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Social Justice in Sweden: A Comparative Analysis of Income Inequality and Poverty[1]

İsveç'te Sosyal Adalet: Gelir Dağılımı Eşitsizliği ve Yoksulluk Üzerine Karşılaştırmalı Bir Analiz

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Abstract

Although the social and economic resources necessary for human beings are available in sufficient amounts throughout the world, inequalities and injustices are observed in the distribution of these resources. Neoliberal policies and the globalisation process, which have focused on economic growth and productivity especially after 1980 and weakened the policies for the redistribution of these resources, lead to an increase in poverty and income inequalities. It does this by negatively affecting the free market economy and private property relations. The main problem here is the concentration of resources in certain segments and the deepening of inequalities to the disadvantage of other segments. The policies implemented to prevent income inequality and poverty, which cause socio-economic inequalities, are within the scope of the idea of social justice. In this context, Swedish social justice policies are a remarkable area of investigation in terms of the concretisation and evaluation of socioeconomic inequalities and the social justice approach aiming to reduce these inequalities as a whole. The aim of this study is to evaluate the concept of 'social justice', which aims to prevent socio-economic problems such as income inequality and poverty, and the effectiveness of policies in this direction in developed countries historically and comparatively through the example of Sweden. In this study, in order to understand whether Swedish social justice policies are effective on socioeconomic inequalities and to reach concrete conclusions about the policies implemented, OECD and Eurostat data are taken as basis and compared with Germany and the UK, which are representatives of different welfare models.

Keywords: *Social Justice, Socioeconomic Inequality, Income Distribution Inequality, Poverty, Swedish Model.*

Öz

İnsanlar için gerekli olan sosyal ve ekonomik kaynaklar dünya genelinde yeterli miktarda bulunmasına rağmen bu kaynakların dağılımında eşitsizliklerin ve adaletsizliklerin ortaya çıktığı görülmektedir. Özellikle 1980 sonrasında ekonomik büyüme ve verimlilik üzerine yoğunlaşan ve bu kaynakların yeniden dağıtımına yönelik politikaları zayıflatan neoliberal politikalar ve küreselleşme süreci yoksulluğun ve gelir dağılımı eşitsizliklerinin artmasına yol açmaktadır. Bunu serbest piyasa ekonomisini ve özel mülkiyet ilişkilerini olumsuz etkileyerek gerçekleştirmektedir. Burada temel problem, kaynakların belirli kesimlerde yoğunlaşması ve diğer kesimlerin dezavantajına olacak şekilde eşitsizliklerin derinleşmesidir. Sosyoekonomik eşitsizliklere sebep olan gelir dağımı eşitsizliği ve yoksulluk sorunlarının önlenmesi için uygulanan politikalar sosyal adalet düşüncesi kapsamında yer almaktadır. Bu bağlamda İsveç sosyal adalet politikaları, sosyoekonomik eşitsizliklerin ve bu eşitsizlikleri azaltmayı amaçlayan sosyal adalet anlayışının bir bütün olarak somutlaşması ve değerlendirme imkanı sunması açısından dikkat çekici bir inceleme alanı olarak karşımıza çıkmaktadır. Çalışmanın amacı, gelir dağılımı eşitsizliği ve yoksulluk gibi sosyo-ekonomik sorunları önlemeyi amaçlayan "sosyal adalet" kavramının ve bu yöndeki politikaların gelişmiş ülkelerdeki etkinliğini İsveç örneği üzerinden tarihsel ve karşılaştırmalı olarak değerlendirmektir. Çalışmada, İsveç sosyal adalet politikalarının sosyoekonomik eşitsizlikler üzerinde etkili olup olmadığının anlaşılabilmesini sağlamak ve uygulanan politikalar hakkında somut sonuçlara ulaşabilmek amacıyla OECD ve Eurostat verileri baz alınarak farklı refah modellerinin temsilcileri olan Almanya ve İngiltere ülkeleriyle karşılaştırması yapılmaktadır.

Anahtar Kelimeler: *Sosyal Adalet, Sosyoekonomik Eşitsizlik, Gelir Dağılımı Eşitsizliği, Yoksulluk, İsveç Modeli.*

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Introduction

The Swedish economy is characterised by a mixed market structure, in which the private sector and the state are integrated within a framework of defined responsibilities in the economy and a distribution mechanism is established to ensure social justice. The Swedish government has set itself the objective of achieving long-term economic growth and productivity targets while redistributing income and wealth in a way that eliminates poverty and inequality. Furthermore, Sweden's economic policy is oriented towards the provision of a stable labour market and high wages, as well as the enhancement of the standard of living of its citizens through the implementation of tax-funded education and health services. In this sense, the Swedish economy may be characterised as a mixed economy, combining elements of both socialism and capitalism. While the private sector plays a dominant role in the field of production, the state provides services for a universal welfare policy. Trade unions, for their part, are active in promoting a fairer distribution of income. Furthermore, the culture of reconciliation that characterises Swedish society also contributes to the achievement of economic development that increases social welfare.

The Swedish economy is acknowledged as one of the most successful in the world in terms of production and productivity growth over the hundred-year period between 1870 and 1970. This development has enabled Sweden's citizens to achieve a higher level of income. The country's welfare state and full employment policies, especially those introduced after the Second World War, have provided individuals with a high level of socioeconomic security, more public services and a more equal distribution of income. These favourable outcomes have been achieved as a result of a combination of factors, including productivity growth, the development of welfare policies, the reduction of inequalities and the achievement of full employment. This developmental process reached its maturity level between 1950 and 1970. However, it began to weaken with the onset of economic stagnation in the 1970s and the blockage of the historical consensus. Furthermore, a sharp policy trade-off between efficiency and equality emerged in the 1980s, influenced by the globalisation process and neoliberal policies. In the early 1990s, the deep economic crisis and the sharp increase in unemployment had a detrimental impact on full employment and income distribution, leading to a decline in certain welfare state practices. Consequently, it can be argued that the equality and justice structure, which had been a fundamental aspect of the Swedish model, began to erode, with these values gradually becoming less prominent.

The Swedish government has set itself the objective of reducing inequalities, increasing social and economic freedom and developing a comprehensive welfare state. In order to achieve this, it is providing socio-economic support to people in need at various stages of their lives. The social policies of Sweden are founded upon principles of inclusivity, gender equality, equity, and a comprehensive and generous social security system. A plethora of social public services are comprehensively implemented, including social assistance and services, social insurance practices, employment policies, child day care services, education and health services, and care services for the elderly. However, in consequence of the severe economic crisis, particularly in the period following 1990, there has been a reduction in the level of transfers allocated to sickness insurance, unemployment benefits, sickness benefits and other social benefits implemented within the scope of welfare policies. It can therefore be stated that there has been an increase in socioeconomic inequalities since this period. However, in comparison to other European countries, Sweden is distinguished by a relatively low level of income inequality and a low incidence of relative poverty, as indicated by the Gini Coefficient.

The objective of this study is to evaluate the concept of social justice from a historical and comparative perspective. Social justice is a concept that advocates for the implementation of measures to achieve a more equitable distribution of socioeconomic resources, particularly in the context of income inequality and poverty. This study will examine the efficacy of social justice policies in developed countries, with a particular focus on Sweden as a case study. In order to ascertain the efficacy of social justice practices in developed countries with regard to socioeconomic inequalities, it is essential to undertake a comprehensive analysis of the underlying issues that give rise to these inequalities and of the social justice policies that have been introduced to address them.

The boundaries of the study are defined by reference to the Swedish case. The study analyses Sweden's distinctive socio-economic development and contemporary circumstances in comparison with the concept of social justice. In the context of the Scandinavian Model, Sweden is distinguished from other Scandinavian countries by its distinctive historical trajectory, its success in preventing inequalities, and its commitment to social justice. Consequently, it is regarded as a model case. The rationale for comparing Sweden, a social democratic welfare state, with the UK and Germany is that these two countries exemplify the liberal and conservative welfare state models most distinctly. In this context, an evaluation of Sweden's social justice measures and their results is conducted, both historically and in comparison with other countries within the welfare state models.

The study analyses the socioeconomic development process, income distribution and poverty situation of Sweden. In this context, it considers taxation policies and social assistance and service policies within the scope of income distribution and poverty prevention policies. These policies are implemented with the objective of reducing socioeconomic inequalities and ensuring social justice. Following an in-depth examination of the historical evolution and present-day implementation of these policies, the final section compares the social justice indicators of Sweden, the UK and Germany based on OECD and Eurostat data, with a view to reaching definitive conclusions.

1. Socioeconomic Development Process of Sweden

The social and economic development process that commenced in Sweden with land reform in the 1700s continued with the growth of local savings banks and the steady increase in savings since the 1840s, the emergence of Swedish industry supported by the increasing free movement of labour and capital, the increase in the number of members of trade unions and cooperation with employers' unions since the end of the 19th century, the progressive taxation of income in 1903 and wealth in 1911, and the establishment of early social insurance programmes. In this process, measures to reduce income inequalities were implemented, yielding favourable outcomes (Pareliussen et al., 2017: 8). The reconciliation of the interests of labour and capital was reflected in the general welfare of society, manifesting as an increase in overall well-being.

During the century-long period between 1870 and 1970, a number of developments occurred in Sweden that contributed to the country's relatively rapid economic growth. These included the opening of the economy to foreign markets, a positive development of terms of trade, support for freedom of enterprise, large-scale infrastructure investments, large and inclusive investments in human capital, ensuring social peace and the strengthening of non-governmental organisations. Collectively, these factors helped to create a liberal, pluralistic and outward-looking country that was compatible with economic growth (Lindbeck, 1997: 1283). As the capitalist economy was developed with the implemented policies, the socialist economy's emphasis on equality was brought to the forefront. This resulted in the creation of a system based on the social state understanding, which exhibited mixed features between the two systems.

The Swedish economy is acknowledged as the most productive in the world over the past century. (Lindbeck, 1997: 1283). The accelerated rate of productivity growth during this period enabled Swedish citizens to attain a higher income level. Similarly, the implementation of welfare state regulations and full employment policies, which commenced in the post-Second World War era, furnished individuals with a substantial degree of economic security, augmented public services and a relatively egalitarian distribution of income. These favourable outcomes are founded upon the conjunction of productivity growth with the tenets of the welfare state, namely equality and full employment (Lindbeck, 1997: 1312).

In the period from the late 1940s to the 1970s, which is referred to as the golden years, Sweden's economic growth showed a very rapid development as in the Western world, with an average annual economic growth of around 4.2 per cent between 1951 and 1970. Although this increase in GNP is not sufficient by itself to determine the level of welfare, it is expressed as a situation indicating that the living standards for Swedish society have increased. This period was a period in which people's consumption expenditures increased, they were able to buy their own cars and summer houses, housing standards increased and the transition from apartments to detached houses with gardens, a basic social security system was established, social reforms were carried out, hunger and homelessness were minimised (Magnusson, 2000: 200). Thus, it is seen that the increase in welfare is not only about the increase in national income, but also reflected concretely on people's lives.

From the Second World War to the 1970s, Sweden experienced a rapid economic rise with the development of industry, and the increase in productivity led to an increase in the living standards of individuals. At the same time, the implementation of the wage solidarity policy and low unemployment ensured a fair distribution of the increasing welfare to the society. Despite the presence of inflation during this period, economic stability persisted and industrial peace (historical reconciliation) between workers and employers was maintained. Thanks to this reconciliation, the number of strike days decreased, and it became easier to achieve goals such as economic growth, low unemployment, low inflation, and balance in domestic and foreign trade (Magnusson, 2000: 257). Therefore, while the historical reconciliation process brought economic development and increased welfare, at the same time, the positive social and economic results ensured the continuation of reconciliation.

