<td>Utilities</td>
<td>100</td>
</tr>
<tr>
<td>Clothes</td>
<td>120</td>
</tr>
<tr>
<td>Transportation</td>
<td>50</td>
</tr>
<tr>
<td>Total Assistance</td>
<td>1975 kr</td>
</tr>
</tbody>
</table>
workers. Average wages in manufacturing in Sweden in 1972 were 16.8 kr per hour.\(^{15}\) Wages in this sector increased by 8 percent between 1972 and 1973.\(^{16}\) Assuming a 2000 hour working year (40 hours per week, 50 weeks a year), annual wages, as of 1973, would have been about 36,400 kr before taxes. Taxes (local and national income taxes plus social security taxes) would have totaled about 30%;\(^{17}\) income after taxes thus would have been in the neighborhood of 25,500 kr, very little more than public assistance income (not including any special grants for furniture, etc.) The benefit levels in Malmö are about average for Sweden (they range from 28% lower in Bergalagen to 34% higher in Stockholm).\(^{18}\)

In the United States, in contrast, the maximum AFDC benefit, as of January 1972, for a family of 4 with no other income, ranged among the states from $60 to $351 per month, with a median of $221.\(^{19}\) Average gross hourly earnings in manufacturing in 1972 were $3.80\(^{20}\) or $7,600 annually (for a 2000 hour year). Assuming this family takes the standard deduction, federal income taxes would have been about $525; 1972 Social Security taxes, about $400 (5.2% on the first $900 of gross earnings). Thus, average manufacturing wages after taxes would have been approximately $6,675, making the AFDC payment in the


\(^{16}\) Statistiska Centralbyran, Allmän Manadsstatistik, (Monthly Digest of Swedish Statistics), June 1974, Table 462, p. 382.

\(^{17}\) The Swedish Institute, "Sweden in a Nutshell," (pamphlet), p. 3.

\(^{18}\) Statistical Abstract of Sweden, 1973, p. 273. These figures illustrate the range in actual benefits paid, not the range in maximum grants.


median state 40% of this after-tax manufacturing wage. Including food stamps in the public assistance benefit (worth $53 a month in 1972 for a family of four receiving $221 in AFDC\textsuperscript{21}), public assistance would have been 49% of after-tax manufacturing wages.

Swedish public assistance levels are also dramatically higher than in the U.S. when compared to median income. A number of figures are presented in Table 3. Median income in Sweden for a family of 2 adults and 2 children, in which the wife was not employed, was 36,000 kr in 1972.\textsuperscript{22} By assuming an 8 percent increase for 1973, the same increase as in manufacturing wages, median income in 1973 would total 38,880. As mentioned above, taxes on this income would be about 30%, making after-tax income about 27,200 kr. In Malmö, public assistance for a family of 4 amounts to 87.1% of this median income figure. In Bergslagen, the municipality with the lowest benefit levels, public assistance is 62.6% of median income; and in Stockholm, where benefit levels are highest, public assistance is 116.4% of median income. Table 3 also includes figures comparing public assistance levels with the median income for families of four in which the wife works.

In stark contrast, U.S. public assistance (AFDC plus Food Stamps) in the median state is only 39.2% of median income in the U.S. The median income in the U.S. in 1972, wife not in paid labor force, was $9,744.\textsuperscript{23} A married couple with two children and a $10,000 income paid an average 9.1% of their income in taxes,\textsuperscript{24} social security taxes would have been $468, so median

\begin{itemize}
  \item \textsuperscript{22} Prepublication copy of Table 387, 1974 Statistical Abstract of Sweden (forthcoming).
  \item \textsuperscript{24} Ibid., p. 395.
\end{itemize}
Table 3. Public Assistance Levels Compared to Median Income (After Taxes) for a Family of Four in Sweden and the United States

