

Research Article

Labour Market Policy in Sweden and Social Justice: A Comparative Analysis¹

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Abstract

Sweden is considered a remarkable case for studying social justice, offering an opportunity to evaluate its understanding and application. Swedish labour market policy seeks to reduce socio-economic inequalities, ensure regular employment, minimise and prevent long-term unemployment, and achieve higher levels of income and welfare. This study aims to evaluate, both historically and comparatively, the effectiveness of "social justice" in compensating for socio-economic disparities caused by unemployment and the related labour market policies in developed countries such as Sweden. In this context, a comparison is made between Sweden, Germany, and the UK using OECD data to obtain concrete results. The findings indicate that the comparative results align with the historical development process of Swedish employment policy.

Keywords: Social justice, socioeconomic inequality, unemployment, labour market policy, Swedish model

JEL Classification Codes: E24, I31, I38

İsveç İstihdam Politikaları ve Sosyal Adalet: Karşılaştırmalı Bir Analiz

Öz

İsveç, sosyal adalet anlayışını bir bütün olarak değerlendirme imkânı sunması açısından dikkat çekici bir inceleme alanı olarak görülmektedir. Sosyoekonomik eşitsizlikleri azaltmaya yönelik İsveç istihdam politikalarının temel amacı düzenli istihdamı sağlamak, uzun süreli işsizliği en aza indirerek önlemek ve daha yüksek bir gelir ve refah seviyesine ulaşmaktır. Çalışmanın amacı, işsizlik sorununun neden olduğu sosyo-ekonomik farklılıkları telafi etmeyi amaçlayan "sosyal adalet" düşüncesinin ve bu yöndeki istihdam politikalarının İsveç gibi gelişmiş ülkeler üzerindeki etkinliğini tarihsel ve karşılaştırmalı olarak değerlendirmektir. Bu bağlamda, somut sonuçlar elde etmek için OECD verileri kullanılarak İsveç, Almanya ve İngiltere arasında bir karşılaştırma yapılmaktadır. Sonuçlar, İsveç istihdam politikasının gelişiminin tarihsel süreci ile elde edilen karşılaştırmalı sonuçların uyumlu olduğunu göstermektedir.

Anahtar kelimeler: Sosyal adalet, sosyoekonomik eşitsizlik, işsizlik, istihdam politikaları, İsveç modeli

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1. Introduction

Sweden serves as a significant case for examining socioeconomic inequalities and social justice policies aimed at reducing these disparities, with its historical reconciliation process between the state, employees, and employers playing a crucial role in shaping the Swedish model. This compromise facilitated socioeconomic equality, increased overall welfare, and established Sweden as a reference point in the literature. The golden age of Sweden's welfare state spanned from 1938 to the late 1970s, during which social justice policies effectively reduced inequalities. However, with the rise of globalisation and neoliberal policies after 1980, Sweden experienced a decline in its welfare model while still maintaining a relatively strong commitment to social justice through social aid, services, and active labour market policies. In recent years, however, it has faced criticism for excluding immigrants from essential public services, challenging its social justice framework. Given that long-term unemployment exacerbates socioeconomic inequalities, Sweden's labour market policies prioritise regular employment, minimising unemployment, and ensuring equal access to the labour market while supporting economic growth and productivity. Various programmes, targeting both general and specific disadvantaged groups, aim to integrate unemployed individuals into the workforce, reinforcing the principle that all capable individuals should have job opportunities. As a result, Sweden continues to maintain a low unemployment rate compared to European standards, demonstrating the effectiveness of its comprehensive labour market policies.

This study historically and comparatively evaluates the effectiveness of social justice policies in mitigating socioeconomic inequalities caused by unemployment in developed countries, with a particular focus on Sweden. To assess the impact of these policies, it examines the underlying causes of socioeconomic disparities and the measures implemented to address them. The research question explores the extent to which Sweden's social justice and employment policies have succeeded in reducing inequalities and how they compare to those of other developed nations, specifically the UK and Germany, which represent different welfare state models. Methodologically, the study employs a historical and comparative analysis using OECD data to track the evolution and current state of Sweden's labour market policies. Sweden's policies are assessed within a historical framework and compared with those of Germany and the UK to derive concrete conclusions. The selection of these countries is based on their distinct welfare state models, with Sweden exemplifying the social democratic model, the UK the liberal model, and Germany the conservative model. However, the study focuses on Sweden's social justice policies within its political processes, excluding broader theoretical discussions and the historical political developments of the UK and Germany due to scope limitations.