The historical compromise that emerged in the 1930s not only resulted in a policy of centralised wage solidarity, but also in a policy of redistribution that ensured that the surplus generated by economic growth was distributed in such a way that the working class also enjoyed good economic and social conditions that would improve their welfare. Thus, the foundations for a strong trade and industry were laid (Magnusson, 2000: 240-241). The rapid economic growth achieved between 1951 and 1970 after the historical reconciliation was effective on the equalisation of incomes. With the economic growth, unemployment decreased due to the migration of wage earners from rural areas to urban areas, which led to an increase in people's income levels and a more balanced income distribution. Thus, the relative price of labour increased more than capital, and the share of wages in the distribution of national income according to factor incomes increased (Magnusson, 2000: 200-201). Historical reconciliation has ensured not only the achievement of economic development but also the sharing of the wealth generated by the increase in production and productivity with the society through redistribution policies.

From the 18th century onwards, reform moves and social change associated with the modernisation and industrialisation of the country brought about greater equality and strong economic growth. The win-win opportunities that emerged in line with this trend gradually diminished towards the end of the 20th century and a sharp policy trade-off between efficiency and equality came to the fore (Pareliussen, et al., 2017: 7-8). It is observed that the economic development that started in the 1950s slowed down towards the end of the 1960s with the deficit in foreign trade and the Swedish industry weakened. The economic recession that emerged in 1971-72 led to a rapid increase in unemployment, and economic growth stagnated as the growth in the industry stopped. Thus, the 1970s turned into a troubled period for the Swedish economy. The rapid economic rise that re-emerged in the 1980s gave way to a greater economic crisis in the 1990s, which was interpreted as a serious and long-term crisis in Sweden (Magnusson, 2000: 257). With the sharp increase in unemployment in the early 1990s, full employment and income distribution were adversely affected and some welfare state practices were terminated. Thus, it is stated that the Swedish model gradually moved away from its basic features (Lindbeck, 1997: 1312). As a result, the economic downturn that started in the 1970s led to the blockage of the historical consensus, and the equality and justice structure that sustained the Swedish model started to be damaged.

2. Income Distribution and Poverty in Sweden

From a global perspective, Sweden is a country characterised by relatively low income inequality and low poverty rates according to the Gini coefficient (Trygged, 2020: 1). As the 18th and 19th century reforms took effect, income inequalities continued to fall sharply after the Second World War and the welfare state gradually expanded. Thus, the Gini coefficient based on 'individual income', which was above 0.50 in 1950, dropped to about 0.32 in 1985. It is stated that the increase in women's employment was also effective in the emergence of this situation (Pareliussen, et al., 2017: 8).

From the end of the Second World War until the 1980s, the distribution of annual 'household disposable income' followed a consistently favourable trend towards equality. The Gini coefficient, which was around 0.28 in the mid-1960s, fell to around 0.20 in the early 1980s. Equality of opportunity was also ensured by the reduction of child poverty and many people in the lower income group were lifted above the average income during this period (Lindbeck, 1997: 1281). One of the most important achievements of the Swedish welfare state is that it has succeeded in eradicating poverty by providing the most egalitarian distribution of income among developed countries. While in the 1980s the disposable income of households in the top decile of the US distribution was about six times higher than that of households in the bottom decile, in Sweden this ratio was about twice as high. Again, according to the income distribution in this period, the rich in the US have 28 per cent more real income than the rich in Sweden, while the poor in Sweden have about 63 per cent more income than the poor in the US (Freeman, Topel & Swedenborg, 1997: 12). This suggests that Sweden's income distribution is more equitable, even though it lags behind the US, one of the largest economies in the world, in terms of economic size.

Income inequality, which had fallen to its lowest level in Swedish history in the 1980s, has since increased. Similarly, social benefits have risen less than incomes, and the highest earners have become more advantaged as a result of rapidly growing capital gains and dividends. Today, Sweden is still one of the most egalitarian OECD countries, but the ratio of household disposable income to the Gini coefficient has risen more than in any other OECD country and is the highest among the Nordic countries. It has also been stated that immigrants are less likely to be employed and earn higher incomes than Swedes with similar education and work in lower status occupations than natives (Pareliussen, et al., 2017: 6). One of the main factors influencing the emergence of this situation is the deterioration of the historical consensus between labour and capital on the implementation of welfare state practices, and the impact of neoliberal policies based on economic efficiency.

The economic crisis of the early 1990s precipitated a significant increase in unemployment and a notable expansion in income inequality, as evidenced by a decline in the employment rate from 83% to 73%. Nevertheless, the growth in inequality in household disposable income and consumption has been curtailed by taxation and transfer payments (Pareliussen et al., 12). Prior to 1980, despite a reduction in income disparities and a narrowing of the income distribution range, Sweden is identified as the country where the income gap has increased the most since 1995, according to the OECD report (Bengtsson, 2013: 3). It is therefore evident that despite the decline in the unemployment rate resulting from the employment initiatives introduced in the 1990s, income inequality has not been rectified, and those in the lower income bracket have been unable to attain their previous level of well-being.

When the distribution of real disposable income (inflation-adjusted income after taxes and social transfers) between 1995 and 2012 is analysed, it is again observed that the distances between different proportional income groups have increased. While the income of those in the lowest 5 percent of the distribution was 20 percent lower than the median income, the disposable income of those in the highest 5 percent of the distribution increased by 60-80 percent compared to the median income. In addition, taxes and social transfers have become increasingly weaker in this period. When the period between 1975-2010 is analysed, it is stated that income inequality gradually increased after 1980 and in this context, the Gini coefficient in the distribution of household disposable income, which was 0.20 in 1980, increased to 0.24 in 1995 and 0.33 in 2010 (Gunnarsson & Eriksson, 2017: 22). To put it briefly, after 1980, the rich have become richer in Sweden and the income gap for lower income groups has continuously increased. However, the increase in the income gap does not mean that lower income groups have become poorer.

Despite an average annual increase of 2.7% in real income for the total population between 1995 and 2014, growth at the lower end of the income distribution was comparatively slower than at the upper end, resulting in an increase in inequality. The growth in income at the upper end of the distribution is predominantly attributable to an increase in capital incomes. The comparatively slow growth in income at the lower end of the distribution is largely attributable to the slower increase in social benefits than in wages. The primary sources of income for the majority of individuals in the lowest three income brackets of the income distribution are public transfers. It can therefore be stated that there has been a negative impact on the living standards of those in low-income groups as a result of changes in income distribution (Pareliussen et al., 2017: 10). It is evident that there has been a decline in Sweden's welfare state understanding, particularly in the wake of the economic crisis that began in 1990. This regression has been observed to have a greater impact on the lowest income groups in the income distribution, leading to an increase in income inequality.

Pareliussen, et al. provide information on the change in the distribution of income by age groups between 1995 and 2014, stating that while the incomes of all age groups increased, young adults between the ages of 20-29 and elderly individuals over the age of 65 had lower median income growth than the others. The reason for this is that student allowance and old age pension show a lower increase than the income earned during the period. In the research conducted according to the marital status of individuals, it is stated that the income of couples increased more than the income of singles, while single mothers had the lowest income increase due to the decrease in social transfers. Likewise, foreign nationals also experienced slower income growth than natives throughout the period (Pareliussen, et al., 2017: 11). Again, according to Pareliussen, et al., a significant part of the recent increase in income inequalities is due to the fact that upper income groups have earned more income. Accordingly, the share of income after taxes and transfers earned by the top 10% of the income distribution more than doubled between 1975 and 2013, while the share of income earned by the top 1% increased from 2.8% to 7.4% (Pareliussen, et al., 2017: 28).

Income mobility is generally quite high in Sweden, with more than half of the population usually moving out of the lowest income bracket within five years. Intergenerational mobility is high compared with most OECD countries, but somewhat lower than in other Nordic countries. Social background and circumstances, such as parental income and IQ, explain only a quarter of the inequality in the Gini coefficient, while individual effort and luck explain more than 70 per cent of the inequality. The situation is different at the top of the income distribution, where parents' income determines 90 per cent of their children's income and there is almost no movement from the bottom 75 per cent to the top 0.1 per cent. The low income mobility at the top of the distribution is most likely the result of inherited wealth (Pareliussen, et al., 2017: 29). As income inequality worsens, socio-economic background has a greater impact on individuals' ability to manage their lives.

When the distribution of wealth in Sweden is analysed, it is unclear how the distribution is concentrated over time and according to social groups. Official figures show a steady decline in the concentration of wealth in certain groups between 1910 and 1980. According to other estimates, when the wealth of Swedish citizens abroad is included, the wealth share of the top 1 per cent may have increased from 17 per cent to 40 per cent between 1975 and 2016 (Pareliussen, et al., 2017: 29-30). As can be seen, wealth distribution has become more unequal, just like income distribution.

When the poverty situation in Sweden is analysed, it is seen that the relative poverty rate, which is calculated according to 60% of the median income, has moved in a similar way to the course of income distribution in the 1990s. Accordingly, the poverty rate almost doubled between 1995 and 2013, reaching 14 per cent. For migrants and single mothers, this rate exceeded 30 per cent, while the relative poverty rate among young adults aged 20-29 and single individuals doubled from around 10 per cent to over 20 per cent. However, despite these negativities, it is also stated that the real incomes of all these groups increased in the same period (Pareliussen, et al., 2017: 11). Accordingly, although Sweden has increased real incomes with its low inflation policy since the 1990s, it has not been able to prevent the increase in the relative poverty rate. This situation shows that socioeconomic inequalities have increased.

The European Commission has adopted an index of material deprivation to support relative poverty measures. Accordingly, severe material deprivation is defined as the inability to pay for at least four of the specified items. These items are i) rent and utility bills, ii) heating the house, iii) unexpected expenses, iv) meat or protein consumption, v) ownership of vehicles and machinery such as television, washing machine, car, telephone. According to this definition, only 0.7 per cent of the Swedish population faces severe material deprivation. This is the lowest rate among the European Union and other Scandinavian countries. Among those in relative poverty, the elderly are less likely to experience material deprivation than other age groups and are in a favourable position to own housing and have more financial assets. Public services such as health and old age care are provided free of charge or subsidised for the elderly population. Immigrants, on the other hand, are more likely than Swedes to have low incomes and to experience material deprivation, and in particular immigrants from outside the European Union are more exposed to material deprivation than immigrants from within the EU. Similarly, households with three or more children are more likely to experience material deprivation than single parents (Pareliussen, et al., 2017: 11-12). Therefore, immigrants are more disadvantaged than Swedes, young people are more disadvantaged than the elderly, and crowded families are more disadvantaged than those living alone.

Despite Sweden's well-developed social insurance system based on the social democratic welfare model, according to recent data, about 15 percent of households continue to live in low economic standards. Social insurance systems do not aim to prevent acute poverty, but primarily to reduce risk and redistribute income throughout life. In general, it is known that low income in Sweden is primarily due to lack of employment and low pensions. It was also estimated that about 9.3 per cent of all children aged 0-17 were financially vulnerable in Sweden in 2016 (Trygged, 2020: 2).

In relation to our research topic, at this stage, it would be appropriate to reveal the characteristics of the taxation policies and social aid and service policies implemented to reduce income inequality and poverty, and what kind of a process they have gone through.

3. Swedish Tax Policy

The Swedish state has established a universal social protection model in which social assistance and services are combined with social insurance programmes. Given the size and scope of Swedish social protection programmes, it is acknowledged that they have significant effects on income distribution. While the main objective of the welfare state is generally poverty alleviation, Sweden has taken this objective further and also endeavoured to reduce overall inequalities. Therefore, social welfare policies are centred on redistribution (Palme, 2006: 16-17). The fairness of the taxation system has been associated with the nature of its impact on income inequalities and its contribution to redistribution, and Sweden is considered to be among the most successful countries in this regard, although steps have been taken in different directions, especially after 1990. In addition to this, the issue from which segment of the society the taxation is levied is also important in terms of ensuring social justice in relation to redistribution.

In Sweden, the low level of income inequality is due, firstly, to the fairly equal distribution of earnings and, secondly, to the existence of welfare state institutions responsible for tax and transfer systems (Palme, 2006: 17). Sweden's redistributive strategy aiming at equality is based on a combination of social insurance system and social benefits. The social protection system, which is a redistributive instrument, is fuelled by the existence of a strong middle class and a high participation and high rate taxation system (Palme, 2006: 24). The voluntary collection of taxes at a high rate from the general public strengthens the resources required to finance the welfare state.