<table>
<thead>
<tr>
<th></th>
<th>Sweden, 1973</th>
<th>United States, 1972</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(figures in kronor)</td>
<td>(figures in dollars)</td>
</tr>
<tr>
<td>Stockholm</td>
<td>Malmö</td>
<td>Bergslagen</td>
</tr>
<tr>
<td>(1) Public Assistance</td>
<td>31,692</td>
<td>23,700</td>
</tr>
<tr>
<td>(2) Median income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>wife not employed</td>
<td>27,216</td>
<td>27,216</td>
</tr>
<tr>
<td>(3) (1) as %</td>
<td>116.4%</td>
<td>87.1%</td>
</tr>
<tr>
<td>of (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Median</td>
<td></td>
<td></td>
</tr>
<tr>
<td>income wife</td>
<td>34,047</td>
<td>34,047</td>
</tr>
<tr>
<td>employed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) (1) as %</td>
<td>93.1%</td>
<td>96.6%</td>
</tr>
<tr>
<td>of (4)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Median income figures for Sweden are for families with two adults and two children; the 1973 after-tax figures are estimated by first increasing 1972 median income by 8% (the average 1973 increase in manufacturing wages), and then reducing the wife not employed and wife employed figures by 30% and 35% respectively, the estimated taxes for those income levels. Public assistance levels in Stockholm and Bergslagen are derived by adjusting the basic grant level in Malmö for the differences in actual benefit levels among the municipalities. Public assistance figures for the United States include Food Stamps. Calculation of taxes for U.S. figures is explained in text.

Sources: See footnotes 3, 16, 17, 18, 19, 21, 22, 23, and 24.
income after taxes comes to $8,389. Considering the state with the highest
AFDC benefit levels, public assistance is 53.9% of median income; in the lowest
paying state, 22.7% of median income (see Table 3).

The methods of adjusting welfare benefits for changes in earnings also
differ between the two countries: no financial incentive is incorporated in
the case of Sweden. Social Aid benefits include transportation costs related
to employment; also, 100kr a month, representing other work related expenses,
can be deducted from income before the welfare payment is reduced. However,
for every krona earned beyond 100kr, the welfare payment decreases by a krona,
a procedure which amounts to a 100% "tax" on earnings. This 100% "tax" was a
widely criticized aspect of public aid in the United States until a 1967 amend-
ment to the Social Security Act allowed the recipient to keep the first $30
of net earnings as well as 1/3 of net earnings beyond $30, yielding an
implicit marginal tax of 66 2/3% on earnings.

Concluding Remarks

The structure of the welfare system in the United States suggests that there has
been a great deal of concern about work incentives, or in more pedestrian terms,
the problem of free-loaders. Our categorical assistance system has been de-
signed to give aid only to those categories of persons who cannot work: the aged,
the blind, the disabled, and mothers of dependent children (as well as unemployed
fathers in some states). In addition, there is concern that if benefit levels
get too high, some families may choose welfare in favor of working. And
finally, a work incentive, the $30 and 1/3 rule, has been built into AFDC to
encourage self-support. In contrast, grant levels in Sweden are virtually as
high as earnings levels, and no financial incentive is built into the benefit
formula. Yet Swedes are not flooding the Social Aid offices to apply for the
very generous benefits: only 6.3% of the population received Social Aid in 1971. One cannot avoid the question: could U.S. public assistance be made as generous without fear of a reduction in labor supply?

This question is an extremely difficult one to answer and is beyond the scope of this paper. A few remarks, however, can be made. Sweden has the advantage of having a small (about 8 million) and relatively homogeneous population, both factors which may make social pressure to work more effective. The work ethic is strong. For many individuals, there would still be a social stigma attached to being dependent on Social Aid. Nevertheless, there are institutional factors related to Social Aid which help to augment the social pressure to work. An employable male recipient is required to register with the employment service. He is counseled on training opportunities (of which there are many) and the possibility of more education. He is notified of suitable job openings. If the recipient is finally concluded to be hopelessly anti-social and anti-work, a rare occurrence, he is considered to be "sick" and referred to the social physician. If the social physician concludes that the individual cannot be helped, he may be granted an early pension under social insurance. In the case of a woman, she can choose to stay home with a child under age 4 with little pressure from social welfare authorities to seek employment. Also, it is considered normal for the mother to remain home if she has two children below school age (age 7), or if she has three children, some or all of whom are in school. She is, however, informed of the educational, training, and employment opportunities available to her.

