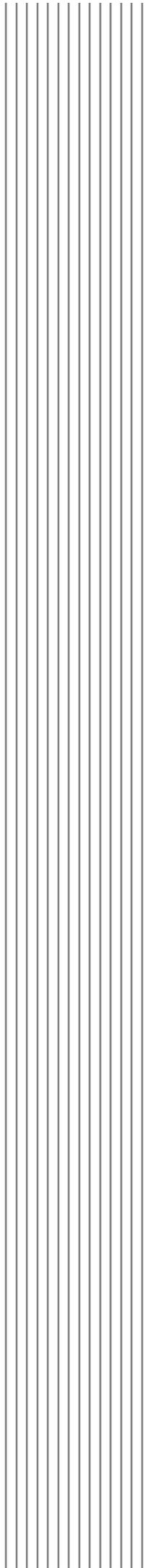


National Employment Action Plan Sweden

April 1998



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National Employment Action Plan Sweden

1 Sweden's Employment Policy: Direction and Priorities

1.1 The Swedish economy and labour market

Sweden's economy is in a stable upward phase. From 1994 to 1997 GDP grew an average of 2.6 per cent annually. Growth is expected to be 3.0 per cent this year and 3.1 and 3.4 per cent in 1999 and 2000 respectively. There are clear signs of improved labour market conditions. Unemployment has fallen continually since summer 1997. In one year open unemployment has declined by more than two percentage points and came to 6.7 per cent in February 1998. In the Government's forecast employment is anticipated to increase by 1.0 per cent this year and by an additional 3.5 per cent all told in 1999 and 2000. Open unemployment is estimated to fall to 5.7 per cent in 1999. With the measures that the Government is proposing the objective of 4 per cent open unemployment is deemed attainable towards the end of 2000. The wage agreements that have been concluded thus far in 1998 also inspire hope that wage formation will not be an obstacle to continuing increases in employment and a decrease in unemployment.

TABLE 1.1
KEY INDICATORS 1997 - 2001

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|----------------------------|------|------|------|------|------|
| Open unemployment | 8.0 | 6.7 | 5.7 | 4.4 | 4.0 |
| Labour market measures | 4.3 | 4.2 | 4.0 | 3.9 | 3.5 |
| Number of employees | -1.0 | 1.0 | 1.5 | 2.0 | 1.1 |
| Hourly wages (cash) | 4.5 | 3.1 | 3.0 | 3.0 | 3.0 |
| CPI, annual average | 0.9 | 0.9 | 1.2 | 2.0 | 2.0 |
| GDP | 1.8 | 3.0 | 3.1 | 3.4 | 2.6 |
| General Government Balance | -1.1 | 1.6 | 0.8 | 2.3 | 3.5 |

Note: Open unemployment and persons in labour market measures are reported as a percentage of the labour force. Annual percentage change

is shown for the number of employed, wages, CPI and GDP. The general government balance is reported as a share of GDP.

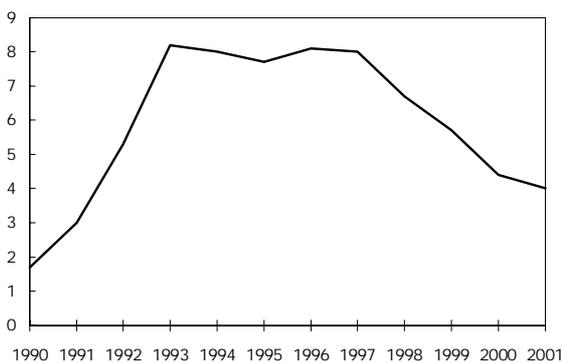
Source: Ministry of Finance

The policy that was adopted in 1994 is being followed. The economic policy is directed at promoting high growth, increased employment and lower unemployment. The basis is to maintain macroeconomic stability through sound public finances and stable prices, which are indispensable prerequisites for long-term sustainable growth and hence high employment. The stability-oriented policy is supplemented by structural measures. They include an active labour market policy that checks passivity, preserves the employability of the unemployed and promotes a labour market that functions well. A second essential element is a vigorous effort at all levels of the education system to meet the modern labour market's demands for more competence and professional qualifications. A third feature is the efforts to foster entrepreneurship, not least in small and medium-sized businesses, and to create a favourable business climate.

The policy that was implemented has been successful in many respects. The public finances have improved markedly from a deficit equivalent to 10.3 per cent of GDP in 1994 to a surplus this year. Inflationary expectations have been stemmed and inflation has stabilised at a low level in line with the inflation objective of 2 per cent. Interest rates have declined. The current account is showing a surplus. GDP growth is gathering new speed from a good average level in recent years. Labour market conditions are improving. But significant challenges for employment policy still remain.

Unemployment is still unacceptably high. The employment level, which previously was one of the highest in the world, has fallen from more than 80 per cent at the end of the 1980s to about 70 per cent today. The employment rate among the disabled is considerably less than among the rest of the population.

Figure 1.1
Open Unemployment 1990-2001
 Percentage of Labour Force



Source: Ministry of Finance

Unemployment has hit new labour market entrants and the young hard. The labour market picture for immigrants has worsened dramatically in the 1990s. Many groups have considerable difficulty getting established in the labour market. They risk being excluded from the regular labour market for long periods. Again among these groups one finds many immigrants, disabled, young people and people with little education.

Unemployment is much more pronounced among people with little education than among the well educated. There is a clear trend to a demand for a labour force with better qualifications.

The increase in the number of unemployed in the 1990s has been accompanied by longer spells of unemployment. The active labour market policy is one explanation as to why in international comparisons the Swedish long-term unemployment is all the same low.

Like other Member States of the European Union, Sweden accordingly faces an important challenge: to increase employment and overcome the problem of excessively high unemployment.

1.2 The Amsterdam Treaty strengthens the co-operation on employment.

With the meeting of the European Council in Amsterdam in June 1997, the fight against unemployment has been made even more of a top priority in EU co-operation. The introduction of a special title on employment into the Amsterdam Treaty was an important objective for Sweden in the negotiations at the intergovernmental conference. Member States' co-operation on employment provides a firmer foundation in that furthering a high level of employment becomes an explicit goal for the EU. The fight against unemployment is also guaranteed to be a priority in a long-term perspective.

The European Council at its meeting in Luxembourg in November 1997 adopted the 1998 employment guidelines, which were confirmed by the Council in December 1997. The Member States were requested to

submit a first national employment action plan in 1998. A first report of Member States' Action Plans will be made at the Cardiff European Council in June 1998.

The employment guidelines will create better conditions for more comprehensive and co-ordinated action in the EU in order to reach the goal of a high level of employment. However, the main responsibility for the conduct and concrete formation of employment policy will continue to rest with Member States. The Community will encourage co-operation among Member States, while the competence of Member States will be respected.

The employment guidelines are to be compatible with the broad guidelines for the economic policies of Member States and the Community under article 103.2 of the EU Treaty. Consequently, the employment guidelines have to be compatible with a fiscal policy that continues to be responsible and restraint in government expenditure. For Sweden, this means that any increased public expenditure, which may result from implementing the employment guidelines, will be financed by changing priorities within the bounds of the existing financial resources.

Member States will report how the guidelines are implemented on the national level in action plans. In these plans, Member States are to take a position on each of the guidelines. The resolution on the employment guidelines emphasises that the differing situations of the Member States in relation to the problems addressed by the guidelines will result in different solutions and emphases, in line with individual situations. Sweden, having an employment policy well in line with the guidelines, will report the national measures to implement the guidelines under the employment policy being conducted. The need for new initiatives and measures should be judged in light of the employment guidelines, labour market developments and the objective of halving unemployment.

1.3 The government's policy for increased employment

1.3.1 The policy direction

The main goal of the Government's employment policy is to reduce unemployment by a sustainable increase in employment. Open unemployment will be halved to 4 per cent in 2000. The long-term goal is full employment.