The main objective of the traditional Swedish welfare state is to equalise economic outcomes among the country's citizens as much as possible. In order to achieve this goal, high income taxes and various transfers to low-income families are used (Björklund, 1998: 41-42). In order to determine the effectiveness of the redistributive policies of the welfare state, it is necessary to compare the course of income distribution before and after taxes and transfers (Bergh, 2007: 534). Sweden has effectively used the taxation system to finance social transfer expenditures necessary to raise the living standards of disadvantaged groups and reduce inequalities. It is stated that the results obtained after taxation and transfers are in the direction of reducing inequalities.

One of the best starting points for understanding any society and its political life is taxation practices. The taxation system is closely related to the economy of a country, the structure of the state governing this country and the expectations of the citizens living in this country. One of the different explanations for why high tax rates are accepted in a country is the implementation of the welfare state. It is stated that the reason why Swedes are quite satisfied with taxation despite high tax increases during the period from 1960 to the 1980s is that they are satisfied with the services and benefits they receive in return for the taxes paid (Björklund Larsen, 2018: 14). Especially the reduction of socioeconomic inequalities during this period is considered as an indicator of this satisfaction.

Sweden has one of the highest income tax rates in the world. According to international comparisons, VAT rates are also very high in Sweden, while corporate tax rates seem to be more moderate compared to similar countries. Despite these high rates of taxation, there are surveys that show that people in Sweden believe that they get a good value for their high taxes. Income taxes account for most of the Swedish government's total revenues and about two-thirds of total tax collections and provide the main financing of the Swedish welfare state. In the Swedish welfare state, which is a product of compromise, regardless of changing governments, social expenditure has continued to increase throughout the 20th century and the welfare state structure has been continuously strengthened. Sweden's compromising and bargaining culture has given Swedes experience in comparing the taxes collected and the services provided in return. The framework of mutually beneficial compromise between employers and trade unions on economic growth and a comprehensive welfare state, which underpins the Swedish model, also covers taxation policy in general (Björklund Larsen, 2018: 11-12). The inclusion of the taxation system in the scope of the compromise provided the necessary financial resources for the implementation of welfare state policies and the elimination of socioeconomic inequalities.

Sweden is known for having both the heaviest tax burdens and the highest level of tax compliance in the world. Today, Swedes believe that they get a good value for their taxes and have a high level of trust in public institutions (Steinmo, 2018: 10). The Revenue Collection Agency, which is responsible for the execution of taxation policy, is today recognised as one of the most respected state institutions among the Swedish population. Many tax surveys show that the vast majority of people pay their taxes with peace of mind and consider the organisation successful in fulfilling its tasks. Just as the tax authority is very sensitive to the application of the law and the fulfilment of the government's orders, it is equally sensitive and endeavours to ensure that its practices are accepted as legitimate by the citizens. In this sense, the institution aims to collect the rightful tax, not the maximum tax, in order to gain legitimacy in the eyes of the public (Björklund Larsen, 2018: 12). The fact that the tax institution is based on fairness in terms of justice in collection practices has increased the trust of the public and a healthy taxation policy has been ensured by preventing tax evasion.

Sweden has long been recognised as a remarkable example of a social democratic state with high taxes and high expenditure. Since 1932, the country, which has generally been governed by a socialist party, has developed a highly redistributive and very expensive social welfare system. The Swedish model is basically based on a tax regime which, on the one hand, taxes personal income, consumption and wealth very heavily, while, on the other hand, taxing capital and corporate income comparatively little. This interesting result for a social democratic form of government with highly redistributive policy objectives, which has built a tax system that taxes labour income more heavily than capital and corporate income, can be explained in two different ways. Firstly, there was a historical compromise between the Social Democrats and the big employers on tax policy as to how far it would advance the anticapitalist ambitions of labour. Secondly, during the post-war period, a large number of special tax incentives were introduced that reduced the effective tax rates paid by companies investing in the Swedish economy (Steinmo, 2002: 841).

The Swedish welfare state is characterised by universal benefits on the basis of citizenship and offers a high standard of benefits and services. The tax burden financing the welfare state is high compared to many countries. Due to the international volatility of capital, the tax burden is generally levied on labour and the tax burden on labour and social insurance contributions is the highest among OECD countries. Although tax revenues exceeded 60 per cent of GDP, high public expenditures and transfers led to large public deficits from 1991 onwards and public debt reached 75 per cent of GDP (Gökbunar, Özdemir & Uğur, 2008: 169-170). In order to get rid of this burden, it is stated that in the tax reform carried out in 1991, less taxation of capital was ensured and less weight was given to redistribution aiming to reduce inequalities.

Observing how tax policy evolves over time allows us to assess the extent to which the government values redistribution and prioritises the welfare of different income groups. In this sense, Sweden is recognised as a country that has one of the highest tax-to-GDP ratios in the world and has also been successful in combining large amounts of redistribution with high economic growth (Bastani & Lundberg, 2017: 346).

It is argued that the historical and institutional foundations of Swedish tax policy were laid before industrialisation. The late onset of industrialisation delayed the introduction of modern forms of taxation, while at the same time encouraging the state to develop the capacity to tax in kind in an economy based on agriculture. Although industrialisation and the introduction of modern taxation was later than in most states, centuries of experience in taxing a large population base enabled the transformation of the state to take place more rapidly and comprehensively than in other states lacking this experience. Thus, in the 20th century, Sweden became one of the most effective modern tax states by adapting and updating its fiscal capacity to the new structure of the economy. It modernised its existing strength in monitoring capacity by applying new technologies and innovations. With the emergence of the welfare state, the vertical fiscal contract from the past was further deepened (Nistotskaya & D'Arcy, 2018: 48-50). Thus, Sweden managed to turn its deep-rooted experience from the past into an advantage despite the late industrialisation process. This institutional experience included in the historical compromise has been one of the main factors ensuring the survival of the welfare state.

Sweden has become a strong tax state not because it has more economic resources than other states, but because it has found innovative ways of extracting resources from society based on past experience. Developments of the 20th century have reinforced the existing strengths underlying the Swedish fiscal state. Welfare state policies, which were established to provide services in return for high taxes, were implemented by transforming the relationship between the state and its subjects, which was based on a strong tradition of vertical fiscal contract, into a relationship of citizenship. In this sense, the egalitarian emphasis in social democratic politics is based on the long history of the powerful peasantry negotiating directly with the state (Nistotskaya & D'Arcy, 2018: 50-51). Therefore, it is stated that the existing social structure has supportive features in the process of transforming the libertarian relationship between the king and the peasant into an egalitarian relationship between the welfare state and the citizen.

At the end of the 19th century, Sweden was a country that remained outside the main developments in Europe, started the industrialisation process late, suffered from various social conflicts in the early 20th century and democracy had not yet spread to the working class. From the beginning of the 20th century onwards, it is stated that the tax system has an important role in this small country, which was not expected to become one of the richest countries in the world within sixty years. By developing effective monitoring institutions for tax policy, Sweden has been able to develop more efficient and effective governance institutions (Steinmo, 2018: 11-12).

Sweden underwent a profound transformation in the mid-20th century. The Social Democratic Party (SAP) won the elections in 1932 and remained in power for forty-four consecutive years. The 1950s and 1960s, the golden age of social democracy, were characterised by a welfare state system with policies such as full employment, reduced wage inequality and comprehensive social insurance schemes. It was during this period that Sweden transformed from a country with low tax rates to a country with high tax rates. Although Sweden is among the countries with the heaviest taxes in the world today, interestingly, it has the highest level of tax compliance (Jansson, 2018: 56). Sweden has established a welfare state with high participation by spreading the burden and benefits of social policies across the society.

The Social Democratic Party's propaganda that taxes would be in favour of everyone was effective in the formation of Sweden's strong tax ethics. Thus, it ensured the establishment of a system in which everyone should contribute and everyone has the right to benefit. While in the 20th century, taxation policy in many countries developed in the form of trying to shift the burden onto others, the Social Democrats realised very early on that in order to have a successful welfare state, everyone should contribute and benefit together. The Social Democrats openly propagandised the idea that voters would receive better services if they paid higher taxes. As a result, the Swedish state had both the capacity to collect taxes and emphasised fairness throughout society. Thus, it was stated that for a successful tax policy, it would not only be sufficient for the state to have the capacity to collect taxes, but also for citizens to believe that taxes are distributed fairly and that they will benefit from these taxes (Steinmo, 2018: 11-12). Therefore, Sweden has both systematised the collection of taxes and made the society adopt the idea that these high tax collections are necessary and fair for welfare growth.

The massive electoral support of the Social Democratic Party in the post-World War II period provided opportunities for the use of radical redistributive policies. A tax system was constructed in which the working class and employees in general were exempted from high taxes and capital was forced to pay a larger share of the costs of the welfare state. The tax system was in line with the solidarist wage policy implemented during this period. The corporate tax, on the other hand, remained quite modest compared to the taxes paid by households. The reason for keeping the corporate tax low was to try to prevent production costs from affecting the employment rate. Moreover, the corporate tax is designed to enable employers to convert their profits into new investments and guarantee high employment in the future (Jansson, 2018: 60-61). After the Second World War, the Swedish tax system was designed to reduce socio-economic inequalities and raise the living standards of citizens, while at the same time not hampering production and investment.

In Sweden after the Second World War, labour, capital and the Social Democratic government agreed on wage strategies and tax policies that clearly favoured corporate capital. On the other hand, the parties also agreed on the existence of large trade unions and a large state, on keeping employment at very high levels and on fully compensating workers and their families for the economic costs of structural transformation. The Swedish economic and policy elite managed the economy towards high growth, high GDP per capita and a relatively egalitarian distribution of income, making Sweden one of the richest countries in the world by the 1970s and doing so while building one of the most egalitarian societies in the Western world. Very high levels of economic growth and high levels of economic justice were achieved. This small country in Northern Europe had one of the most egalitarian systems in the world, eradicated poverty and trained the best of the dynamic and flexible labour force found in any capitalist economy. At the same time, the economy has been highly productive, efficient and dynamic, dominated by large internationally competitive firms such as Volvo, ASEA and Eriksson. The government was efficiently run by a democratic, highly committed and well-educated technocratic elite of highly committed and well-educated technocrats with a range of policy apparatuses designed to keep the Swedish economy open, competitive and dynamic (Steinmo, 2002: 843-844). As mentioned, Sweden achieved many positive developments and successes between 1940 and 1970 in terms of economic and social development and social justice. It is stated that one of the factors that played a role in achieving this success was the taxation system.

Sweden underwent several economic, social and political changes in the 1970-80s that affected tax policy. Unemployment increased for the first time in the post-war period and the flaws of the strategy of expanding the welfare system began to be exposed. Although social reforms significantly improved the lives of citizens, they continued to expect more and trade union movements became radicalised in the 1970s. In the 1970s, it became clear that wages were not rising at the same pace as business profits and that profits were not being channelled proportionately into new investments (Jansson, 2018: 65-66).

In this context, it became difficult to sustain the social democratic model and the tax system soon became the focus of criticism. Although various tax reforms in the 1960s and 70s made many contributions to the model, they led to an increase in the number of middle class and working class people who had to pay marginal taxes. The centre-right government that came to power in 1976 first introduced some tax cuts, but it proved too difficult to reduce taxes and it was thought that only cuts in the welfare state system would solve the problems. The Social Democrats won the 1982, 1985 and 1988 elections and governed Sweden until 1991. The 1981 tax reforms were gradually implemented during these nine years in power, but the reforms failed to correct the shortcomings of the tax system. Although the aim of the tax reform was to achieve redistributive justice, with the richest paying the most tax, it was stated that the intended redistribution was not realised. As neoliberalism became effective in this period, taxation started to be expressed as a burden on citizens in public debates (Jansson, 2018: 66-68). Although the Social Democratic Government, which came to power again in the 1980s, tried to save the welfare state and redistribution understanding with the 1981 tax reform, the policy changes that emerged worldwide showed that this process could no longer continue as before.