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26 According to welfare officials in Sweden, there is no problem of women being unwilling to work. Rather, the problem is finding jobs for all the women who wish to work.
Thus, in Sweden, relatively few "choose" welfare over work. Work opportunity in itself appears to provide sufficient incentive for most persons to work. And since the development of such extensive and generous social insurance and social welfare programs could not have occurred in the absence of an employment oriented population, Swedes may be reluctant to take advantage of the welfare system thereby jeopardizing its continued viability. It is possible that the opportunity for employment would be sufficient incentive for most persons in the United States, also, although the greater array of social problems may counteract work opportunity as a sufficient incentive for some persons. In any event, it should not be taken for granted that most individuals would choose welfare to employment. In Sweden at least, this does not seem to be the case. Future research should be directed toward a more detailed analysis of the employment counseling, job-training, and placement programs in Sweden (including the interrelationships of these programs), the extent to which they are responsible for keeping dependency rates low (thereby allowing the welfare system to be generous), and the extent to which their successes can be replicated in the United States.

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27 For a recent discussion of research on work incentives, see the articles by Albert Rees, Harold Watts et al, Glen Cain et al, and Robinson Hollister in the Journal of Human Resources 9:2, Spring 1974, pp. 158-252.
Appendix: Income Maintenance in Sweden
Social Welfare and Social Insurance Programs

A concept known as the "basic amount" is used throughout the social welfare and social insurance system. The basic amount can be thought of as a minimum standard of living or definition of poverty. It is adjusted each year for changes in the cost of living and therefore represents constant purchasing power. In January 1974 the basic amount was 8,100 kr (about $1800).¹

I. Income Maintenance Other Than Public Assistance or Social Insurance

A. General Family Allowance or Children's Allowance

Sweden has a children's allowance whereby every family, regardless of income, receives 1,320 kr (1973) annually tax free for each child under age 16. Children between 16 and 19 who are in school can also receive the children's allowance for the 9 month school year, i.e., 990 kr a year. Students may also receive 150 kr a month for room and board and 65-130 kr monthly for travel if their school is at least 6 kilometers from their home. Many grants, allowances, and loans, some subject to means tests, are available to students age 19 or older.²

B. Child Support Advances and Other Child Related Benefits

In the case of a child living with a divorced or never married parent, the absent parent (usually the father) ordinarily is required by law to make support payments. In the event that these support payments are not made, the child receives a "child support advance" from the Child Welfare Board. The Child Welfare Board in turn contacts and attempts to collect the money from the absent parent. The child support advance can be withheld if the mother refuses to name the father. The child support advance, payable to age 18, amounts to 40% of the basic amount, 50% if both parents are absent and the child is in
the custody of someone else, and 10% if the child is receiving a children's pension. If the absent parent is contributing less than 40% of the basic amount, the Child Welfare Board makes up the difference. 3

Beginning January 1974, in addition to the children's allowance, a family is entitled to "parent money" (under parent insurance which is one part of sickness insurance), whether or not the parents are employed for a total of 6 months, of which up to 2 months can be prior to the birth of the child. 4 The parent money, which is taxable, is at least 25 kr a day and is higher if one's contributions to sickness insurance warrant a higher payment. It is payable to either parent after the birth, depending on who stays home to take care of the baby. After the birth, the parents can alternate working or both work half time and still receive parent money. (The family is also reimbursed for all medical and traveling costs connect with the birth, and legally, the mother's and father's jobs are protected for 6 months after the birth.)

C. Housing Allowances

There are three kinds of housing allowances. One is for low and lower-middle income families with children (state housing allowance), one is for low income families and individuals with or without children (state-municipal housing allowance), and one is primarily intended for persons with government pensions (municipal housing allowance).

State Housing Allowance

A family with an income of 23,000 kr a year or less as of January 1974 receives 75 kr per month per child. If annual income is between 23,000 and 26,000, for every 100 kr monthly increase in income, the allowance decreases by 12 kr; between 26,000 and 36,000, an additional 100 kr of monthly income
results in an 18 kr decrease in the allowance; above 36,000, the decrease is 24 kr. Income is defined as taxable income although only 4000 kr of income tax deductions can be deducted for housing allowance calculation purposes. If assets exceed 50,000 kr, one fifth of the amount in excess of 50,000 kr is added to income. These allowances are financed by state revenues.