The Government's employment policy is based on five foundation stones

- Unemployment will be reduced, principally by more people getting jobs, training or education that increases their chances of finding work.
- The main share of the increase in employment in the coming year should occur in the private sector.

- In the public sector, activities will be given priority over transfers. Schools, health care and social services constitute the core of the welfare system.
- A better-functioning wage formation process is required in order for unemployment to be halved.
- The public finances will be sound and prices stable.

Equality between the sexes is one of the primary goals of the Government's employment policy. Sweden has a relatively high level of employment for both women and men. This is the result of a conscious policy to promote the equal rights of women and men to work. Particularly important factors in achieving the high employment are the efforts being made for easily accessible care for children and the elderly, paid parental leave and an income tax system that has individuals as the smallest unit, as well as a more equal distribution of political power between women and men. Efforts are also being made to create equal opportunities in the labour market for everyone, irrespective of ethnic and cultural background.

Sweden's employment policy is an integral part of economic policy. The policy's emphasis on macro-economic stability – sound public finances and stable prices – creates the conditions for long-term high growth and a sustainable increase in employment. The efforts to put the public finances on a sound basis have resulted in a comprehensive and rapid consolidation, which has made possible low interest rates and strengthened confidence in economic policy. Both these factors have a considerable influence on businesses' investment plans and household decisions on consumption, jobs and education. The consolidation of public finances has created scope that has made it possible for the Government to provide the municipalities with extra resources to maintain the quality of schools, health care and social services. Thus employment in the public sector will also be stabilised during the coming years.

Technological development and increased international integration increase the demand for well-educated labour, while at the same time the employment opportunities for unskilled and poorly qualified labour become fewer. New and advanced jobs that require university education are emerging. Therefore one of the foundation stones of the Government's employment policy is a consistent focus on education and the development of competence at all levels, which will yield favourable conditions for increasing employment in the long term. Continuing to develop competence, both through day-to-day work and in the form of training efforts, in combination with a flexible work organisation is important for successful companies. The Government's very extensive efforts in regular education, labour market training and the development of competence on the job are aimed in part at compensating for the fact that the knowledge and job skills of the unemployed become obsolete during the period in which they are unemployed. Expanding universities by 60,000 perma-

nent places in the coming years will make it possible for many people, both unemployed and other to get an education in order to meet the labour market needs for a well-educated work force.

Labour market policy is another important component of the Government's employment policy. It builds on a Swedish tradition of measures that foster activity and check passive dependence on government allowances. The active labour market policy has as its main task preventing social exclusion and acts as a good impetus to look for work or to pursue an education. Work to improve the way in which the labour market functions and preserve the employability of the unemployed will be intensified and made more effective. Labour market policy is founded on the following principles

- The main task of labour market policy is to see that job vacancies are filled quickly and efficiently.
- Active measures are being given priority over passive cash allowances.
- The unemployed are available to work and have the qualifications and knowledge required to take those jobs that they are offered.
- Labour market policy will promote job and geographical mobility. Through increased emphasis on education and the development of competence, the unemployed will be given job opportunities in new sectors or in sectors in which the demand for labour is increasing.
- People who find it especially difficult to get work and thereby risk becoming long-term registered unemployed will be made a priority. Among them are many disabled, immigrants and young people.
- A substantial subsidy of the labour market policy measures may be justified on the condition that they do not displace ordinary job openings.
- Labour market policy measures will reflect an equal opportunity perspective. The measures will help end the sexual segregation in the labour market.
- Unemployment insurance will be a transitional insurance, not a permanent means of support.

In the upturn in the business cycle presently under way in Sweden, it is of great importance, to try to block the emergence of inflationary bottlenecks. Measures in the coming years will largely be directed at areas where shortages may occur. The establishment of an individual action plan for every single unemployed person will enable the measures to be adapted to the individual's job aspirations and to the job skills required in the labour market to the greatest extent possible.

Most of the increase in employment in the coming years should be in the private sector. An expansion of the business sector signifies a strengthening of public finances and thus helps strengthen the Swedish economy as a whole. In order to bring about an increase in employment in the private sector, conditions favourable

to enterprises and entrepreneurship are required. Sweden has a favourable business climate. Nevertheless it is urgent to identify and solve problems that may restrict further growth of smaller companies especially. This work will be broadened and intensified. An important component of this work is making it easier for these firms to acquire, use and develop new technology. It is also important to continue to foster open and functioning markets with strong competitive pressures. Implementation of the internal market is important in this connection. Pressing on with passage of Community legislation and its application produces the conditions for a better-functioning single market and more employment in Europe.

However, in order for an increased activity level in the economy to lead to increased employment and reduced unemployment an important prerequisite is a wage formation that functions well. Unemployment can be forced down when wage increases are in line with productivity developments and the inflation target. Otherwise there is a risk that high unemployment will become permanent.

The Government's goal to halve open unemployment by the year 2000 is being followed up two times a year. This is being done to emphasise the Government's determination to achieve the goal that it has set. In this follow-up developments in the labour market are reported for key variables such as employment, long-term unemployment, youth unemployment and entrepreneurship, as well as the measures that the Government has taken and intends to take to combat unemployment.

The main purpose of employment policy is the re-establishment of a high level of employment. Only when a high proportion of the working-age population has regular employment will the welfare society have a stable and sustainable foundation.

Underlying the work with the employment guidelines has been the value of policy with concrete objectives. The Member States are also requested to establish national objectives where they consider them possible and suitable.

In Sweden we have good experience at setting up concrete policy objectives. In addition to the objective of halving open unemployment, there are objectives for inflation and budget policy. These objectives have contributed significantly to the stable development of Sweden's economy.

1.3.2 New initiatives

In the Spring Budget Bill the Government reports on how the employment and growth policies will be developed further through six areas of major significance for the future and for economic and cultural welfare. They concern additional efforts in education, spreading and increasing the use of information technology, encouraging environmental sustainability, promoting entrepre-

neurship, strengthening European co-operation, and working for one Sweden for all.

Knowledge and competence

The key to a better future lies in a skilled and well-educated labour force. Therefore the aim of the policy is to strengthen the entire education system, from pre-school to additional advanced training for those who already have a job. Every young person who leaves the nine-year compulsory school or the upper secondary school with insufficient knowledge is a failure. Better schools require resources and a high pedagogical competence in order to strengthen the quality.

The Government intends to implement a ten-point programme for quality and equivalence in the schools. Among other measures, quality control will be tightened up at both the central and local levels. A national inspection board will be established within the Swedish Board of Education to inspect the schools. A new school principals' training programme will be set up to respond to today's requirements for pedagogical leadership. The national course tests in upper secondary school are to be obligatory. Furthermore the schools should take work life more into consideration and a new upper secondary technical programme should be developed. Instruction in the sciences, technology and the environment will be stimulated. A voluntary upper secondary examination should be introduced. The arts have an important role in the schools and co-operation with the music and art schools should be strengthened. An IT programme for the schools is to be presented.

In accordance with an earlier decision 140,000 places in adult education are being added between 1997 and 2000. A special education allowance at the same level as unemployment compensation was introduced in autumn 1997 for the first year of study. In order to make possible continued broad participation there will be an opportunity to study for a second year on a special education allowance during the school year 1998/99. An experiment in Qualified Vocational Education was introduced in 1996. The trial basis has now been extended up to and including 2001 and the number of places has been expanded by more than 30 percent. The distribution of places is concentrated in vocational areas where there are shortages.

The expansion of universities and other schools of higher education continues. Thus far 60,000 permanent new places, with the main emphasis on science and technology have been decided for 1997 to 2000.

These new initiatives help improve employability, in part by improving the possibilities of offering training to the unemployed and by facilitating the transition from school to work.

Participation in the information society

The new information technology has great possibilities for change. With it there is both growth potential for society as a whole and prospects for achieving increased efficiency, a more convenient workday and a better life.

The Government has invested about SEK 1.3 billion for the period 1997 to 1999 in a national programme for IT training. The programme is the result of an agreement among the Government, the Federation of Swedish Industries and representatives of IT companies.