In the 1970-80s, Swedes began to complain about both the increasingly burdensome and complex tax system and the way the state operated, and the reluctance to pay taxes continued to grow. Although the tax reforms carried out during this period were similar to the tax reforms carried out by neoliberals in the US and the UK, the Social Democrats defended these reforms on the grounds that they would promote social democracy and justice (Steinmo, 2018: 12-13). The results of tax reforms based on neoliberal thinking that prioritised economic efficiency over redistribution did not satisfy the Swedes who were used to welfare state practices based on the idea of equality, and the belief that negative consequences for the provision of social justice in society began to emerge.

The post-1980 political and economic changes had direct effects on the Swedish tax system. First, the demands for public programmes and the wage demands of public employees increased, directly leading to the need for higher taxes. As a result, taxes increased to more than 60 per cent of GDP by 1990. Second, this tax pressure, which was initially intended to affect only the richest Swedish taxpayers, and the inflationary trends in the Swedish economy have resulted in more Swedish citizens than ever before falling into the personal income tax brackets. The increase in income tax has led to demands for wage increases by labour and public employees, which in turn have had inflationary consequences. It is also stated that tax increases have increased tax evasion and unregistered employment (Steinmo, 2002: 846-849). In short, the 1981 reform, which promised to tax the rich more, resulted in higher tax collection from the employees.

From the 1980s onwards, policy makers in OECD countries began to abandon the belief that taxes could be used effectively both for redistributive policy purposes and as a tool for managing the economy. Instead, tax policies were used to stimulate economic growth and build an unregulated market by paving the way for free enterprise. This has led to reforms and tax cuts that have reduced the importance of equity in tax policy. The same process has occurred in Sweden, albeit with a delay, and moves to adapt tax policies to market conditions have manifested themselves in small but gradual changes and inevitably dragged the tax system in a certain direction. In this context, since the 1991 tax reform, the Swedish tax system has experienced a slow but significant transformation that has changed the overall revenue base for the public sector and the welfare state (Gunnarsson & Eriksson, 2017: 7-8). Thus, the 1991 tax reform was one of the indicators that the effects of the policy change that started worldwide after 1980 started to be seen in Sweden in the 1990s.

The Swedish tax system has undergone many important changes during this period. Sweden faced economic stagnation in the 1990s and increasing unemployment rates and declining tax revenues put the welfare state under severe pressure. The government tried to solve the fiscal problems of the state through successive reforms such as reducing social services and increasing income and social security taxes. It is argued that to understand how the Swedish welfare state has shrunk, it is sufficient to examine the changes in tax legislation and welfare programmes (Edlund, 2000: 40).

In 1990, the Swedish tax system was comprehensively restructured, moving away from the vertically orientated part of the solvency principle that had been in place since 1910, and the income tax structure was redesigned to levy a relatively low proportional tax on capital income. Tax policy in Sweden is said to have been influenced by a general shift towards liberal and market-based ideas with the 1991 reform. Although Sweden lagged behind in the liberalisation of markets, the 1991 tax reform adopted the model set in other OECD countries, thus shifting the focus of tax policy from redistribution to growth, investment and property. Neo-liberal ideas focusing on the benefits of economic freedom were used to criticise the existing tax system in the 1980s, with interest groups arguing for the introduction of a more market-oriented liberal system. Another criticism of the reform was that vertical equitable redistributive adjustments were excluded in the design of the 1991 income tax system. The basic idea is to formulate the post-reform redistributive policy in such a way that no income group benefits more or suffers more losses than other groups. However, the extensive cuts in the income tax on wage income have been more beneficial for high- and middle-income earners. In this sense, the reform was not distributionally neutral and had a regressive effect for many low-income households (Gunnarsson & Eriksson, 2017: 19-22).

The phenomenon of globalisation has changed the Swedish model by adversely affecting tax-based financing. In the past, high taxation made it possible for the public sector to play a large role in the economy and to provide social security services. This tax-based strategy is gradually weakening, resulting in a reduction in the tax burden and public expenditures and an attempt to broaden the tax base and reduce the necessary budget transfers (Gökbunar, Özdemir & Uğur, 2008: 170). In short, while taxes are recorded as a public revenue collected by the state from the general public, the share allocated to social transfer expenditures from these revenues is reduced.

The Swedish tax system has undergone major changes over the last 40 years. The overall tax burden has increased and the government's tax revenues have become increasingly dependent on social charges levied on employers (payroll taxes) and value added taxes (Bengtsson, Holmlund & Waldenström, 2016: 620-621). In recent years, the Swedish tax system has been reported to be less stable and less consistent in achieving its objectives than in previous periods. Created in the early 20th century, the modern tax system, which includes progressive income taxes based on the ability to pay principle, has followed a stable process despite major reforms in 1938, 1947 and 1971. During this period, tax principles were determined and developed in order to achieve long-term political objectives such as full employment and expansion of social policies. However, after the 1991 tax reform, there was a departure from this model and most of the efforts related to equity and redistribution were abandoned due to the fiscal impact of the economic crisis and related macroeconomic policy changes in the first half of the 1990s. In this context, the emphasis on long-term stability that previously characterised the Swedish tax system is considered to have been significantly undermined by the 1991 tax reform. During this process, legislators and interest groups negotiated the key elements of the reform in the form of budget adjustments, reductions in tax rates or abolition of taxes (Gunnarsson & Eriksson, 2017: 6-7).

The 2006 election winner, the centre-right party, argued that those excluded from the labour market were a major problem for Sweden and that those who were included in the labour market should be better compensated for their labour. However, it was not in favour of employees paying for those who do not work. Thus, after the centre-right party won the elections, it implemented various tax credits for earned income between 2006 and 2014, while at the same time making cuts in social insurance programmes. Thus, even if support for the welfare state was still very strong, the centre-right government between 2006-14 showed that it was possible to win elections despite tax cuts and insurance cuts related to the welfare state (Jansson, 2018: 73-74).

4. Social Assistance and Services in Sweden

In Sweden, policies to prevent or alleviate poverty are implemented in two parts: social assistance and social services. While social assistance is provided by the municipalities to needy people who cannot make a living and do not have any social security, social services are provided in the form of various care services in cooperation with the county council, municipalities and private sector organisations to people in need of care such as the elderly and disabled.

The most important aim of social assistance and services in Sweden is to guarantee a reasonable standard of living and at the same time to strengthen the individual's resources for an independent life. Another aim of social assistance and services is to create ambitious projects that promote democracy, solidarity, equality in living standards and active participation in society. In this sense, the legislation emphasises the importance of respecting the autonomy of the individual and the importance of people having the opportunity to express themselves and actively participate in issues and decisions that concern them (Marttila, et al., 2010: 142). In this sense, Swedish social assistance and services aim to eliminate multidimensional poverty beyond economic poverty and reduce socioeconomic inequalities by trying to meet the needs of individuals in all aspects of their lives.

4.1. Social Assistance

Until the end of the 19th century, Sweden was an agricultural country without the necessary resources for the implementation of modern social policies and often emigrated to the USA due to its low standard of living. At that time, the most typical means of social assistance and services consisted of poor relief, which was usually provided to the elderly, the seriously ill, the disabled and families with many children. In the second half of the 19th century, poor relief was also the subject of fierce political debate as it created a huge expenditure burden for local governments. However, Sweden experienced rapid economic growth from the second half of the 19th century onwards and average living standards rose rapidly with the urbanisation of the population. In the post-World War II period of low unemployment, the Swedish state focused on providing social insurance benefits for its citizens. Especially after the 1960s, women's participation in the labour market gradually increased and a family structure consisting of two-earner couples emerged. In parallel to this, local governments assumed a greater role in the provision of social assistance to the population and as a result, taxes increased rapidly. Thus, poverty assistance was renamed as 'social assistance' in this period (Gustafsson, 2004: 29-30). Thus, while the socio-economic situation of individuals was improved by achieving economic developments and providing employment, the living standards of those in disadvantaged positions were tried to be raised through social assistance provided to those in need.

In an international context, the Swedish welfare state is often characterised as a social democratic regime based on the ideals of equality and universalism. Social assistance for poverty alleviation functions as a social protection for people who are not sufficiently entitled in the general social security system and who do not have sufficient income from paid work. Compared to other European states, the size of social assistance is relatively generous, allowing only a minimum level of living compared to the majority population in Sweden (Hussenius, 2021: 20). Social assistance is generally selective and means-tested in its application and is officially recognised as a last and temporary resort. In principle, social assistance programmes in Sweden, which all individuals who are unable to provide for themselves have the right to claim, are regulated by national legislation and administered by social workers under the supervision of municipalities and courts (Marttila, et al., 2010: 142), checking whether they meet certain conditions.

In Sweden, eligibility standards for social assistance and details on compensation levels are regulated in the Social Services Act and general guidelines. Municipalities are responsible for the financing of social assistance and services and the provision of benefits. The level of social assistance is determined in such a way as to raise the household above the minimum standard of living and to cover the costs of food, housing, childcare, etc. Although the maximum duration of social assistance is not determined, the person receiving social assistance is required to take initiatives such as looking for a permanent home, looking for a job if unemployed or finding other solutions other than social assistance (Backman & Bergmark, 2011: 489). Therefore, in addition to the principle of need, the principle of entitlement is also observed in Swedish social assistance. Social assistance is not provided unconditionally and unconditionally, and the person requesting assistance is required to have made the necessary effort to get rid of the needy situation and to use his/her capacity.

As in most welfare states, social assistance in Sweden provides the last stage of socioeconomic security for individuals and households facing financial difficulties. For most of the 20th century, levels of social assistance receipt were largely stable, although fluctuations in the interim periods were often caused by sharp changes in the unemployment rate and economic growth (Backman & Bergmark, 2011: 486). For example, while the proportion of those receiving social assistance at least once a year was stable at around 6 per cent of the population between 1984-90, it increased by 40 per cent between 1990-97 due to the economic recession. On the other hand, social assistance recipients appear to have shifted from older people to younger people of working age during the 20th century. In the 1980s in Sweden, social assistance claimants were mainly young adults, single mothers and immigrant groups, whereas in the second half of the 1990s and afterwards, they were mainly young adults and newly arrived immigrants, thus increasing the proportion of long-term social assistance recipients (Marttila, et al., 2010: 142). The reason for this is that the economic recession and unemployment in Sweden in the early 1990s generally affected immigrants, single mothers and young adults more, and there was a major decline in their socioeconomic situation and living standards (Backman & Bergmark, 2011: 486).

In the beginning, those who came to Sweden as immigrants usually came as labourers and found the necessary support immediately. However, most of the immigrants who arrived in the 1980-90s were refugees and they and their families had great difficulty in finding a job. Since the new immigrants did not have a work history in Sweden, they could not qualify for unemployment insurance benefits and were left with social assistance as an alternative support. For this reason, the majority of those who receive unemployment social assistance from the municipalities are foreign nationals. For example, a foreign-born person aged 40-49 is five times more likely to receive social assistance than a native-born person of the same age. When the numerical data are analysed, it is observed that foreign-born households receive social assistance on average for a longer period of time during a calendar year. Although the majority of all households receiving social assistance are native-born households, the majority of the total amounts paid are received by foreign-born households (Gustafsson, 2004: 34-35). It is estimated that these figures have increased more recently due to reasons such as war, poverty, famine and terrorism.

In the early 1990s, Sweden faced a severe economic crisis and a high unemployment rate, which resulted in a reduction in the budget for social assistance and services, but there was a large increase in the number of people receiving social assistance. Thus, from 1990 to 1996, social assistance recipients increased from 5.7 per cent to 8.2 per cent of the population. Although the Swedish economy recovered rapidly towards the 2000s, the number of social assistance recipients increased rapidly and the financial pressure on local governments increased. However, afterwards, unemployment decreased with the economic recovery and the number of people benefiting from social assistance started to decrease (Gustafsson, 2004: 30). In 2006, about 6 per cent of the population in Sweden received social assistance at least once during the year and about one third of these benefited from this assistance for at least 10 months (Marttila, et al., 2010: 142).