State-Municipal Housing Allowance

These allowances are for low income families and individuals. They are means tested, but the income limit varies from municipality to municipality. Income is defined as it is in the state housing allowance. The allowance

Table 1. State-Municipal Housing Allowance: 80% of the Rent Above Minimum Rent and Below Maximum Rent.

<table>
<thead>
<tr>
<th>No. of Children</th>
<th>Single Person</th>
<th>Couple</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0-2</td>
<td>3-4</td>
</tr>
<tr>
<td>Minimum Rent</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Maximum Rent</td>
<td>550</td>
<td>700</td>
</tr>
</tbody>
</table>

Source: Vær Trygghet, pp. 143-145. To avoid insignificantly small payments, rent must be 25 kr above the minimums before the allowance is paid.

amounts to 80% of the rent above some minimum rent but below some maximum rent. For example, for a couple with 2 children, the allowance would amount to 80% of the rent between 400 kr and 650 kr. Other examples of maximum and minimum rent figures appear in Table 1. Individuals under 20 are not eligible for housing allowances. Those receiving old age pensions are ineligible for state-municipal allowances but are eligible for municipal housing allowances (see below). The state contributes 66.6% of the funds for these allowances.
In the case of a family receiving both state and state-municipal housing allowances, the latter begins to decrease with income only after the state allowance has decreased to zero. The decrease in the state-municipal allowance follows the same pattern as the state allowance, the decrease never exceeding 24 kr per 100 kr of income.

Municipal Housing Allowance.

These allowances, available to persons 60 and over, are primarily for those receiving state pensions. The amount of the allowance varies by municipality. If yearly income is below 2000 kr for a single person or 3000 kr for a married couple, then the full allowance is received, but the allowance is reduced by 50% of any income above these figures. The basic pension of the National Pension Scheme is not considered income for these purposes, but the prior earnings related National Supplementary Pension Scheme pensions are (see part II below). If assets are in excess of 50,000 kr (80,000 kr for a couple), 10% of the excess is added to income. (Old age homes are available for persons who need care; costs are determined by local authorities.)

II. Social Insurance

A. Old-Age, Survivor's, and Disability Insurance

The entire social insurance system of Sweden will not be dealt with here. Only the income transfer programs will be discussed; the other programs, notably health insurance, are not included in this study.

The heart of the Swedish social security system rests with the National Pension Scheme (Folkpensionen) and the National Supplementary Pension Scheme (Allmän Tilläggs Pension). The National Pension Scheme (current version based on 1958 and 1959 legislation of the Swedish parliament) is intended to
provide basic financial support for everyone, regardless of previous income or the contributions paid toward other pensions. On the other hand, the National Supplementary Pension Scheme (ATP) introduced in 1960, provides benefits largely based on previous earnings. Additional semantic confusion results from 1969 legislation which provides a "pension supplement" to the National Pension for those persons who receive no or very little benefits from the National Supplementary Pension Scheme. Both the National Pension and National Supplementary Pension Schemes are administered by the Regional Social Insurance Offices and the regional taxation authorities under the central direction of the National Social Insurance Board in Stockholm.

Both pension schemes include retirement pensions (normally from age 67), early retirement or disability pensions, and survivor's pensions for widows and children. All Swedish citizens and some others are eligible for National Pension Scheme (NPS) pensions. The contribution rate for NPS is 5% of income taxable by the state for any person at least age 17 but less than 66 but the contribution is not to exceed 1500 kr per year. However, eligibility for benefits is not dependent on any minimum amount of coverage or contribution. Whatever portion of NPS outlays is not covered by contributions is financed out of general revenues.