The Government is proposing that an additional SEK 1.8 billion be set aside for 1999 to 2001 for special measures with the main emphasis being put on the schools.

The IT adjustment in the authorities' information system is to continue and the pace is to be quickened. The Government views the IT training for public sector employees' competence as an important task in the coming years.

These new initiatives help improve employability and encourage the companies and the employees' capacity to adapt.

Sustainable Sweden

Sweden is to be a forerunner and a driving force for an ecologically sustainable development. The global market for environmental technology and environmentally adapted and resource saving products is growing. Consequently, the ecological change is also a part of the policy of strengthening the Swedish business sector and increasing employment.

In the coming years, technical development and job creation will be stimulated by the use of SEK 12.5 billion for energy investments, infrastructure and local investment projects in Sweden's municipalities. SEK 1 billion has been reserved for a five-year program for ecologically sustainable social development. The program is primarily related to the adaptation of existing buildings and infrastructure to the ecological cycle.

So far, the Government has reserved SEK 5.4 billion for the local investment programmes for promoting ecologically sustainable development. The response of the municipalities has been very positive. Therefore, the Government proposes that the support be extended by one year. This means that the support will be increased by SEK 2 billion in 2001.

These initiatives contribute to developing entrepreneurship and creating new job opportunities.

Entrepreneurship

In recent years, a number of measures of special importance for small businesses have been taken, inter alia with respect to taxes and the supply of venture capital.

However, most important to business has been the fact that public finances are now in balance. This fact has resulted in halved interest rates, which in turn has contributed to a strong increase in investment. The positive development in public finances is now making possible further-financed-tax reductions and measures to increase the supply of venture capital. The Government is proposing that a total sum of about SEK 2 billion will be reserved annually for these purposes during the period 1999-2001. It is primarily a matter of easing and simplifying corporate taxes.

A well functioning competition is important for Sweden's economy and business sector. The Government intends to return to the Riksdag with a report on the future direction of competition policy. The Government's work includes reviewing rules and reducing red tape and bureaucracy. It will be easier to register enterprises. The objective is that just one form and one contact with the authorities will be necessary. The authorities' processing time will be shortened by 25 per cent in a selection of cases. The reporting burden of businesses will be reduced. Companies' handling of customs matters will be simplified further. These matters are of great importance especially to the competitiveness of small businesses and to their willingness to start and grow.

These new initiatives contribute to developing entrepreneurship, among other things, by making it easier to start up and run businesses and by making the tax regime more favourable to employment.

European co-operation

Sweden has been a member of the EU for more than three years. During this time the co-operation in the EU has been deepened, not least by the common efforts to increase employment. An important part of the EU's work is now directed at integrating new members into the Community.

The Government is now proposing a new three-year programme for development co-operation. The programme will contribute to neighbourliness in the Baltic region and an integrated Europe that is dynamic and democratic. The co-operation is directed at supporting Estonia, Latvia, Lithuania, and Poland's membership in the EU and at integrating Russia and the Ukraine into European structures for co-operation.

To emphasise the importance of the Baltic region for growth and employment, not least in Sweden, a total of SEK 1 billion has been set aside. The funds are being used in the areas of energy, the environment, infrastructure, the transfer of knowledge and for the Swedish export industry. The Government is now proposing that these activities be extended by earmarking funds for the next three years. One of the Government's aims is achieving increased participation in Baltic trade by small and medium-sized enterprises.

Swedish companies are being helped to make use of market and trade opportunities in the new and growing Europe, inter alia, by assistance for small businesses, strengthened export promotion organisation in Sweden and measures to take advantage of immigrants' special country and language skills

One Sweden for all

After a few decades of immigration Sweden has become a country of cultural and ethnic diversity. In this diversity there is a development potential. With globalisation, a country with a multicultural population has an advantage. Both changes in attitudes and political efforts will be required to make use of this advantage.

Today immigrants and Swedes with an immigrant background do not have the same opportunities in the labour market that others have. To turn this situation around, reduce segregation, and achieve the political integration objectives, the Government proposes supplementary resources for these purposes in the next three years. Of major importance are measures to improve proficiency in the Swedish language, create equality in the labour market and bring about a permanent improvement of the situation in troubled residential areas where a large proportion of the inhabitants have an immigrant background.

In the spring the Government will present a proposal for a tightening of the law against ethnic discrimination.

These initiatives help improve employability and strengthen the policy on equal opportunities.

1.4 1998 Employment guidelines and Sweden's priorities

The Government's employment policy is well in line with the recommendations in the guidelines. It aims, inter alia, at taking advantage of the substantial resources that can be mobilised in a society in which nobody is excluded from work life because of sex, ethnic origin, age, sexual orientation or disabilities.

Improving employability

The guidelines emphasise that the employability of the labour force will be furthered by giving priority to active measures, with the stress on education and the development of competence, over passive cash allowances. The Government fully shares this view. In this respect the policy of the Government is entirely in line with the guidelines' recommendations. The Government also appreciates that the guidelines emphasise education and the development of competence as important means for creating a flexible European labour market. The best way in which to combat long-term unemployment and youth unemployment is a policy directed at strengthening individuals' knowledge and competence and thus increase their employability.

The Government also shares the view that the social partners have a significant responsibility for employment policy. The Swedish action plan has been the subject of discussions with the social partners. It is important that the Government and the social partners together create conditions that promote employability and opportunities for life-long learning. It is also important to strive for a modern work organisation with well developed forms of work, where men's and women's skills and competences are being fully utilised. To that end, the Government has started discussions with the social partners in order to seek ways in which both parties may contribute to promote development of competence in the working life.

Developing entrepreneurship

The Government shares the view that it is important to make it easier to start and run a business and thus foster increased employment in the private sector. The Government has also intensified efforts to remove obstacles to the expansion of small businesses in particular. It is also necessary to improve the conditions for exchanging knowledge in the economy. Furthermore, it is essential to make use of the unutilised growth and employment potential that exists at the local level. An increased emphasis on finding solutions in co-operation among the business sector, universities and other public sector entities is of central importance in this respect.

The Government shares the view that the tax regimes of Member States and systems of allowances should be formed in a way that is favourable to employment. However, the Government finds it less meaningful to formulate quantitative targets for the development of the general level of taxation or for the tax burden on labour. The general tax level is not a good measure of the economic consequences of taxes. These effects depend on the incidence of taxes and for which purposes they are used. Instead, the structure of taxation should be an issue of central concern seen from the perspective of employment. However, possible changes in the tax regime must not jeopardise the public finances.

Encouraging adaptability in businesses and their employees

The capacity of businesses and employees to adapt to changed conditions in the world around them has a great impact on employment and growth. Therefore a policy that promotes adaptability is very important. The social partners have an important role in facilitating the adaptability. In Sweden there is a tradition of co-operation between responsible social partners, which has made a strong contribution to the development of flexible, decentralised work organisations. The possibilities for taking advantage of the ability of individuals are closely linked to how work is organised. For the ability of individuals to be maintained and developed, it is of the utmost importance that individuals can assume responsibility to the greatest extent possible and that they have the opportunity to develop ideas.

Strengthening the policies for equal opportunities

The Government appreciates that equal opportunity policy has been made a main line of action. However, issues treated in other main lines of action, such as long-term unemployment, youth unemployment and active measures are also of fundamental importance to equal opportunities for women and men in the labour market. Therefore, aspects of equal opportunities should pervade all the main lines of action so that the guidelines as a whole express the efforts of Member States on behalf of equal opportunities for women and men in the labour market. In the same vein, it is important to create equal rights and opportunities in the labour market, irrespective of ethnic or cultural background.

By making it a separate guideline, the Government also regards it as very positive to emphasise the equal right to work for persons with disabilities and the need to pay special attention to the difficulties they may encounter when entering working life. The Government's

opinion is that it should be the overriding ambition to strengthen the employability of disabled persons generally by, in addition to promoting their entry into the labour market, also supporting their development in working life and preventing social exclusion.