The Swedish state, which allocates a large part of its GDP to social expenditure and still seems to be solid in its basic structures, has seen significant changes in the generosity of social benefits and increased private social welfare services in the last decade. Although some argue that Sweden is becoming more and more like other OECD countries in terms of social insurance benefits and that social benefits have eroded in the last 20 years, Sweden is still among the OECD countries with the lowest income inequality, although income inequality has increased significantly in the last 20 years. In Sweden, while there have been significant increases in the incomes of those with higher incomes, social benefits have provided important assistance to some vulnerable groups such as single mothers and the unemployed in terms of income security (Burström, 2015: 100). Although inequalities have increased especially after 1990 with the impact of neoliberal policies, the egalitarian socioeconomic structure from the past tries to maintain its existence.

In Sweden, everyone is responsible for supporting themselves and their family and, above all, each person is responsible for their own life. This means that everyone should endeavour to contribute to their own care before qualifying for benefits. Social assistance is a last resort for people in temporary financial difficulties. Social assistance guarantees a reasonable standard of living for those who are unable to support themselves and their families through their own income and other social benefits provided by the social insurance organisation (e.g. sickness benefit, housing benefit, parental benefit, care support). Those who have money or assets in the bank are not entitled to social assistance. The Swedish social services office requires the individual to do everything in their power to support themselves before they apply for social assistance. The social services office assesses whether the applicants for social assistance are eligible for assistance by investigating their financial situation, such as housing and family conditions, income, assets and expenses, and whether they fulfil the requirements of social services (www.norden.org, 2022).

The fact that the conditions for benefiting from social assistance are made more difficult and designed as a last resort for the individual to sustain his/her life, and that the public resources allocated to the social assistance budget are limited and not generously offered, unlike in the welfare state period, shows that there have been changes in Sweden's understanding of social welfare and social justice. In this sense, Sweden wants its citizens to be individuals who do not expect to achieve prosperity by receiving social assistance, but individuals who tend to work by pushing all their limits in order to earn a living.

In Sweden, those who have financial problems due to unemployment, illness, debt or other reasons and are unable to provide for themselves and their families can apply for social assistance, which is paid by social service offices affiliated to municipalities. Social assistance, which is paid by the municipalities as temporary financial support, is paid monthly and each person in need is assessed individually. Swedish social assistance consists of two parts: 'subsistence assistance' and 'financial support for daily expenses'. The subsistence allowance covers the fixed costs of the household and part of the allowance covers the costs of food, clothing and footwear, leisure and hobbies, hygiene, child and youth insurance, consumer goods, newspapers and telephone, while the other part of the subsistence allowance covers the costs of housing, electricity, housing insurance, trade union fees and unemployment insurance. Financial support for everyday expenses covers occasional costs such as glasses, dental care, medical treatment and medication, contact with children, moving costs and funeral costs. The social services office assesses the applicant's living conditions and financial situation and decides whether he or she is entitled to social assistance. Social assistance is a temporary solution until the individual can support himself and his family again (www.norden.org, 2022). Although these aids are seen as a temporary solution, the fact that the content of social assistance does not only consist of basic foodstuffs and covers a wide list of needs shows that it has an important function in raising living standards and eliminating socioeconomic inequalities.

Every year the Swedish Government sets a national norm for the level of social benefits to be paid for expenditures such as food, clothing and footwear, hygiene and health, leisure and hobbies, child insurance, consumer goods, newspapers and telephone costs, housing, household electricity, work-related travel, home insurance and trade union fees, prescription medicines. The national norm also takes into account how many people live in a household, children and their ages, whether children and young people eat lunch at home and whether the adults in the household are single or living together. The amount of social assistance to be paid is the same for all municipalities and is determined according to national norms (www.norden.org, 2022). It is thought that the desire to provide social assistance in line with the needs of individuals by determining their socioeconomic and family status is due to the desire to use limited public resources efficiently and to maximise the level of benefit to be obtained.

4.2. Social Services

According to the Swedish Social Services Act, the scope of social services aims to liberate and develop the innate resources of individuals and groups and also encourages individuals to take responsibility for the social situation of others while improving their own social situation. In Sweden, social services mainly undertake the care of individuals and their families, the elderly and the disabled (Tepe, 2005: 268). In this context, services are provided to meet the basic needs of individuals who are generally disadvantaged and who do not have sufficient power and means to improve their own situation.

The Swedish Model, which was developed to create a new society based on social equality and universal rights, has been partly transformed in recent years. Although many areas of social services, including child day care, primary and secondary schools, health care and care for the elderly, are financed by taxes, they are increasingly provided by private entrepreneurs. In Sweden, elected political leaders of provincial councils are responsible for health care, while municipalities are responsible for other parts of social services, including child day care, primary and secondary schools and care for the elderly. In this sense, Sweden has a decentralised political system. County councils and municipalities collect taxes to finance these services and the degree of privatisation of service provision varies between county councils and municipalities (Burström, 2015: 87-88). How the change in the policy approach in the last thirty years in Sweden has affected the social services system is evident from both the decrease in the share allocated from the public budget and the involvement of the private sector in the provision of services.

Approximately twenty per cent of all employees in the social service sector are employed in the private sector. The extent to which services are provided by the private sector varies considerably across social service sectors and geographical regions. Private service providers are generally located in large cities and municipalities close to cities. Since 2000, and particularly since 2006 when the current centre-right government took office, there has been a significant increase in the number of private providers, often concentrated in highly profitable areas. For example, it is reported that two large private companies dominate the field of elderly care (Burström, 2015: 95).

The activities of private companies in schools, health care, elderly and disabled care are constantly increasing and the size of private companies in the social service sector is growing every day. Consequently, large amounts of public funds go to private health care and elderly care providers and schools every year. Since social service activities are not capital intensive, investments in these sectors are attractive to the private sector. In order to provide social services more efficiently, the state tends to co-operate with private sector providers. Although the privatisation of social welfare services has been rapid and uneven over the last decade, privatisation has regional variations across the country and around 80-90% of publicly funded social service provision is still publicly available (Burström, 2015: 97-101). Even though the vast majority of social services are provided by the state, the privatisation of a key element such as social services in a social welfare state like Sweden is noteworthy. However, it should be noted here that privatisation covers the provision of social services, not the financing, and the state covers the financing of services provided by private companies. When this situation is evaluated in terms of the efficiency and quality of the service, it is stated that it is successful and seems to be profitable for the state budget. However, it is thought that the state will lose its experience in providing and organising social services over time and will increase dependency on the private sector in the future.

In Sweden, social services are generally targeted at i) the elderly and disabled, ii) women and children, as they are more vulnerable and disadvantaged to the extent that they are unable to be self-sufficient.

Social Services for the Elderly and Persons with Disabilities: Elderly care as a social service became widespread after the Second World War and was provided almost entirely by public services. Elderly care can be provided in the form of home care services or institutionalised services such as nursing homes. When the number of elderly care service recipients is analysed recently, it is seen that the number of those receiving home care services has increased more than those receiving services in nursing homes (Burström, 2015: 89).

Before the 1950s, elderly care services in Sweden were provided as institutional care services, and in this period, approximately 6% of the elderly aged 65 and over and approximately 20% of the elderly aged 80 and over benefited from these services. In this period, after the scandals in elderly care homes and public pressure, home help services were introduced, but institutional care services continued to spread rapidly and approximately 5 per cent of the Swedish GNP was spent on services for the elderly. In the following years, both institutional care services and home help services continued to be provided as home help services became widespread. In 1975, while the proportion of the elderly aged 80 years and over benefiting from institutional care services increased to approximately 30 per cent, in the same year the proportion of the elderly aged 80 years and over receiving home care services increased to 39 per cent and in total 70 per cent of the elderly population aged 80 years and over benefited from these services. Recent studies show that the rate of beneficiaries of services for the elderly in Sweden has increased even further and the rate of elderly aged 80 and over benefiting from elderly care services reached 90-95 per cent in 2005. On the other hand, it is stated that the funding shortages that emerged in the 1990s caused problems in the functioning of the public transfer system, and with this effect, a slow but significant decrease in the incomes of the elderly has emerged (Taşçı, 2010: 187-188).

When the proportional change of the beneficiaries of elderly care services is examined, it is understood that the Swedish state attaches great importance to the provision of care and services to meet the needs of the elderly through both institutional centres and home care services. However, when this issue is evaluated from a social perspective, the fact that the number of elderly beneficiaries of this service has increased over the years brings with it inferences that both the elderly population has increased and the family structure has changed in terms of loyalty to the elderly, so it is thought that the state has had to intervene in this social problem due to the welfare state.

In general, the Swedish State aims for individuals to live in normal housing rather than in nursing homes. National policy encourages home help and home care services rather than institutional care, taking the view that older people have the right to live in their own homes for as long as possible. Municipalities can also make direct payments to informal carers (kinship-care benefits) or provide support by employing informal carers (kinship-care employment) (Glenngard, 2020: 186). When home care services are compared with nursing home services, it is seen that home care services are more advantageous due to the idea that the individual should have his/her own living space worthy of human dignity, and it is seen that Sweden gives more weight to home care services due to this idea.

Responsibility for the provision and financing of long-term care services for the elderly and support for persons with disabilities has been entrusted to municipalities, financed through taxes. However, regional administrations are also responsible for routine health care of elderly and disabled patients. The Social Services Act states that adults are entitled to public services and benefits such as home care assistance, home care and meal deliveries at all later stages of life. It is stated that the assessment of eligibility for services and benefits is determined by the municipal authorities based on the identified need for the person in need of care and a relative, usually a carer (Glenngard, 2020: 186).

Social Services for Women and Children: In the 1970s, day care services were expanded to increase women's participation in the labour market and around 96 per cent of day care services were provided by municipalities at that time. Most of the services are subsidised by the state, with parents covering only 10 per cent of the total cost. In Sweden, around 84 per cent of all children aged 1-5 attend day care. It is the responsibility of the municipality to provide day care services to citizens, and in 2012 around 20 per cent of all day care services (up from 11.5 per cent in 2001) were provided by non-municipal actors. Non-municipal providers and municipal childcare centres charge the same fee per child and parents pay the same fee regardless of who provides the services (Burström, 2015: 89-96). The fact that municipal centres as well as non-municipal organisations can offer childcare services and that citizens pay the same annual fee expands access to services for the wider society. This facilitates women's participation in the labour force and provides the necessary early childhood education for children.

5. Evaluation of Swedish Income Distribution Policies and Anti-Poverty Policies in terms of Social Justice

It is known that social participation and self-realisation are limited under conditions of poverty. In this sense, the issue of reducing income inequality and preventing poverty has a key role in ensuring and measuring social justice. Generally, the poverty line is set at 50 per cent of the national median income for each country, and those below this line are considered poor. The use of a relative income threshold implies that richer countries will have higher poverty thresholds. There are some indicators that give clues about the poverty prevention of a country. These are general poverty rate, child poverty rate and elderly poverty rate (Schraad-Tischler, 2011: 13-14). Taxation policies and transfer expenditures are used to prevent inequalities in income distribution. The Gini coefficient provides important clues in this regard.

The causes of income poverty include short-term decisions taken by the government, inadequate education and employment policies, and inadequate policies in areas such as the social integration of migrants. Especially the prevention of child poverty becomes more important in terms of utilising the opportunities for life in society. Otherwise, the existing potential of the society is wasted and the society suffers (Schraad-Tischler, 2011: 19).