All citizens or residents of Sweden with earnings above the basic amount are automatically insured under ATP. Only self-employed persons can apply for exemption from the system. General revenues finance one-third of administrative expenses. The ATP tax or contribution rate is 10.5% (1974) of "pension-bearing income," paid by the employer. Pension-bearing income is the amount of earnings (reported for income tax purposes) greater than the basic amount but less than 7 1/2 times the basic amount. Benefits are also based on earnings between one and 7 1/2 times the basic amount.
Benefits for the Aged

For a single person or a person with an ineligible spouse, the NPS benefit is 90% of the basic amount at the usual retirement age of 67. If spouse has an old age pension or a full early retirement pension, the pension is only 70% of the basic amount. An early pension can be taken as early as age 63 with a penalty of 0.6% of the benefit for every month before age 67; also, a late pension is possible with the benefit increased 0.6% for every month past age 67 up to age 70. If the earnings related ATP pension is less than 30% of the basic amount, then the individual is also eligible for a pension supplement under NPS. The ultimate goal (by 1978) of this supplement is to insure that everyone receives at least 30% of the basic amount in addition to the NPS pension; i.e., the ATP pension plus the NPS supplement must be at least 30% of the basic amount. As of 1973, the supplement could be no more than 15% of the basic amount.\(^{18}\)

In addition to this retirement pension supplement, there is a "wife's supplement" if she is 60 or over but not yet 67, not receiving a retirement pension, and married at least 5 years.\(^{19}\) This supplement is a means tested supplement designed to increase the couple's total NPS pension income up to the level of the retirement pensions of two spouses, which they will receive, without a means test, when they both reach age 67. Eligibility for the wife's supplement also means eligibility for a municipal housing allowance. A couple is eligible for the full housing allowance and wife's supplement if income is less than 3000 kr. As income increases, first the housing allowance and then the supplement decreases by 50% of income in excess of 3000 kr.\(^{20}\) If assets are above 80,000 kr, 10% of the excess is added to income.\(^{21}\)

Finally, if the recipient has children, he is eligible for a child supplement equal to 25% of the basic amount for each child, or 10% of the basic
amount if the child receives a NPS pension. However, the wife's supplement and child supplements may not be received before the pension recipient is 67.

Benefits from the National Supplementary Pension Scheme (ATP) are dependent on and based on previous earnings. Again, the normal retirement age is 67 although pensions as early as age 63 or as late as 70 can be taken with the 0.6% per month penalty or bonus. To receive an ATP retirement pension, one must have received pension points for at least 3 years. Pension points are based on earnings above the basic amount but below 7 1/2 times the basic amount. For example, if pension-bearing earnings (earnings above the basic amount) are twice the basic amount, pension points would equal two. The pension is then based on the average pension points accumulated during the best 15 years, or total number of years if points accumulated for 15 years or less. For example, if average points are 4.5, the basic amount is multiplied by 4.5. A full pension, available to anyone accumulating points in 30 years, is 60% of this amount, i.e.,

\[ 0.60 \times 4.5 \times \text{Basic Amount}. \]

This pension is reduced by 1/30 for every year less than 30 that pension points were earned. In other words, the pension is a percentage (depending on years of coverage) of average earnings between one and 7 1/2 times the basic amount over one's best 15 years or total years if 15 or less.

Survivor's Benefits

At the death of the breadwinner, the spouse and children are eligible for benefits from the National Pension Scheme. If the deceased man was receiving an ATP retirement pension or disability pension or if he had earned enough pension points to qualify for these pensions, his wife and children would receive benefits under this program. Children are also eligible for a Family Pension if their mother dies, but there is no widower's pension.
A widow with a child is eligible for an ATP Pension. If there are no children, then she must have married the deceased before he turned 60 and have been married for 5 years. She can receive a widow's pension even if she herself is a recipient of a pension, but the old-age pension at 67 supercedes the widow's pension. The pension ceases if the woman remarries but is renewed if this marriage lasts less than 5 years.