2 THE 1998 EMPLOYMENT GUIDELINES

I Improving employability

2.1 Tackling youth unemployment and preventing long-term unemployment

Guideline

Member States will ensure that every unemployed young person is offered a new start before reaching six months of unemployment, in the form of training, retraining, work practice, a job or other employability measure.

The Situation in Sweden

The significant deterioration in labour market conditions in Sweden in the 1990s has hit young people especially hard. Unemployment has been particularly high among young persons over 20 years of age, the age when most enter the labour market. The majority of young people aged 16 to 19 are still in school. However since the autumn of 1997 labour market conditions in Sweden have improved somewhat and youth unemployment has declined. Open unemployment comprises just under 13 per cent of the labour force and is relatively evenly distributed between young men and young women. About 20 per cent of young people under age 25 who were registered at an employment office in February this year had been unemployed for more than 100 days.

Sweden's Policy

The goal is that no one under the age of 25 will have to be openly unemployed for more than 100 days. To reverse the growth of youth unemployment in a lasting manner, the Government has worked out preventive strategies. These strategies are directed at averting long periods of unemployment and thereby improving young people's job opportunities. This is being accomplished by

- *Giving young people under the age of 18 a basic education of good quality.* In practice nearly all young people (98 per cent) continue on from the nine-year compulsory school to the three-year gymnasium or upper secondary school. The municipalities are responsible for the three-year gymnasiums and are obligated to offer all young people a place in these until the year that they reach 20 years of age.
- *Assisting unemployed young people by job-matching.* If young people do not find a job as a result, their job opportunities will be improved through vocational guidance, training, vocational traineeships, work experience or other active measures.

- *Giving young people between 18 and 20 years old better opportunities in the local labour market.* This is being made possible because the municipal governments, on a voluntary basis, have concluded agreements with the county labour boards. Under these agreements, the municipalities, with compensation from the central government, have the chance to develop locally an employment policy that is very responsive to the needs of the labour market. These local measures, which build on co-operation between the municipalities and the local business community, aim at preparing young people for entry into the regular labour market or for a place in regular education. All the local authorities have signed such agreements and they have achieved very good results.
- *Giving young people between the ages of 20 and 24 a stimulating and skill-enriching full-time measure.* First the young people will actively look for work. The employment office will try and see if any of the labour market policy programmes may be relevant or if regular education may be an alternative for the young person. Within 90 days at most, the young person, together with the local employment office and in consultation with the municipality, must have devised an individual employment action plan. If the young person has not obtained meaningful employment within 90 days, responsibility then passes to the municipalities, which will offer suitable measures. The placements will be regularly followed up and the young person will participate at regular intervals in job search activities arranged by the employment office. Young people who refuse to participate in the measures or quit them lose the right to the special activity allowance, or, where appropriate, to unemployment benefits.

Guideline

The Member States will ensure that unemployed adults are also offered a fresh start before reaching 12 months of unemployment by one of the aforementioned means [see youth unemployment], or, more generally, by accompanying individual vocational guidance.

The Situation in Sweden

In Sweden a person is defined as long-term unemployed after a period of unemployment of at least six months. In almost all cases measures apply before the unemployed have been out of work twelve months and this commonly occurs within six months. Thus Sweden fulfils the objectives of the guidelines.

The high unemployment in recent years has resulted in increased long-term unemployment, both for women and men, but its extent has been limited by active mea-

asures.¹ The labour market imbalances have also led to an increase in the number of registered long-term unemployed – unemployed persons who have been registered with the country’s employment offices as out of work for at least two years. In 1997 an average of just under 120,000 had been registered as long-term unemployed. Of these, about 70,000 were men and about 50,000 were women. These persons constituted 23 per cent of total unemployment. Among the long-term registered unemployed, 21 per cent were women and 25 per cent were men.

Sweden’s Policy

One of the main goals of Swedish employment policy is the prevention of long periods without work. This will be done by

- *Arranging active job matching.* Active measures – chiefly training programmes or education – will also be begun at an early stage, as the need arises.
- *Drawing up individual action plans for those who are at risk for long-term unemployment.* The individual action plans aim at making the work by the employment offices more effective and removing the sexual segregation in the labour market. In order to be able to give the unemployed professional guidance, the Government has provided supplementary resources for strengthening personnel at employment offices and employability institutes.
- *Introducing new labour market programmes in the fight against long-term unemployment.* Among these remedies are Public Temporary Employment (OTA) and resource work – two measures that aim at providing work for the long-term unemployed – and at the same time improving the quality of work in the public sector. The long-term unemployed have also been given the opportunity of regular employment while an employee is participating in studies that are part of the Adult Education Initiative (see also Guideline 2.2).

The European Social Fund’s Contribution to Combating Long-Term Unemployment

Sweden’s Objective 3 efforts are directed at developing competence, so-called computer centres/activity centres (datortek) and job creation via guidance / advice and help for entrepreneurial activities. The intent is that the experiences of the Objective 3 project will be integrated into regular labour market policy. Therefore work is under way to identify the successful projects that are deemed to be transferable and to disseminate information about them.

Follow-up

The Government follows up the results of the activities of the National Labour Market Administration (AMV)

regularly within the framework of management by objectives. This is accomplished, by follow-up of results, indicators, quarterly reports by AMV to the Government and by an ongoing dialogue between the Ministry of Labour and AMV.

2.2 Transition from passive measures to active measures

Guideline

Each Member State will endeavour to increase significantly the number of persons benefiting from active measures to improve their employability. In order to increase the numbers of unemployed who are offered training or any similar measure, it will in particular fix a target, in the light of its starting situation, of gradually achieving the average of the three most successful Member States, and at least 20 per cent.

The Situation in Sweden

Sweden fulfils the guideline’s objective with respect to the percentage of the unemployed in active measures. In 1997 more than 40 per cent of the unemployed participated in an Active Labour Market Policy Programme or in the Adult Education Initiative. Almost as many men as women participate.

Sweden’s Policy

Sweden has traditionally had an active labour market policy that has encouraged activity rather than passivity on the part of the unemployed. This strategy is known in Sweden as ‘the activation principle’ and is the basis for all work with the unemployed. The following principles are fundamental

- a. The unemployed will preferably be offered employment. If nothing can be offered, a place in education or a traineeship will be made available when that is found to be appropriate.
- b. Unemployment insurance should contribute to security when changing jobs. One important component is that the unemployed person must satisfy a work condition in order to be eligible for compensation. During the period in which compensation is being paid, the unemployed person must actively be looking for work and cannot refuse a job offer that is found to be suitable, considering his or her work experience and qualifications.
- c. Owing to Active Labour Market Policy programmes, the possibilities of re-entering the regular labour market will increase for women and men.

¹ Owing to inaccuracies in the Labour Force Surveys (AKU) reporting of the long-term unemployed, reliable statistics for 1997 are lacking.

However the activity must not become an end in itself. Instead the active measures must be part of an action plan and be directed at increasing the employability of the unemployed and matching the needs of the labour market. Therefore

- *Increased resources are being given to more costly measures in the form of occupationally oriented labour market training.* These efforts mean that the percentage of unemployed in labour market training will increase in 1998 and 1999.
- *An extensive undertaking in regular adult education has been introduced with the Adult Education Initiative.* The venture will continue until the year 2002 and, fully operational, will comprise 140,000 study years, which is equivalent to 3.5 per cent of the total labour force or a doubling of the number in adult education. The Adult Education Initiative presents an opportunity for supplementary studies equivalent to a three-year upper secondary education. The target group to begin with is the unemployed, but also includes the employed who are at risk for becoming unemployed because of insufficient education. The training is taking place within the regular adult education system, but it has considerable flexibility with respect to the curriculum, which is tailored to the individual's abilities, knowledge and needs. It can also be combined with other labour market policy measures, for example, traineeships at the place of work. The courses offered will also take into consideration local conditions and labour market requirements. The central government pays for the programme, but the municipal governments administer it. To finance their studies, the unemployed can get a special training allowance equivalent to unemployment compensation for one year. Those who have received the special training allowance for studies in autumn 1997 and spring 1998 are being given the opportunity of an additional year of studies with this financing. Also employed persons are being offered a special education allowance to return to school on the condition that the employer undertakes to employ a long-term unemployed person, who is registered with the employment office, for the duration of the study leave. A majority of the participants in the Adult Education Initiative are women.
- *Labour market training is being expanded to include a national programme of training in modern information technology.* The IT training has been drawn up in co-operation with the Federation of Swedish Industries and will include 10,000 people in total by the end of 1999. Three quarters of the places have been reserved for the unemployed and one quarter for employed persons who need to improve their qualifications. The training will last 25 weeks, on average, and after the training is finished the participants receive a certificate.