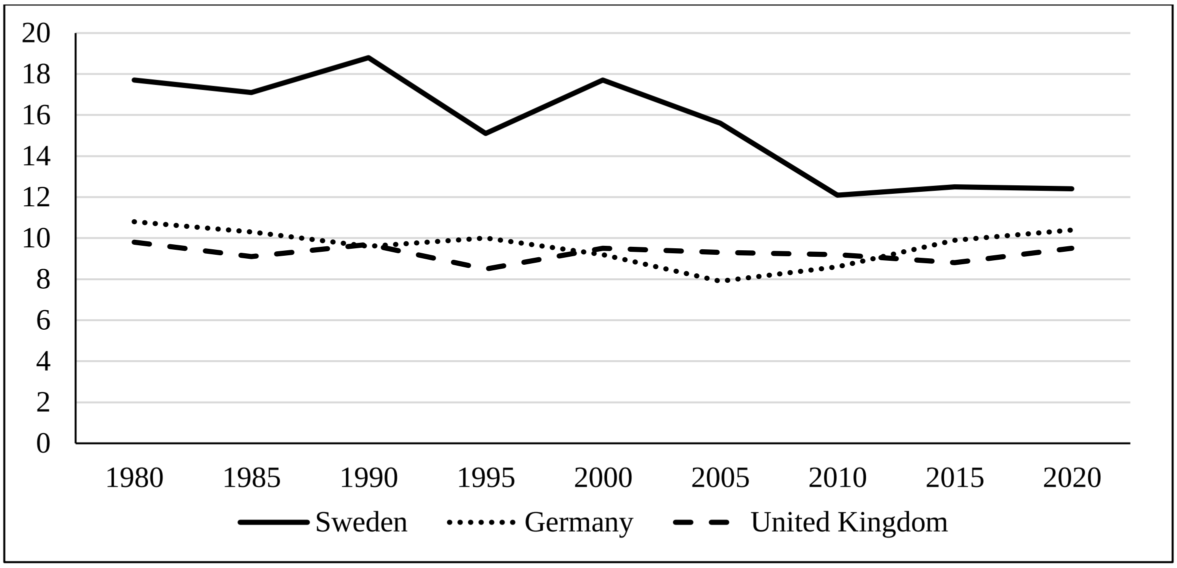

Figure 1. Tax on Personal Income (% of GDP) Over the Years
Source: OECD, 2022a.

Tax on personal income is defined as taxes on net incomes from gross income after tax deductions and capital gains of individuals. This indicator is measured as a percentage of GDP (OECD, 2022b). Figure 1 shows countries' tax on personal income as a percentage of GDP between 1980 and 2020. While Germany and the UK showed less change in this period, Sweden exhibited sharp ups and downs and generally decreased. It is stated that the tax reform in 1991, the economic crisis in the early 1990s and the tax cuts made by the centre-right party that came to power in 2006 were effective in the emergence of this situation. During this period, the erosion of the redistributive function of tax policy in order to implement policies that prioritise economic growth, investment and property is thought to have been effective in reducing the Swedish tax on personal income from around 17 percent to 12 percent.

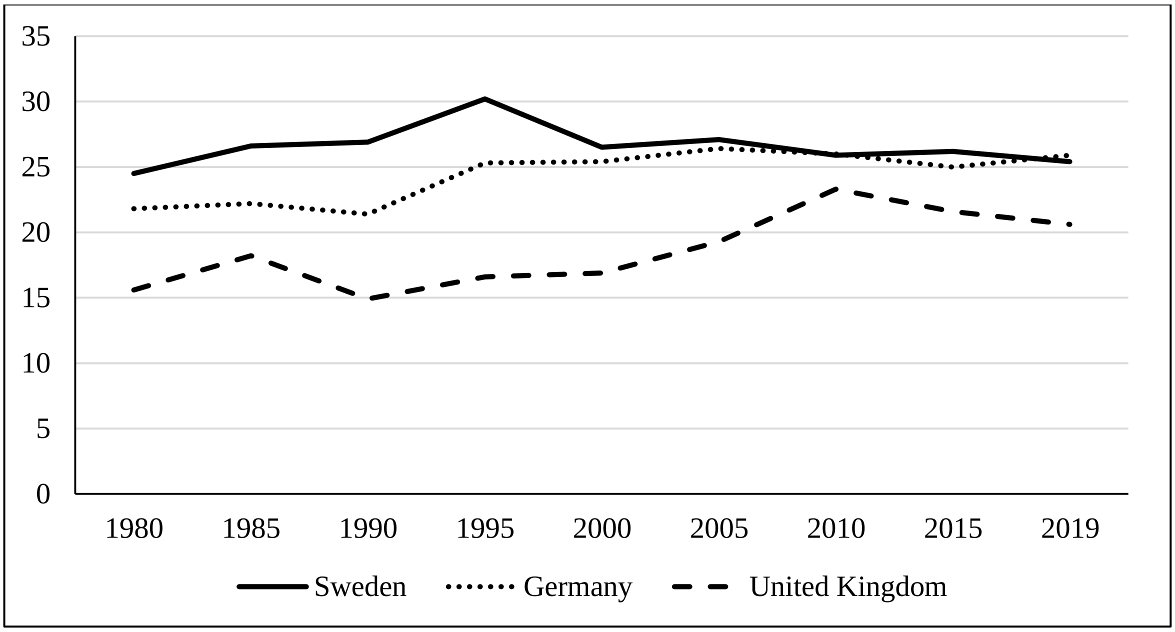

Figure 2. Total Public Social Spending (% of GDP) Over the Years
Source: OECD, 2022a

Social expenditures include cash benefits, direct in-kind benefits including goods and services, and tax reductions for social purposes. These expenditures by central and local governments include assistance to low-income households, the elderly, the disabled, the sick, the unemployed and youth. Total social public expenditure includes resource redistribution and compulsory participation and is measured as a percentage of GDP. It also includes direct and indirect taxation of the tax system and tax deductions for social purposes (OECD, 2022c). When the ratio of total social public expenditures shown in Figure 2 is analysed, it is seen that between 1980-2019, Sweden generally had a higher expenditure ratio than other countries and reached its highest level in the mid-1990s. Fluctuations in social public expenditures are generally affected by changes in unemployment and economic growth rates. In this context, although there was an increase in the number of social assistance recipients due to the economic crisis in the 1990s, it is known that social expenditures generally decreased.

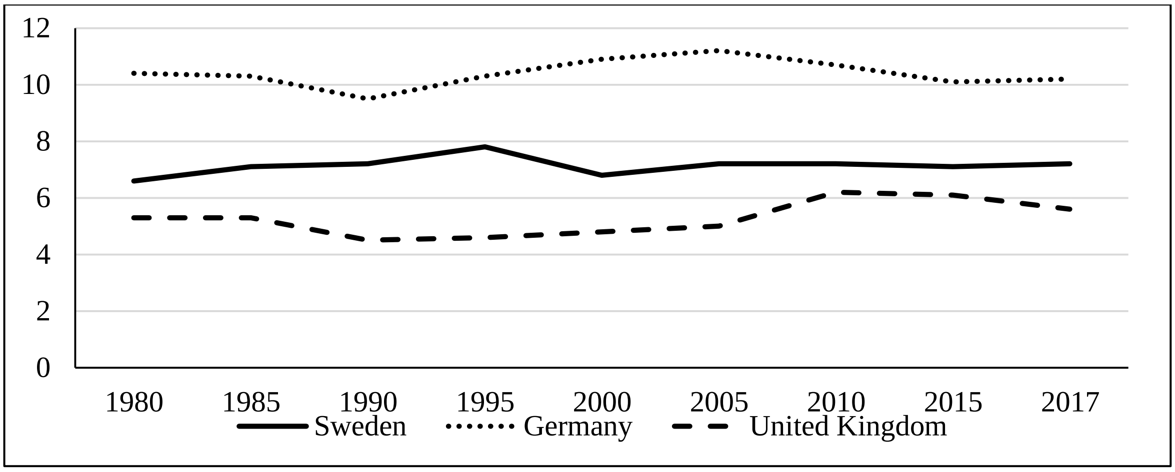

Figure 3. Public Social Spending for the Elderly (% of GDP) Over the Years
Source: OECD, 2022a

Figure 3 shows the countries' public social expenditures for the elderly as a percentage of GDP between 1980 and 2017. It is observed that Sweden lags behind Germany in this expenditure item, and in general, after reaching its highest level in the mid-1990s, it has stabilised at its previous level. In this period, it is stated that the amount of social expenditures decreased from the young to the elderly due to the fact that young people, single mothers and immigrants were most affected by economic crises. Moreover, as mentioned earlier, funding shortages in the 1990s caused problems in the functioning of the public transfer system and led to a slow but significant decline in the incomes of the elderly.

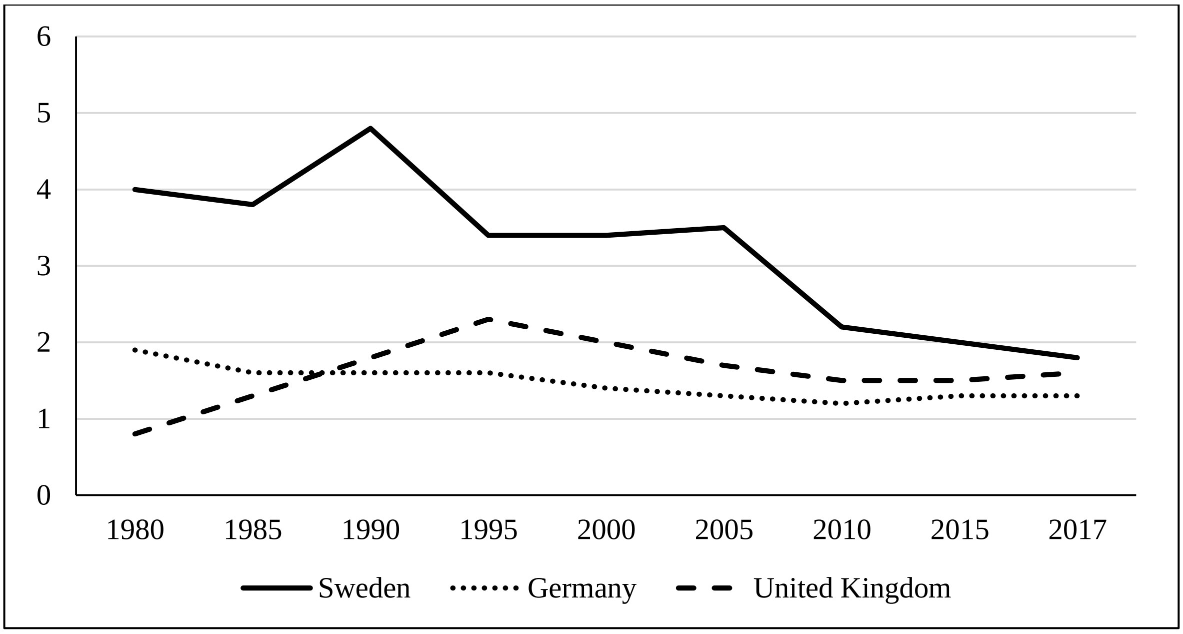

Figure 4. Public Social Spending for Disabled People and Patients (% of GDP) Over the Years
Source: OECD, 2022a

As mentioned earlier, after the economic crisis of the 1990s, the Swedish social insurance system has tended to provide basic social security services. Compensation rates for income loss benefits such as sickness insurance have been gradually decreasing and in this way Sweden has gradually changed its social insurance system. Especially after 2006, sickness insurance benefits were reduced and the costs of this insurance were shifted from central to local governments (Bengtsson, 2013: 10). Figure 4 shows the percentage of social transfers to the disabled and sick according to GDP between 1980-2017. When the graph is analysed, it is seen that Sweden has the highest expenditure ratio, but it has decreased significantly due to the economic crisis in the early 1990s and the change of government in 2006 and has approached other countries. When evaluated in the context of this expenditure item, it is thought that Sweden has moved away from its social democratic welfare model identity and approached other welfare models.