The study consists of two main parts. Following the introduction, the first part deals with Sweden's active and passive labour market policy in detail, and the second part evaluates the comparative analysis of these policies regarding social justice. In the conclusion section, an assessment is made on the subject.

2. Swedish Labour Market Policy

Swedish labour market policy has been a trademark of Swedish economic policy. Sweden has been more successful than other countries in combining a century of high prosperity with economic growth and high employment because of institutional features dating back to the 1930s. The commitment to full employment and an open economy led to a proactive attitude towards structural change. This gave rise to the famous Swedish labour market, which aimed to preserve employment. The institutional framework is based on the consensus of socially solid partners. Recent experience shows that the model can be sustainable, although globalisation has put pressure on the system, requiring more skilled political and economic governance. Sweden is considered successful in combining economic growth, macro-economic stability, generous welfare programmes, equality, and relatively high employment (Magnusson, 2007, p. 1). The historical compromise between labour, capital, and the state has enabled the harmonisation of these objectives in the crucible of the welfare state and has been instrumental in reducing socioeconomic inequalities and achieving social justice.

Sweden has a long tradition of labour market policy. In the early 20th century, municipal employment offices were established. To address the economic crisis between the two world wars, the Swedish government organised relief work and special youth activities (Calmfors, Forslund, & Hemstrom, 2002, p. 3). The fundamental principle of the Swedish model has always been to maintain unemployment as close to zero as possible. According to the model, it is emphasised that everyone who is willing and able to work should have a job. To achieve this goal, the Swedish Labour Market Board was established in 1948 to manage labour market policies and programmes. Training initiatives were also introduced to help the unemployed integrate into the labour market (Ekholm, 2010, p. 16). Thus, the foundations of modern labour market policy were laid (Calmfors, Forslund, & Hemstrom, 2002, p. 3). During Sweden's golden age, institutional measures were implemented to facilitate the achievement of its goal of full employment.

The Swedish labour market policy, based on the Rehn-Meidner model developed in the late 1940s, aimed to balance low inflation, full employment, and wage compression by facilitating labour mobility from low-productivity to high-productivity sectors through retraining and other measures (Calmfors, Forslund & Hemstrom, 2002, pp. 3–4). This approach underscored the role of public authorities in enhancing workers' skills and integrating them into the labour market, thereby promoting economic growth and reducing unemployment risks. By prioritizing the development of productive capacities, the model sought to support both innovative

enterprises and mobile workers, fostering competitiveness and social equity. However, its implementation required significant public expenditure, making Sweden one of the leading countries in active labour market policies (Magnusson, 2007, pp. 3–4).

The primary objective of developing Swedish labour market policy is to achieve economic development by ensuring the efficient use of resources. Labour and capital, the two main elements of these resources, have been utilised as much as possible in the most productive sectors. For this reason, these factors have had to be shifted from inefficient to productive areas, and the state was assigned roles in implementing measures to facilitate this process. The most important of these measures has been the implementation of a labour market policy aimed at ensuring the smooth and harmonious transfer of labour. As a result, the welfare level has increased, and socioeconomic inequalities have been reduced, thanks to the rise in employment driven by economic growth and development.

Swedish labour market policy, initially focused on regulating labour mobility after the Second World War, expanded between 1960 and 1990 to address various forms of unemployment, with selective job creation gaining prominence in the late 1960s and broader unemployment reduction becoming the primary objective during economic downturns (Calmfors, Forslund & Hemstrom, 2002, p. 4). The expansion of the public sector in the 1950s and 1960s facilitated increased female and part-time employment, aligning labour market policies with productivity and welfare-enhancing goals (Persson, 1997, pp. 124–125). While economic growth remained stable between 1950 and 1975, structural and financial crises emerged in 1975, prompting state interventions such as currency adjustments, industry restructuring, employment measures, and regional policies to mitigate rising unemployment. Additionally, voluntary redundancies and early retirement schemes, supported by trade unions and employers, allowed many workers to retire at 58, demonstrating a collaborative effort between the state and market actors to preserve employment and maintain the Swedish welfare state during economic crises (Persson, 1997, p. 127).