Follow-up

The Government follows up the results of the activities of the National Labour Market Administration (AMV) regularly within the framework of management by objectives. This is accomplished, by follow-up of results, indicators, quarterly reports by the AMV to the Government and by an ongoing dialogue between the Ministry of Labour and the AMV.

2.3 Encouraging a partnership approach

Guideline

Consequently

- the social partners are urged, at their various levels of responsibility and action, to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability,
 - the Member States and the social partners will endeavour to develop possibilities for lifelong training.
-

Sweden's Policy

Sweden has a strong tradition of co-operation between the Government and the social partners. The social partners have made important contributions in several areas, inter alia, by

- *Agreements in several sectors for increased competence.* Improving competence is one of the most important issues in the wage negotiations for 1998. The majority of the national agreements contain statements concerning the need for continued improvements in competence, the partners' joint responsibility and the importance of competence development plans for the enterprise or organisation and the individual. Such agreements can be found in both the private and public sectors. Consultations, negotiations and collective agreements between the social partners at the local level shape their practical application in the workplace. In a joint agreement an increasing number of employee and employer organisations in industry have made recommendations on how the need for improving competence in the work place might be met. According to these proposals, provisions could be in the form of lowered payroll taxes or tax deductions.
- The establishment of special *agencies for co-operation in matters of job security and adaptation.* These agencies aim at contributing to training and work organisation projects in order to reduce the risk of redundancies.
- *A joint agency for vocational training matters* (The Joint Industrial Training Council). The social partners al-

so have a number of co-operative agencies that are industry-specific that follow developments within the industry, analyse the qualifications that are needed and work for training and improved competence.

- *Qualified Vocational Education is being extended and expanded* (see also Guideline 2.4).
- *Co-operation with respect to IT training* (see also Guideline 2.2).

In addition

- *Regional competence councils* are to be established as a meeting place between the social partners and organisers of education with the aim of better adapting labour market training and regular education – both at the upper secondary school and university levels – to demand in the local and regional labour markets.

The Contribution of the European Social Fund to Labour Force Competence

In Sweden's Objective 4 programme, measures to stimulate improvements in competence are coupled with work organisation and enterprise development, since these factors are heavily dependent on one another. The Swedish programme is thus unique in so far as it includes activities in the municipalities and county councils. In each region there is a partnership consisting of the social partners, the business communities and the authorities. The partnerships have put together regional programs describing and assessing specific structures and the skills required in each county. This regional network emanating from the partnership is of considerable value to the Objective 4 programme.

2.4 Easing the transition from school to work

Guideline

Member States will therefore improve the quality of their school systems in order to reduce substantially the number of young people who drop out of the school system early.

The Situation in Sweden

In Sweden the number of young people who leave school early is very low. 98 per cent of all 16 year olds go on to the upper secondary school. Of these, about half take vocational education. Most who begin a three-year upper secondary education finish it. Four out of five twenty-year-olds have completed the upper secondary education in full. Of these, about 80 per cent have the basic qualifications for university studies.

Sweden's Policy

For a long time in Sweden great importance has been placed on the right of every person to a good basic education. The school system's design is based on the fact that every young woman and man today needs an upper secondary education as a foundation for her or his future life and learning. The Government's policy for improving the quality of the school system and giving young people who complete an upper secondary education good chances of finding a job or continuing their studies is directed at

- *Giving all young people an upper secondary education, as a preparation for life in society, work and higher education.* Therefore the upper secondary school has been designed as a three-year form of education that includes core subjects that are common to all educational programmes, theoretical as well as vocational.
- *Giving working life a larger role in school,* in part by means of the regional competence councils that are to be established (see also Guideline 2.3).
- *Increase the frequencies for continuing on to upper secondary school and the pursuit of a national programme by offering preliminary studies in a so-called individual programme.*
- *Identifying in time and giving remedial help to students whose progress is unsatisfactory.* The new certification system linked to educational objectives and proficiency in the nine-year compulsory school and the upper secondary school make the results achieved by the students as well as the schools transparent in a completely new way. This is one instrument among many for controlling the quality and equivalence of education.
- *Strengthening the quality of schools, health care and social services* by providing the municipalities with increased resources (see also Guideline 2.11). With these resources the conditions are being created to make schools that are equally good and all of high quality a priority for all children and young people. Students in need of special help and efforts to improve teachers' competence in the environment, the sciences and technology are being given priority.
- *Developing and following up the activities of a ten-point programme that the Government is implementing.* The oversight function of the Swedish Board of Education will be strengthened and work to improve the quality of education is taking shape, inter alia, by national tests. A national inspection board with a mandate to report directly to the Government is also being established to inspect the school system. A new national education programme for school principals is being established.

Follow-up

The Swedish Board of Education has as part of its task the development, supervision and support of quality control in the educational system. In addition the Board

will further the development of schools by preparing commentaries and providing general advisory services in support of local development efforts. A system of state education inspectors has been inaugurated to examine the quality of the schools. It is incumbent upon each school and each municipality to write an annual quality assessment. The Swedish Board of Education has designed national tests in order to analyse and assess uniformly students' proficiency in various subjects. The school personnel concerned must prepare a remedial programme in the event a student needs special support.

Guideline

Member States will therefore make sure they equip young people with greater ability to adapt to technological and economic changes and with skills relevant to the labour market, where appropriate by implementing or developing apprenticeship training.

Sweden's Policy

The current upper secondary education system was inaugurated at the beginning of the 1992/93 school year and consists of 16 national programmes, 14 of which contain occupational subjects, which are divided up into one or more courses. The programmes and courses have been designed after consultation with the social partners in order to give currency and quality to vocational training. The training should provide a good basis for life-long learning and therefore the common core subjects form part of the national programmes in the upper secondary schools. In order to improve young people's chances of preparing for the changed needs of the labour market,

- *A new technical programme and a new, up-to-date apprenticeship training are being introduced.* In addition a new upper secondary school examination will be introduced, with the aim of raising the quality of education still more.
- *Co-operation in Qualified Vocational Education (KY).* The education builds on upper secondary education and is addressed to the unemployed and the employed. The basis of its activities is that educational programmes should be designed in close co-operation with work life and that one third of the training should be at the place of work in the form of enterprise-based training. The enterprise is responsible for that part of the training conducted at the workplace. Through the direct contact with work, training can be adapted to provide the qualifications demanded by the labour market. Training as part of Qualified Vocational Education is conducted on an experimental basis. Given the positive response the training received from the labour market, the Government proposes that the training be expanded and

that the trial period be extended to include the year 2001.

To increase the recruitment of university students to technical and scientific studies at university

- *Preparatory training to qualify for admission called base-year training has been introduced.* Base-year training is offered by both the municipal adult education systems and by universities. More than half the base-year students are women.

Follow-up

An evaluation of the Qualified Vocational Education programme is being conducted and will be presented in 1999. In 1998 Sweden is participating in an OECD project that examines the transition from basic education to work. The results of the project will demonstrate how various measures and factors affect this process.