The amount of the benefits is determined as follows. A widow without children or a child without parents receives 40% of the retirement pension. In the case of a widow with children, the benefit is 35% of the retirement pension plus 15% for the first child plus 10% for each additional child. In the case of children without parents, the benefit would be 40% for the first child plus 10% for each additional child.28

Widows and children also receive benefits from the National Pension Scheme. To qualify, the widow must be a Swedish citizen and living in Sweden, or have been a resident of Sweden between ages 57 and 62, and also either have a child less than 16 (widow's age immaterial) or be age 36 or older and have been married at least 5 years. If a woman is living with a man to whom she previously had been married or if she had a child by him even though unmarried, she is also considered a widow under the NPS. Separated women can qualify for widow's pension, but divorced women may not. At age 67, widow's pension ceases and old age pension commences. The pension also ceases if the woman remarries or has a child by a man she also lives with, or lives with a man to whom she has formerly been married. The pension can be renewed if this living arrangement or marriage terminates within 5 years. If the woman is eligible for a widow's pension as well as an early retirement or other pension, she receives only the largest one.30
The NPS widow's pension is 90% of the basic amount if she is at least age 50 or has a child under age 16; for a childless woman under 50, it is reduced by 1/15 for every year under 50 at time of husband's death; for a woman with children under age 16 at time of death, the amount is not reduced until the youngest child reaches 16 if the woman is still below 50 and by 1/15 for every year under age 50. The pension supplement under the National Pension Scheme is exactly the same as for the retirement pension: a maximum of 15% of the basic amount (1973) increasing to 30% by 1978 but subject to the condition that the pension supplement is received only if the ATP pension is less than 30% of the basic amount, and then makes up the difference between the supplementary pension and the 30%. The widow is also eligible for the municipal housing allowance.

The benefits for children or the children's pension under the National Pension Scheme cannot be less than 25% of the basic amount for each child if one or both parents are deceased. In addition, there is a "guarantee rule:" the children's pension plus the children's pension under ATP plus the widow's pension from the NPS cannot be less than 40% of the basic amount for each child. If both parents are dead, the children's pensions from ATP and NPS must total at least 60% of the basic amount. If both parents are living but the breadwinner is absent due to divorce, separation, or desertion, a child support advance is paid. In this case, the children's pensions together must total 30% of the basic amount.

If a widow is receiving a life annuity due to the accidental death of her husband from an industrial injury, the NPS and ATP pensions are reduced by 3/4 of the size of the life annuity. However, she will continue to receive at least 1/2 of the widow's pension and 1/4 of the children's pension from the NPS.
To summarize, if the male head of a family dies and he is receiving or would be eligible for an ATP pension, a widow with no children would receive 40% of the retirement pension; if she had children, she would receive 35% of the retirement pension plus 15% for the first child plus 10% for each other child. If there is no widow, the benefit would amount to 40% of the pension for the first child plus 10% for each additional child. In addition, the widow would receive through the NPS 90% of the basic amount, reduced by 1/15 for every year she is under age 50 if she has no children or for every year she is under age 50 when her youngest child reaches age 16, plus 25% of the basic amount for each child under age 16. However, if the ATP pension is less than 30% of the basic amount, then there is a NPS supplement which is designed to augment the ATP pension in such a way that total benefits for the widow are at least 120% (90% plus 30%) of the basic amount. Finally, there is the guarantee rule: if the children's pensions under NPS and ATP plus the NPS widow's pension total less than 40% of the basic amount, then the benefits from NPS will be increased so that total benefits are 40% of the basic amount; if both parents are dead, the combined children's pensions must total at least 60% of the basic amount.

**Benefits to the Disabled**

The disabled are also eligible for benefits from both the NPS and ATP. Those persons whose disability reduces their capacity to work by half or more are eligible. To be eligible for benefits from ATP, one must additionally have earned pension points for at least 3 years prior to the disability and not be in receipt of an old age pension. At age 67, the old age pension precedes the disability pension.
The pension amount is based on the average pension points over the best two of the last four years before disability or over the best \( \frac{n}{2} \) of your total n years of employment since age 16, whichever yields a higher amount.\(^{36}\) A full disability pension, equal to the old age pension one would receive at age 67, is paid to one whose work capacity is reduced by at least 5/6; a 2/3 pension is paid to one whose capacity is reduced by at least 2/3, and a 1/2 pension if capacity is reduced by at least 1/2. One who has extended illness (one year or more) receives the same benefits as the disabled.\(^{37}\)