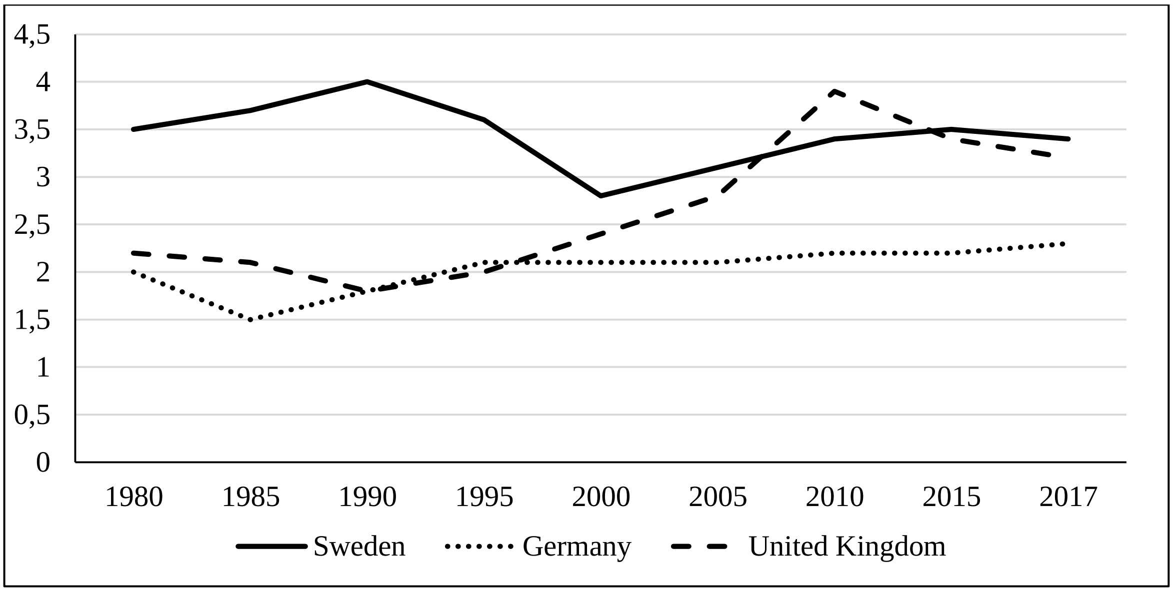

Figure 5: Family Benefits Public Spending (% of GDP) Over the Years

Source: OECD, 2022a

In general, family benefits include cash and in-kind benefits and tax reductions for families with children. This type of expenditure includes many items such as income support, childcare support, child tax deductions (OECD, 2022d). According to Figure 5, which shows the percentage of in-kind and in-cash social public expenditures for families as a percentage of GDP between 1980 and 2017, Sweden's expenditure ratios experienced a major decline between 1990 and 2000 and then increased slightly but steadily. It is stated that one of the groups most affected by the economic and social changes in the 1990s was families with children. In the 1991 tax reform, it is stated that the government did not observe distributional neutrality between income groups and that the levels of benefits such as child and housing allowances and compensation for income losses due to sickness and parental leave were reduced and families suffered from this situation. However, despite this situation, the Swedish social insurance system, according to current legislation, has a very broad scope of support to protect families and their children. Both parents and children are provided with programmes that support the family's living standards, both financially and in terms of time off work. Such support programmes have an important role in improving and maintaining socio-economic standards and ensuring social justice in society. According to the graph, Sweden has an overall higher expenditure ratio compared to other countries.

Up to this stage, interventions to fight against income inequality and poverty within the scope of ensuring social justice have been evaluated, and in the next stage, the results obtained within the scope of the same issue of social justice are discussed.

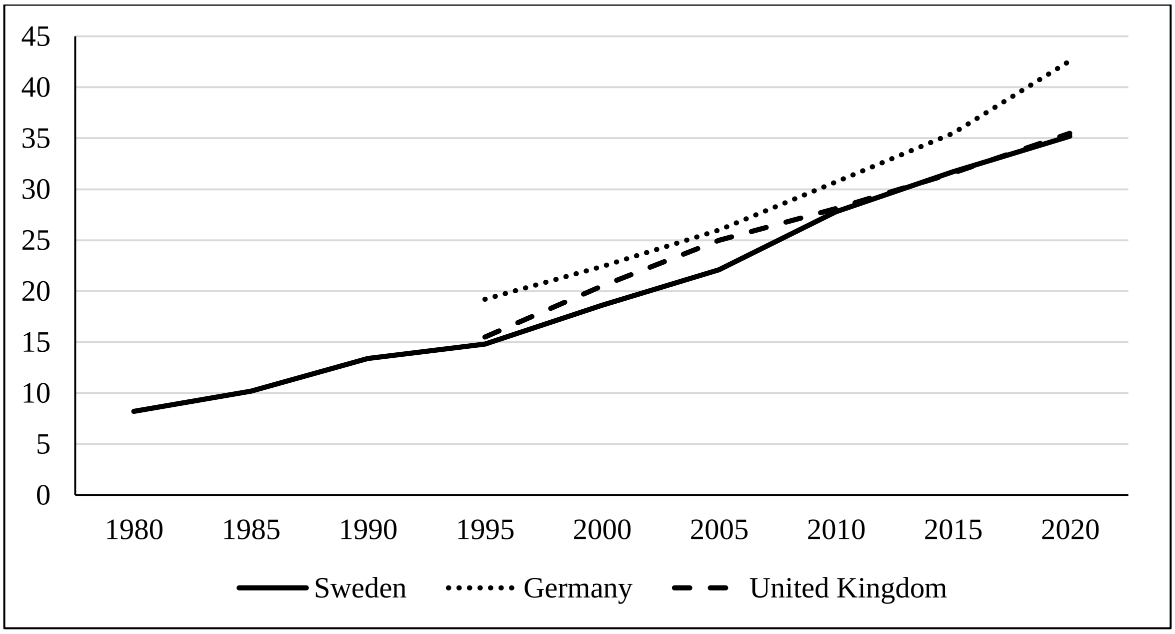

Figure 6: Household Disposable Income (US dollars/capita) Over the Years
Source: OECD, 2022a; OECD, 1994; OECD, 1996

In economics, the concept of disposable income is the closest to the concept of income in general. Wages and salaries, self-employment income, income from unincorporated enterprises, income from pensions and other social benefits, income from financial investments are included in the scope of household disposable income. This indicator is calculated in USD per capita based on current prices according to purchasing power parity. In addition, income taxes and social security contributions paid by households are deducted in the calculation (OECD, 2022e). According to the indicators presented in Figure 6 for the period 1980-2020, Sweden's household disposable income level including social transfers has increased approximately 4.2 times over the forty-year period. However, when compared with the available data of other countries, it is seen that Sweden lags behind Germany and has been at the same level with the UK in the last 10 years.

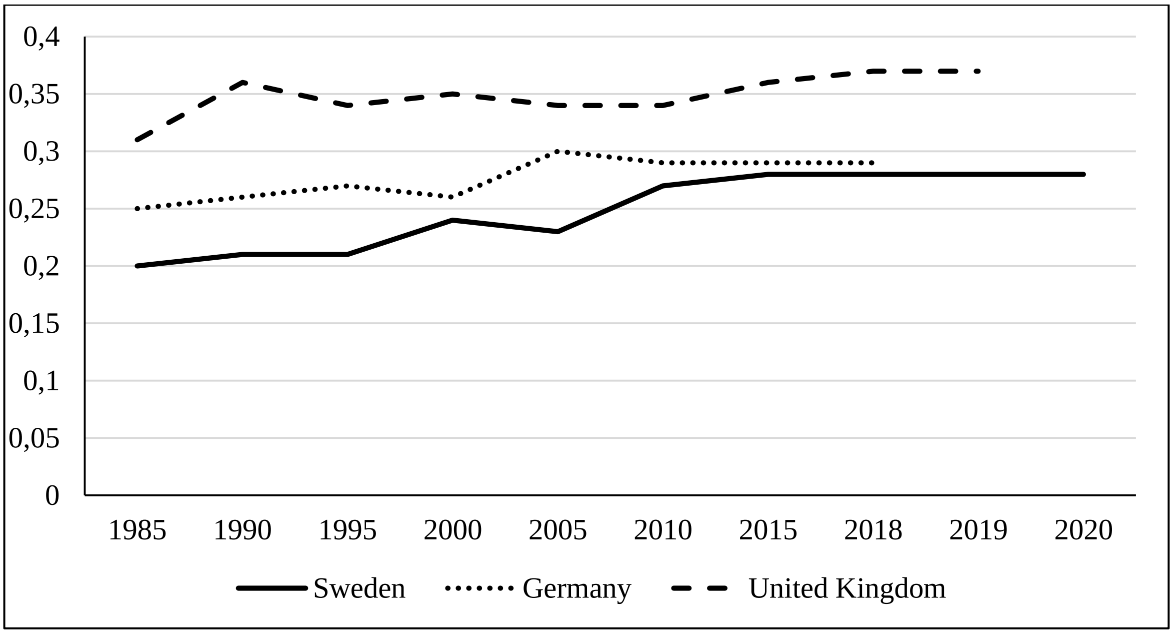

Figure 7: Gini Coefficient (between 0 and 1) Over the Years
Source: OECD, 2022a; OECD, 1994; OECD, 1996

Income inequality among individuals is measured by the Gini coefficient. The Gini coefficient is based on the comparison of the cumulative proportions of the population with the cumulative proportions of their income. A situation of perfect equality is denoted by 0, while a situation of perfect inequality is denoted by 1, and the data of countries vary between these two values (OECD, 2022f). According to the Gini coefficient values shown in Figure 7, Sweden is the country with the least income inequality compared to the UK and Germany between 1985 and 2020. However, despite the continuous increase in household disposable income in the mentioned time period, Sweden's Gini coefficient value increased from 0.20 to 0.28, negatively affecting income distribution. The economic crisis in the early 1990s caused mass unemployment, increasing the unemployment rate from 1.8 per cent to 9.0 per cent, and significantly increased income inequality, reducing the employment rate from 83.1 per cent to 72.2 per cent. However, taxes and transfers (total social public expenditure increased in the first half of the 1990s, as shown in Figure 2) slowed the increase in inequality in household disposable income and consumption.

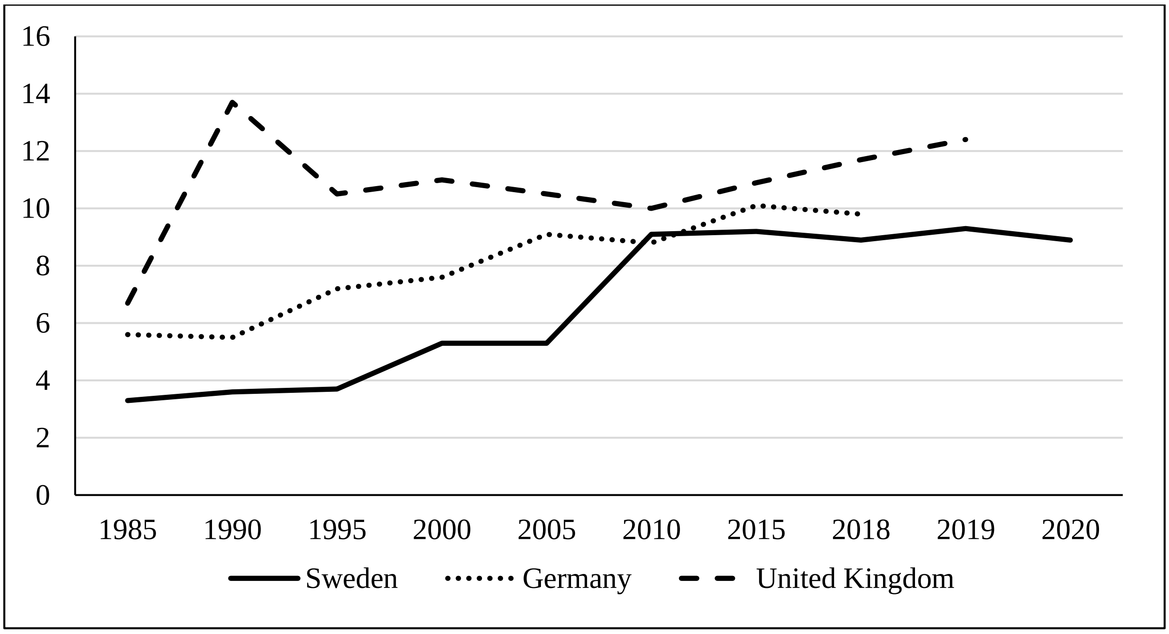

Figure 8: Poverty Rate (% of Population) Over the Years
Source: OECD, 2022a; OECD, 1994; OECD, 1996

The poverty rate is defined as the ratio of the number of people in a certain age group who fall below the poverty line in terms of their income. The poverty line is calculated as 50 per cent of the median household income of the total population. However, two countries with the same poverty rates may differ in terms of the relative income level of the poor (OECD, 2022g). Figure 8 shows the poverty rates of countries between 1985 and 2020, and it is observed that Sweden has the lowest poverty rate among the three countries in the mentioned period. A detailed analysis of the graph reveals that the poverty rate increased sharply in the second half of the 1990s and the second half of the 2000s. As it is known, Sweden has deeply experienced two crisis periods, namely the 1990-1994 economic crisis and the 2008 global economic crisis, and thus the poverty rate has increased. In the 15-year period between 1995-2010, the poverty rate has increased approximately 2.5 times. In the same period, the ratio of total social public expenditures (% of GDP) decreased from 30.2% to 25.9% (Figure 2) and this is thought to have a negative impact on the poverty rate. However, as seen in Figure 5, it is understood that Sweden tried to protect families against increasing poverty by increasing social public expenditures in cash and in kind for families between 2000 and 2015 (from 2.8% to 3.5%). In recent years, there has been a certain decrease in the poverty rate.