II Developing entrepreneurship

2.5 Making it easier to start up and run businesses

Guideline

The Member States will

- give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, and especially small and medium-sized enterprises, in particular when hiring additional workers,
 - encourage the development of self-employment by examining, with the aim of reducing, any obstacles which may exist, especially those within tax and social security regimes, to self-employment and the setting up of small businesses.
-

The Situation in Sweden

During the 1990s the number of self-employed, excluding agriculture and forestry, has increased by more than 10 per cent, in spite of some decline in 1996 and 1997. Women are underrepresented among the self-employed and account for one quarter. More than 27,000 new enterprises a year have been started in recent years. In 1996 new companies employed about 50,000 people in total, of whom 60 per cent worked full-time. The number of bankruptcies has been halved since 1992 and came to some 10,000 firms with a total of about 20,000 employees in 1997.

Sweden's Policy

The Government has intensified the efforts to identify and solve those problems that small enterprises in particular experience. An integral part of the solution is counteracting those costs and obstacles to the establishment and growth of enterprises that cause common efficiency problems and competitive disadvantages. The work has resulted in a number of concrete measures to

- *Identify the problems and propose measures for removing unnecessary barriers to the establishment and growth of small businesses* This work is being done by the Committee on Promotion of Small Enterprises (Småföretagsdelegationen) and the Committee on Simplification of Taxation Rules for Small Enterprises (Förenklings-utredningen). The work of the Committee on Promotion of Small Enterprises is based on a broad and action oriented dialogue with representatives of business organisations, trade unions, state authorities and municipalities. This Committee is also following the project of the European Commission with similar objectives and other international work of this nature. It will formulate and present proposals, based on its findings, for concrete measures to reduce obstacles to the establishment of small businesses and to their growth. It will submit its fi-

nal report by July 1, 1998 at the latest. The Committee on Simplification of Taxation Rules for Small Enterprises has as its task the investigation of the possibilities of simplifying the existing tax regime. This Committee has recently received additional terms of reference that mean that it will give priority to examining the conditions for introducing simplified declaration and reporting procedures for smaller service companies that are run as sole proprietorships.

- *Give the employed the opportunity to take leave absence to pursue business activities.* With this opportunity people who are starting a new business do not need to risk losing their jobs in addition to the money and resources invested, in the event that the commercial activity does not turn out well. One condition for qualifying for a leave of absence to pursue business activities is that these activities do not compete with the employer's business.
- *Increase the number of women entrepreneurs.* In order to reduce the underrepresentation of women among the self-employed, there are measures especially addressed to women entrepreneurs. Women have the opportunity to get an extension of the start-up grant, which is a special labour market policy measure. In addition there are special loan possibilities and advisory services for women.
- *Aid immigrants' entrepreneurship.* Immigrants with non-Nordic citizenship have the possibility of getting an extended start-up grant. The Government has appointed a special commission to map out the special difficulties people with a foreign background may experience in connection with starting and developing their own businesses.
- *Encourage young entrepreneurs* by giving them favourable loan terms.
- *Increase access to venture capital.* Under industrial and regional policy there are a number of forms of risk financing, all of which have the goal of complementing private markets for loans, guarantees and other sources of venture capital. The EU's policy on structural funds and the European Investment Bank's Special Action Plan have further strengthened these possibilities. In the Spring Budget Bill it is proposed that young high tech companies' access to venture capital – 'seed money' – be further improved.
- *Improve the tax regime for small and medium-sized businesses as well as for new enterprises.* As part of general changes to the tax regime, private entrepreneurs now have a tax regime similar to that in effect for joint-stock companies. The possibility to offset the enterprise's losses against salaried income has been introduced. Partial income tax relief for small and medium-sized companies has improved the business climate. A reduction in the incidence of payroll taxes is especi-

ally important for smaller firms and encourages them to expand employment. In the Spring Budget Bill the Government proposes additional tax relief for businesses, which improves the possibility of expanding using one's own profits, as well as facilitating the supply of external venture capital.

- *Make it easier to run a business.* It has become easier for those starting a business to get an F- notice of assessment. An F- notice of assessment will normally be issued to those applying for it, who declare that they are running, or intend to run, a business.
- *Facilitate employment in smaller companies.* A new form of fixed-term employment has been introduced, where the rules are designed to have the most meaning for smaller and start-up companies (see also Guideline 2.8).

2.6 Exploiting the opportunities for job creation

Guideline

Therefore the Member States will investigate measures to exploit fully the possibilities offered by job creation at the local level, in the social economy and in new activities linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles in the way of such measures.

Sweden's Policy

There is an unutilised potential for growth and employment in all parts of the country. The Government is allocating resources in several policy areas with the aim of having an effect on regional development conditions. These resources will be more co-ordinated.

- Within the framework of regional industrial policy, the Government intends to *initiate a programme for drawing up regional growth agreements*. The regional agreements on growth aim at achieving better co-operation and a comprehensive view on the part of those agencies that work with measures to further growth and employment on all levels. Business inquiries and regional and local needs to foster growth and employment will determine the terms of the agreements.
- A far-reaching organisational decentralisation is creating the basis for increased *adaptability of labour market policies to local and regional conditions*. With a view to strengthening further the local policy input and rendering labour market policy more effective, an experiment has been conducted in 28 municipalities, with local co-operation between the municipality and the labour market authorities. Under this

experiment the appropriation for labour market policy remedies may be used freely without restrictions from the appropriate regulatory authorities in joint projects between the municipality and the employment office.

- The Government views positively the possibilities at the local level for creating employment within the framework of *co-operative entrepreneurship*. A series of initiatives has been taken to ensure that co-operative enterprises are given the same opportunities for development as other forms of business. In addition the Government has appointed a working group with the task of mapping out the conditions for the social economy and showing its role in society.
- The Swedish university has an important regional policy function. In addition to education and research, its third purpose is co-operation with the surrounding community. *Every seat of learning shall keep the region in which it is located informed of the opportunities of turning to the university for various types of information.* Smaller and medium-sized businesses are to be given priority in these contacts.

2.7 Making the taxation system more employment friendly

Guideline

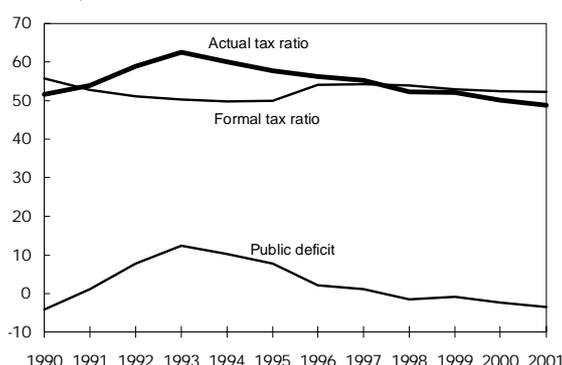
Each Member State will

- set a target, if necessary and taking account of its present level, for gradually reducing the overall tax burden and, where appropriate, a target for gradually reducing the fiscal pressure on labour and non-wage labour costs, in particular on relatively unskilled and low-paid labour, without jeopardising the recovery of public finances or the financial equilibrium of social security schemes. It will examine, if appropriate, the desirability of introducing a tax on energy or on pollutant emissions or any other tax measure,
 - examine, without obligation, the advisability of reducing the rate of VAT on labour-intensive services not exposed to cross-border competition.
-

Sweden's Policy

A deficit in public finances means that tax increases are being postponed to some future date. As a result of the Swedish consolidation programme, the very large budget deficit that existed at the beginning of the 1990s has been eliminated by a combination of expenditure reductions and tax increases. This has meant that the actual tax ratio – the sum of the formal tax ratio and government budget balance – has declined in recent years, as the Figure 2.1 below also makes clear.

FIGURE 2.1
Formal and Actual Tax Ratios and the Public Deficit
 Percentage of GDP



Source: Ministry of Finance

tax base in the short term with a view to lowering the levy of taxes on labour are limited. In addition the Government is of the opinion that the consequences for growth, regional development and income distribution has to be analysed further in order to make it possible to assess the total effects of a tax-swap.