The disabled also receive an early retirement pension under NPS. Full early retirement pension for a single person or one married to a non-pensioner amounts to 90% of the basic amount, and full, 2/3, and 1/2 pensions are paid on the same basis as the ATP pensions. If spouse is receiving an old age or full early retirement pension or has attained age 67, the amount is reduced to 70% of basic amount; if spouse has 2/3 pension, amount reduced to 76 2/3%; if spouse has 1/2 pension, 80%.\(^{38}\) A pension supplement identical to that for the old age pension is also available. The wife of an early-retirement pensioner is eligible for 5135 kr (1974) plus the municipal housing allowance subject to the same means test applicable to the housing allowance. A child supplement of 25% of the basic amount for each child (or 10% if the child is receiving a children's pension) is also payable. For a 2/3 or 1/2 pension, the child supplement is also 2/3 or 1/2 of the above amounts. The child supplement may be reduced if an ATP pension is being received (exact details not known). Prolonged illness benefits are the same as disability benefits.\(^{39}\)

Finally, there is a "supplementary disablement allowance," not to be confused with a pension supplement or a supplementary pension, of 30% of the basic amount a year for those who become blind or severely disabled (helpless)
prior to age 63. This allowance is also available to persons with 1/2 or 2/3 early retirement pensions who have some gainful employment, or are going to school, but who need substantial assistance from another person or special tools and/or transportation in order to be employed or attend school.

Special "life-annunities" are available to persons who become disabled as a result of injury on the job. 40

B. Unemployment Insurance

There are a number of laws in Sweden designed to help prevent unemployment. An agreement between the major labor organization (LO -- Landsorganisationen i Sverige) and an employer's organization (SAP -- Svenska Arbetsgivareföreningen) allows workers who have been fired to appeal to a labor board. The employer can be fined if the worker was fired on insufficient grounds. Women cannot be laid off because of marriage, and after working one year, cannot be fired because of pregnancy. If one is 45 or older, one must have 2 months notice before being laid off, 4 months if age 50, 6 months if age 55 (assuming at least 24 months employment during the last 3 years at the particular company). Those who go into the military are assured by law of getting their jobs back. 41

In the event of unemployment a large percentage of laborers are covered by unemployment assistance from recognized Unemployment Benefit Societies. Each society covers the workers in a given occupational sector and they are a part of the trade union for that occupational sector. Benefits are in the form of a per diem allowance financed by the contributions of those insured as well as by state grants. To be eligible, the claimant must have worked and made contributions for at least 12 months, and at least 5 months of the previous 12. After a 12 month period, one has to fulfill the 5 month requirement again. The benefits, which are taxable, commence 5 days after the onset.
of unemployment and vary from 40-130 kr a day. Benefit societies may choose to have several benefit categories in which case benefits will vary by individual. The benefit is usually calculated on the basis of previous income and size of dues, but there is no exact relationship to income. A benefit higher than 11/12 of previous daily income, however, is prohibited. If the insured has a pension the benefit is decreased. The dues vary for the different benefit categories, but in addition the frequency of unemployment in the occupational category influences the dues. Thus persons engaged in a trade characterized by high unemployment pay relatively higher dues. Unemployment benefits are ordinarily payable up to 300 days; if 55 or over, for 450 days. Benefits are not payable if the claimant fails to register with the Employment Exchange or if he refuses suitable work. Assistance is available only in the case of involuntary unemployment, and the claimant must not be involved in a labor dispute.