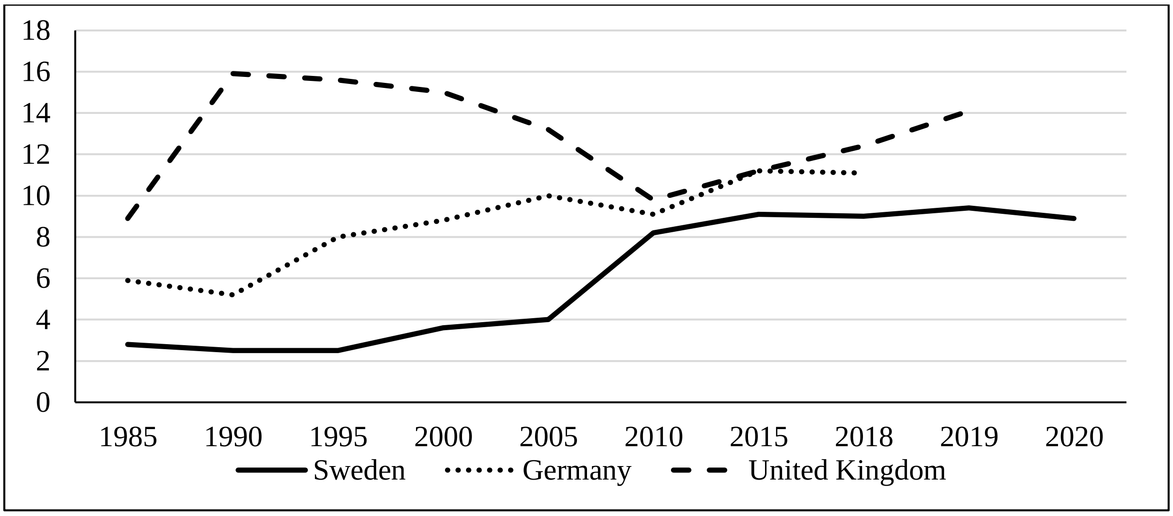

Figure 9: Child Poverty (0-17 years old) (% of Population) Over the Years
Source: OECD, 2022a; OECD, 1994; OECD, 1996

As seen in Figure 9, the Swedish child poverty rate, which is at a lower level compared to other countries, increased between 1995 and 2015, similar to the general poverty rate. It is thought that the crisis periods mentioned above had an impact on the emergence of this situation. Although families with children are prioritised in social assistance to families, it is seen that negative results cannot be prevented. Families with children have been one of the groups most affected by the economic and social changes in Sweden. At the end of the 1990s, it is stated that approximately one fourth of the children in Sweden lived in families with economic problems and approximately 120.000 children belonged to families receiving long-term social assistance. After 2005, it is understood that this number has increased much more.

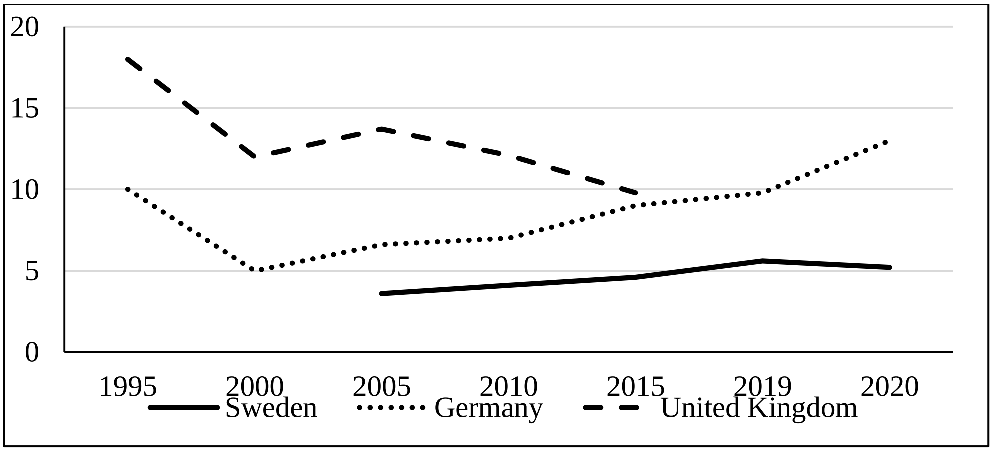

Figure 10: Elderly Poverty (66 year-olds or more) (% of Population) Over the Years
Source: Eurostat, 2022

When the available data for the last 15 years on the poverty rate of the elderly over the age of 65 shown in Figure 10 are analysed, it is understood that the elderly have not been adversely affected by the recent socioeconomic developments and the poverty rate is quite low compared to other countries. In addition to pensions, Sweden supports the elderly with various social aids and services such as cash assistance and home care services and prevents the decline in the income of the elderly.

Conclusion

Sweden has established a universal welfare and social protection model combining social insurance programmes, social assistance and services, employment programmes and equitable wage policies. Considering the size and scope of these programmes and policies implemented by Sweden, it is accepted that they have significant effects on income distribution and poverty. Therefore, social welfare policies are centred on the aim of redistribution and some of these policies are implemented vertically from rich to poor through taxation and social transfer expenditures. The main objective of Sweden's redistributive policies is to equalise economic outcomes among the country's citizens as much as possible by levying high income taxes and making various transfer expenditures for low-income families. In Sweden, the tax burden to finance welfare policies that provide a high standard of benefits and services is higher than in many other countries. When the historical course of income and wealth distribution and poverty rate is evaluated in general, it is seen that poverty and economic inequalities decreased from the beginning of the 20th century until the 1980s. After 1980, both the deterioration of the historical reconciliation between labour and capital and the dominance of the neoliberal approach in the policies implemented led to the limitation of the welfare state approach and the increase in income inequalities and poverty. Therefore, in this period, the idea of social justice was replaced by economic growth targets based on economic efficiency.

Swedish tax policy as a means of income redistribution has different characteristics compared to other countries in terms of historical development and results obtained. In particular, this system seems to be concerned with reducing socioeconomic inequalities and ensuring social justice as a result of the compromise between labour and capital. In addition, there is a high level of tax compliance indicating that taxes are approved by the society. This situation shows that people pay their taxes voluntarily and with confidence. It is stated that most of the public revenues obtained after taxation are used to finance public services that ensure equality. Nevertheless, it is stated that the tax system, which showed these characteristics until the 1991 reform, has moved away from the redistributive taxation system in order to pave the way for capital-oriented economic development. This political understanding, which was dominated by neoliberal thinking in the 1990s, was further strengthened with the coming to power of the centre-right party in 2006. The shift away from redistributive thinking in the tax system, reductions in social expenditures, increases in income inequality and poverty show that this change has been realised in a way that weakens social justice. The fact that especially low-income groups and disadvantaged groups suffered more from this process confirms the negative consequences of this change.

The most important aim of social assistance and services in Sweden is to guarantee individuals a decent standard of living and to strengthen their resources so that they can lead independent lives. Another aim of social assistance and services is to produce positive results that promote democracy, solidarity, equality in living standards and active participation in society. In this sense, Swedish social assistance and services aim to eliminate multidimensional poverty beyond economic poverty and reduce socio-economic inequalities by endeavouring to meet the needs of individuals in all aspects of their lives.

Although Sweden still allocates a large share of its GDP to social expenditures, there have been significant changes in the weight of social assistance and social welfare services since the 1990s. In the early 1990s, Sweden faced a deep economic crisis and a high unemployment rate, which led to a reduction in the public budget for social assistance and services. Nevertheless, it is also stated that there was a large increase in the number of social assistance beneficiaries in this period due to the increase in income inequality and poverty. In this sense, although it has been stated that Sweden's social assistance has eroded, that it has become more similar to other OECD countries and that income inequality has increased significantly since the 1990s, Sweden is still among the OECD countries with the lowest income inequality. On the other hand, the fact that the conditions for benefiting from social assistance in this period have been made more difficult and designed as a last resort for the individual to sustain his/her life, and that the public resources allocated to the social assistance budget have been limited and reduced compared to the previous years shows that there have been changes in Sweden's understanding of social welfare and social justice. In this sense, Sweden aims to ensure that its citizens are not individuals who expect to achieve prosperity by receiving social assistance, but individuals who are inclined to work by pushing all their limits in order to earn a living. On the other hand, although social assistance is seen as a temporary solution, the fact that the content of these aids does not only consist of basic foodstuffs but also covers a wide list of needs shows that it has an important function in raising living standards and eliminating socioeconomic inequalities.

In Sweden, social services are also provided to meet the basic needs of disadvantaged individuals who do not have sufficient power and means to improve their situation. In this context, care for individuals and their families, care for the elderly and the disabled is provided. Many social service areas, including child day care, primary and secondary schools, health services and care for the elderly, are financed by taxes. However, social services have increasingly been provided by private entrepreneurs in the last thirty years. The decrease in the share of the public budget allocated for social services and the involvement of the private sector in the provision of services during this period provide clues about the neoliberal change in Sweden's social services policy.

The historical evolution of Sweden's policies aimed at preventing income inequality and poverty aligns with the findings of the comparative analysis conducted with the United Kingdom and Germany, based on OECD and Eurostat data presented in the fifth section of the study. In this sense, if it is necessary to summarise a general evaluation of Sweden's income distribution and anti-poverty policies in terms of ensuring social justice; it is understood that the wind of neoliberalisation, which started worldwide in the early 1980s, came to Sweden in the 1990s and that the identity of the social democratic welfare model to which it belongs has been affected by many socioeconomic developments and has undergone changes in the process until today. In the last thirty years, both the increase in income inequality and poverty rate and the deviation of social expenditure and tax policies from the aim of eliminating socioeconomic inequalities are thought to have negatively affected the goal of ensuring social justice. Despite this negative trend, when compared to the UK and Germany, which have adopted other welfare state models, Sweden seems to be closer to the goal of achieving social justice according to the data obtained.

Looking to the future, countries can draw important lessons from Sweden's experience in achieving social welfare and economic equality. Firstly, for economic growth to be sustainable and inclusive, social welfare policies must remain broad and comprehensive. Social spending and tax policies should not only aim to enhance economic efficiency but also prioritize achieving social justice. Directing high tax revenues toward quality public services and social assistance plays a critical role in reducing economic and social inequalities. However, to prevent these policies from eroding over time or drifting away from the goal of social justice under the influence of neoliberal policies, strong public will and societal support are essential. Social assistance and services should be structured in a way that encourages individuals to lead independent and productive lives, while addressing poverty as a multidimensional issue, not merely an economic one. In this regard, to combat income inequality and reduce poverty, a flexible yet fair tax system, comprehensive social services, and robust public-private partnerships are crucial. As countries work to strengthen the welfare state model, they should aim to balance social justice with economic growth, adopting policies that ensure every individual can lead a dignified life.

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