The total tax levy should not, for obvious reasons, be so high as to stand in the way of higher growth or increased employment. But no meaningful method of setting a quantitative goal for the tax burden can be derived from this principle. The total tax levy is not a good measure of the taxes' economic effects. These effects depend on the incidence of the taxes and for what purposes they are used. In Sweden, the total tax levy also consists of taxes on transfers and fees to the social insurance system. In addition it is more common in Sweden to further certain social objectives with grants or subsidies, rather than by tax reductions.

Reductions in the total tax burden on labour would probably yield a sustainable increase in employment only under the condition that the lowered taxes reduce employers' labour costs. However in the long term lower taxes, because of wage formation effects, probably have a limited impact on labour costs. Thus the central issue from the perspective of employment should be the structure of the taxes on labour. As far as taxes on labour intensive services are concerned, the Government has observed that tax relief can bring about efficiency gains and specialisation gains. In addition tax reductions that are directed at groups and sectors with less flexible wages can be expected to have a positive effect on employment.

However a lowering of the taxes for certain sectors or certain types of labour is not unproblematic. First, tax reductions directed at a certain sector entail important demarcation problems. Second, a lowering of payroll taxes for a certain type of labour implies that the link between payments in and payments out of the social security system is broken. The majority of payroll taxes are composed of fees paid to the pension system and health insurance. Moreover every tax reduction has to be financed.

In connection with the 1989/90 tax reform, the marginal taxes on wage earnings were lowered substantially. The marginal tax reductions were financed partly by an increased tax levy in the energy area. From a European perspective the Swedish energy and carbon dioxide taxes are high and the possibilities of using this

III Encouraging adaptability in businesses and their employees

2.8 Modernising work organisation

Guideline

In order to promote the modernisation of work organisation and forms of work

- the social partners are invited to negotiate, at the appropriate levels, in particular at sectoral and enterprise levels, agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security. Such agreements may, for example, cover the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time, lifelong training and career breaks,
 - for its part, each Member State will examine the possibility of incorporating in its law more adaptable types of contract, taking into account the fact that forms of employment are increasingly diverse. Those working under contracts of this kind should at the same time enjoy adequate security and higher occupational status, compatible with the needs of business.
-

Sweden's Policy

The development of a modern and flexible work organisation is of fundamental importance to working conditions, both for the individual's work situation and as an important prerequisite for successful enterprises. Therefore modernising the work organisation and instituting flexible forms of work encourages employment and growth.

The social partners have very much forced the pace in the development of work organisation and work forms. The partners' ambitions in this area are seen, inter alia, in

- *An agreement on co-operation between the social partners in several areas covered by collective agreement*, in which it is stated that work organisation, wage structures and working conditions will be designed as an aid to good job performance, the development of a more skilled labour force and improved competence.

In the area of hours worked the social partners have, given legislation that is on the whole optional, considerable sway over the Government on hours of work. The social partners, through collective agreements, can make more detailed adjustments with respect to working hours and location, within the bounds of the health and safety requirements that exist. Decisive for a possible shortening of the work week are the employees' choice between a shorter work week and increases in real wages as well as the demand for favourable conditions for

production. However, it is the Government's opinion that in the near future there will be scope for shortening the work week and that shorter work weeks may lead to increased equality and quality of life. However a general reduction in the hours worked cannot be a solution to the problem of unemployment.

Given the changes that have occurred in the Swedish labour market vis-à-vis a growing multiplicity of what amounts to different forms of taking on labour, for example, fixed-term positions, leasing of labour, consultants' services, and distance work

- *A new form of employment has been introduced*. This form of employment, agreed fixed-term employment, means that it is possible for the employer to employ up to five people for a fixed period without a special explanation. In order to encourage employment in small businesses in particular, companies without any employees have the right to hire staff for a fixed term up to 18 months, instead of the normal 12.
- *The greater part of the legislation regulating the activity of the employment agencies has been abolished*. In order to increase the security of persons being leased out, a special working environment responsibility has been introduced for those hiring labour. The Government is presently considering the need for changes to the legislation.
- *A commission that will review the regulations on distance work has been appointed*.

2.9 Support adaptability in enterprises

Guideline

In order to renew skill levels within enterprises Member States will re-examine the obstacles, in particular tax obstacles, to investment in human resources and possibly provide for tax or other incentives for the development of in-house training; they will also examine any new regulations to make sure they will contribute to reducing barriers to employment and helping the labour market adapt to structural change in the economy.

Sweden's Policy

The Government has taken a number of measures to raise the level of competence among the employed and create conditions so that both companies and the employed will be able to adapt to structural changes. Raising the level of competence in companies will be stimulated by

- *Giving employees an opportunity to make up the deficiencies in their basic education and upgrade their skills* within the

framework of the Adult Education Initiative (see also Guideline 2.2).

- *A special grant for training in companies.* For example, the training may facilitate adaptation to changed technological conditions or new flexible forms of work at the same time it furthers subsequent production. An employer may also be granted a subsidy if the employer hires an unemployed person as the substitute.
- *New entrepreneurs having mentors and qualified consulting help.* In addition ALMI and The Federation of Private Enterprises (Företagarnas Riksorganisation) have begun a special project to develop and carry out advanced training and to give a stimulus to small businesses to use mentors and professional boards of directors.
- *Appointing a special working group with the task to discuss further how systems for developing job skills could be established* and to what extent this is dependent on state efforts. Representatives of both the Government and the social partners are included in the working group. The working group will have completed its work and submitted its report by June 1, 1998. (see also Guideline 2.3).
- *Introducing a new form of employment contract* that will give a stimulus to new employment. (see also Guideline 2.8).

IV Strengthening the policies for equal opportunities

2.10 Tackling gender gaps

Guideline

Member States will attempt to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women and will act to reverse the under-representation of women in certain economic sectors and occupations and their over-representation in others.

The Situation in Sweden

Despite the problematic developments in the labour market in the 1990s, the level of employment for both sexes has remained relatively high in Sweden since the 1970s. In 1997, 69 per cent of women and 72 per cent of men were employed, while the unemployment rate was 7.5 per cent for women and 8.5 per cent for men. At the beginning of the recession it was principally men who were hit by the rising unemployment as employment in industry declined sharply. During the latter part

of the 1990s women have been the first to be affected by unemployment as a consequence of the downsizing in the public sector.

Notwithstanding the high level of employment for both sexes, the Swedish labour market is sexually segregated. About 55 per cent of women work in the public sector and about 45 per cent in the private sector. The corresponding figures for men are 20 per cent in the public sector and 80 per cent in the private sector. Also occupation and choice of education are sex-typed, but women in particular in increasing numbers have been making untraditional choices for their university education. However with respect to profession and education below the university level, the distribution is still considerably more traditional.

In a report to the Government, the National Swedish Audit Bureau calls attention to the fact that labour market policy measures do not contribute to modifying the sexual segregation in the labour market to any appreciable extent. The measures are, however, equally divided between women and men in proportion to their representation among the unemployed. However, measures for men cost more than those for women. These costs, in turn, are most often due to men and women being assigned to training and work practice places traditionally associated with their sex.

Sweden's Policy

A cornerstone in the Government's policy for a more even distribution of growth and welfare is that women and men have equal opportunities for financial independence and gainful employment. In this respect, developments in the labour market and in the economy as a whole are very important for equal opportunities for men and women.

A prerequisite for more even distribution of salaried income is a high level of employment among both men and women. Also, favourable conditions for participation in working life promote a high level of employment among women. Therefore the Government's policy is aimed at promoting women's employment by continuing the good possibilities for reconciling work and family life (see also Guidelines 2.11 and 2.12).

The Government is working to strengthen the position of women in the labour market and in working life. To this end it is urgent to end the sexual segregation in the labour market in order to take better advantage of the knowledge and experience possessed by both women and men. The problem of the sexually segregated labour market is being tackled by

- *An equal opportunity law* aiming at eliminating discrimination between women and men in the labour market. The law requires the employer to take active measures with respect to, inter alia, working conditions, wages and recruitment in order to promote equal opportunity in the work place. An ombudsman for equality is charged with seeing to it that the law is being followed.