For those persons who do not belong to an unemployment benefit society, a state unemployment benefit is available known as a cash labor market allowance (kontant arbetsmarknadsstöd). These unemployment benefits are also available to those persons not yet eligible for unemployment society benefits, and for those 60 or over whose benefits have ceased. Employees, age 55 or older, of firms which have gone out of business are also eligible as are proprietors (employers) of such firms. To receive benefits, one must be at least 16, able to work, available for suitable work, and registered with the public employment office. One must have worked 5 months in the preceding year (at least 10 days each month), although this requirement is waived for a person who has just finished schooling, vocational training, or retraining. The benefit, which is taxable, begins after 5 days of unemployment and amounts
to 35 kr a day (18 kr for a half time benefit). This benefit is reduced if the spouse has an income, if the recipient has a pension, or if one’s assets exceed 150,000 kr. The benefits are payable for 150 days, 300 days if 55; for a person age 60 or over, benefits continue for an unlimited length of time until the person is able to get an early pension. If a person quits a job without cause, or is fired because of unsuitable behavior, or refuses suitable work, benefits cannot be received for 28 days. In the case of a person who apparently does not want to work, benefits can be terminated until the individual works for 20 days.6

Beginning in 1974, if one is 60 or older and has received unemployment society or cash labor market support benefits for 450 days, one may apply for an early retirement pension. Formerly, early retirement pensions were usually only granted for medical reasons, but for those 60 and over, their age and health in relation to their line of work as well as labor market conditions in their line of work are taken into consideration. In general, if the employment service cannot find a job for one age 60 or over after a reasonable length of time, this person should be entitled to an early retirement pension. Also, an employed but handicapped person with a 1/2 or 2/3 pension may receive an early retirement pension if after age 60 he has difficulty continuing his job or finding a job. In general, if the employment service cannot find the person a job within a year or two, he will be granted a full early pension.47
Footnotes


4. Parent insurance, together with health and dental insurance, make up sickness insurance which is financed by general revenues (1/3) and by employer and employee taxes. See Vår Trygghet, pp. 128-29.


8. Ibid., pp. 143-45.

9. Ibid., p. 77.


11. Ibid., p. 61.

12. Ibid.

13. Under certain circumstances, citizens of other countries including Norway, Finland, Denmark, and Iceland may receive Swedish pensions. Also, one is eligible if a resident of Sweden between ages 57 and 62. See Social Benefits in Sweden, p. 18.


15. Ibid., p. 131.

16. Ibid.

17. Social Benefits in Sweden, p. 64.

18. Vår Trygghet, pp. 73-75.

19. In exceptional cases, the wife can be less than 60 or married less than 5 years; Ibid., p. 78.
20. Assistance income is not included in income for these purposes.


22. Var Trygghet, p. 77.

23. Ibid.


25. Less than 3 years is allowed in some cases; Ibid., p. 56.

26. In other words, if earnings were 3 times the basic amount, pension points would be 2.

27. Since this program only began in 1960, special provisions are made for persons born before 1924 who therefore could not continue working and accumulate pension points for very many years after 1960. There are also special provisions for persons born before 1928 who have been unable to accumulate points because of long periods of illness or unemployment. See Social Benefits in Sweden, pp. 68-69.


29. Also, residents of certain countries living in Sweden.

30. Var Trygghet, pp. 104-105, also see Social Benefits in Sweden, p. 48-49.

31. Var Trygghet, pp. 106.

32. Ibid., pp. 75-77.

33. Ibid., pp. 106-107.

34. Ibid., p. 107.

35. Ibid., p. 111.


37. Ibid., pp. 42-46.

38. For example, a person eligible for a 2/3 disability pension whose spouse is receiving a 1/2 pension would receive 2/3 of 20% of the basic amount.

39. Ibid., pp. 42-44; and Var Trygghet, pp. 91-96.

40. Ibid., pp. 45-46; and Var Trygghet, p. 96.

41. Var Trygghet, pp. 185-86.
42. There is a waiting period of 5 days after the first period of unemployment each year but apparently no waiting period for subsequent periods of unemployment in the same year. See ibid., pp. 122-13.

43. Vår Trygghet, pp. 112-18; also Social Benefits in Sweden, p. 48.

44. Letter from Bengt Nyström, [Förste byråsekreterare] of the Department of Labor (Kungliga Arbetsmarknadsstyrelsen), May 15, 1974.


46. Vår Trygghet, pp. 118-123.

47. Vår Trygghet, pp. 92-93. Individuals not in the labor force, such as housewives, are entitled to a NPS old age pension at age 67 just as someone who has been in the labor force. In the case of a handicapped housewife (or househusband), a full early pension may be granted even if the person is able to do some work around the home.