- *Women and men are encouraged to look for occupational and educational choices that are not traditionally associated with their sex.* The National Labour Market Administration (AMV) has as one of its objectives increasing equality in the labour market and reducing sexual segregation. To achieve this objective AMV will first make use of ordinary measures and job matching. Improving efforts to aid those who can only find part-time work is an important task for AMV from the perspective of equality of opportunity as women are overrepresented among those who have only part-time employment.
- *Increase the number of women entrepreneurs.* (see also Guideline 2.5).
- The skewed distribution of girls and boys in various educational programmes—for example, in vocational education—is receiving attention within the framework of upper secondary education. Among measures recently introduced is *a new technical programme in which the course contents have been selected with the aim of attracting both girls and boys.*
- *The universities and university-colleges are urgently requested to increase their efforts to make recruitment of female and male students to the its undergraduate studies more equal.*
- *To increase the share of women in research and support research on gender issues.* A series of efforts has been made to promote and support recruitment of more women in doctoral programmes and more women professors. For every seat of learning the Government has also set objectives for the distribution according to sex when recruiting new professors. For other categories of teachers, the seats of learning are to establish objectives for the distribution according to sex in new recruitment. Gender research has been allotted new funds. More research into the labour market and gender is being conducted and efforts are now being further intensified.

Follow-up

The Government and the Riksdag are following up the equal opportunity policy regularly. The relevant authorities are to report annually to the Government on how they include an equal opportunity perspective in their activities. The Government reports its equal opportunity policy regularly to the Riksdag. Statistics divided according to sex form an important part of the follow-up to the equal opportunity work.

2.11 Reconciling work and family life

Guideline

The Member States will strive to raise levels of access to care services where some needs are not met.

The Situation in Sweden

Well-developed systems for childcare and care for the elderly and financial security in case of parental leave are important reasons for the high level of employment among women. In the 1990s a far-reaching expansion of the child care system has occurred. It is the obligation of the municipalities to provide all children between the ages of one and twelve with child care if both parents work or study or if the child has special needs. Care for the elderly has expanded substantially since the 1970s under the auspices of the municipalities. Very few of the elderly now live with their children. Both the childcare system and care of the elderly today cover practically all needs.

Sweden's Policy

School, health care and social services form the core of welfare policy. The Government also views a well-established social service for care of children and the elderly as a surety for men and women being able to participate in work on similar terms. The economic crisis has seriously affected the municipalities' and the county councils' financial positions. Worsening financial positions have resulted in difficulties in maintaining the high level of ambition for welfare services. Therefore

- The Riksdag has *decided to make an extra grant to municipalities and county councils* amounting to SEK 16 billion. It should give municipalities and county councils good possibilities to improve the quality of health care, social services and schools. In the Spring Budget Bill, the Government proposes to *allocate another SEK 4 billion to the municipalities and county councils.*
- The Government will present *a bill regarding the policy of the care for the elderly.* In its bill the Government announces, inter alia, that a working group is to look over the possibilities to exploit the competence of the unemployed and to raise the qualifications among the employees in the system for care for the elderly by making efficient use of the labour market programmes.

Follow-up

See Guideline 2.10.

2.12 Facilitating return to work

Guideline

The Member States will give specific attention to women, and men, considering a return to the paid workforce after an absence and, to that end, they will examine

the means of gradually eliminating the obstacles in the way of such return.

The Situation in Sweden

In Sweden employees have a right established in law to return to their previous job after certain types of leave of absence. This right is in force, inter alia, in connection with parental leave and studies. The right to parental leave is supplemented by parents' insurance that is designed with a view to the opportunities for women and men to keep a foothold in the labour market and parents not having to choose between gainful employment and children. The majority of children of pre-school age have two parents who are employed outside the home. With respect to leave in connection with studies, far-reaching possibilities exist for adjustment through collective agreements. Leave in connection with illness is not supported by law, but is deemed a valid reason for absence from work.

Sweden's Policy

Women and men's return to work is facilitated by

- *The right to parental leave during the first 18 months of a child's life, with a compensation corresponding to 80 per cent of the salary for 12 months and the right to shorter working hours for parents of small children.*
- *The right to leave of absence for study purposes.*
- *The individual, not the family, is the minimum unit, for purposes of the social insurance and tax systems.*
- *Gainful employment qualifies one for rights under the insurance system.* The systems are primarily related to loss of income. Both the unemployment insurance and parental insurance include a clause that encourages women and men to return to work after an absence.
- *The insurance system is designed so that rehabilitation and activity are stressed, with a view to achieving a quick return to work.* The right to compensation will be checked regularly in the light of the requirements of the labour market as concerns unemployment insurance compensation or with a view to the individual's capacity to work in the case of a disability pension.

Follow-up

See Guideline 2.10.

2.13 Promoting the integration of people with disabilities into working life

Guideline

The Member States will give special attention to the problems people with disabilities may encounter in participating in working life.

The Situation in Sweden

Persons with functional disabilities have generally found it more difficult to compete in the open labour market. As labour market conditions worsened during the 1990s, the situation for the functionally disabled has also become more difficult. Estimates of the level of employment among the functionally disabled indicate that many are excluded from the regular labour market and that a considerably smaller share has gainful employment (about 50 per cent) compared with the population at large (72 per cent).

Sweden's Policy

It is Sweden's ambition, in addition to aiding the entry of the disabled into the labour market, also to support their development at work and prevent them from dropping out. The intent is to help those who are disabled, through various support measures, not least of which is the legislative route, so that they will be able to hold their jobs.

This is done, inter alia, by the law on employment protection and the provisions for rehabilitation and work adaptation in the Occupational Safety and Health Act.

Central to Swedish policy is that matters affecting people with disabilities will not be considered in isolation, but within the framework of the system applying to all members of society in general. In addition to this, there are special provisions in various areas that deal with support and efforts to compensate for a disability and make it easier for these persons to live like others. Thus, Sweden does not use coercive regulations in order to create jobs for persons with disabilities. The Government's strategy is to facilitate the disabled's integration into the workforce within the framework of labour market policy. The strategy is based on the following

- *Increase employability by vocational rehabilitation and education.* In general, persons with disabilities have less education than the population as a whole. Many of them have insufficient basic education. In order to increase their employability, these persons can supplement their basic education and also get university education via labour market training. The choice of jobs and education is facilitated and broadened by the provision of vocational rehabilitation at employability institutes with special resources for and knowledge about various disabilities. Special efforts are being made to ease the transition from school to work for young people who are disabled.
- *Prepare persons with disabilities for jobs in the open labour market by education, subsidies for technical aids for the disabled and compensation for possible lower productivity.* Some measures are directed particularly at persons with disabilities in order to increase their possibilities of getting jobs in the regular labour market. Such measures include job aids, job assistants and subsi-

dies for the acquisition of machinery or tools. Subsidies may also be given to persons with disabilities who want to start their own business. For persons with disabilities there are also subsidies to employers for new recruitment, so-called wage subsidies, and public sector protected work. The state-owned business group SAMHALL has the purpose of offering meaningful work to persons with disabilities.

- *Very severely disabled persons receive individual support from a support person in finding a job and keeping it, so called 'Supported employment'.* Included in the duties of the support person are mapping out the job-seeker's qualifications and wishes and then finding suitable proposals for places of work and also assisting in initiation and training at the place of work. The measure is aimed primarily at the psychologically and intellectually impaired.

Moreover, the Government will

- *Present a proposal to prohibit discrimination in employment against persons with disabilities.* The aim is that the prohibition against discrimination will protect both job seekers and the employed. The ombudsman for the disabled should oversee the observance of the new law. The ombudsman should be given the right to plead cases in the Labour Court under the new law on behalf of an employee or a job seeker.