Lindbeck (1997, 1308) lists some of the practices that ensured low unemployment in Sweden in the 1970s-80s as follows:

1. Implementation of a centralised solidarity wage policy
2. The unemployment benefit system encourages job search
3. Active labour market programmes improve labour market conditions
4. The public sector meets the demand for labour, especially women's employment.

As a result of the comprehensive introduction of various labour market programmes, Sweden maintained low unemployment rates by European standards. However, in the early 1990s, the Swedish economy plunged into its most profound economic slump in 50 years, and the labour market changed dramatically. The unemployment rate more than quadrupled rapidly between 1990 and 1993, reaching unprecedented levels (Sianesi, 2001, p. 3). As a result of this economic crisis between 1990 and 1994, Sweden experienced its deepest post-war recession, with regular employment falling by about 13 per cent, and the goal of reducing unemployment dominated the policies of the 1990s. During this period, active labour market policy programmes were implemented to counter the rise in unemployment, while unemployment compensation and social assistance instruments were employed to provide income support to the unemployed as short-term policy measures (Calmfors, Forslund & Hemstrom, 2002, p. 4). Moreover, the increase in unemployment during this period hindered the achievement of the full employment target and brought about economic and social changes. For instance, active labour market policy became less effective, and the concept of the welfare state experienced a decline. Additionally, in the labour remuneration practices of the social insurance system, disparities arose between experienced and inexperienced workers regarding benefits from the system (Lindbeck, 1997, p. 1313). Thus, it was stated that the mass unemployment emerging from the 1990s economic crisis placed significant pressure on macroeconomic policies and led to the abandonment of full labour market policy (Cook, 2008, p. 19).

It is well known that unemployment is one of the most influential factors contributing to income disparities in modern economies. High unemployment not only weakens the bargaining power of labour but also exacerbates income loss by exposing individuals to large-scale exclusion from the labour market. As a result, the recession and increased unemployment in the Swedish economy in the early 1990s led to a more unequal distribution of incomes and wages. Some of the effects of mass unemployment in Europe during the 1970s and 1980s were felt in Sweden with a delay in the 1990s. It became clear that the old active labour market programmes were no longer functioning efficiently, and labour-matching activities were becoming increasingly costly due to their ineffectiveness. However, since the late 1990s, employment has increased alongside growing economic growth. The trend of widening wage and income gaps reversed (Magnusson, 2007, p. 2). During this period, public resources allocated for passive labour market policies, such as unemployment insurance and benefits, were reduced, and the redistributive objectives of tax policies and transfer expenditures were weakened. This shift began with the economic crisis, which increased unemployment, income inequalities, and poverty.

Following the 1980s, increasing global competition and economic crises led many countries to reform their labour markets, with most OECD economies enhancing labour market flexibility during the 2008–09 financial crisis to mitigate

unemployment and output losses. In contrast, Sweden, having restructured its economic institutions after the early 1990s crisis, recovered more swiftly than other OECD countries. Structural reforms in the 1990s and 2000s aimed to balance unemployment protection with incentives for labour market participation by modifying passive policies, such as reducing unemployment benefits (1996), introducing a two-tier social assistance system (2001), and raising unemployment insurance fees (2007). Concurrently, active policies were adjusted through job placement (1995), adult education (1997), trainee replacement programmes (1991–1997), and workplace tax credit reform (2007), all of which increased job search and placement rates. A notable shift occurred in public spending on labour market programmes, declining from 6% of GDP in 1992 to below 2% in 2010, causing Sweden's ranking among European countries in this regard to drop from 2nd to 12th place (Ulku & Muzi, 2015, p. 2).

The recent Coronavirus (COVID-19) pandemic has also significantly altered Sweden's existing labour market policies. To mitigate the financial impact of the pandemic on workers, the Swedish government introduced a COVID-19 crisis package. This package included a new law on short-time working, which temporarily reduced workers' hours and wages. The Swedish crisis package also included a temporary increase in unemployment insurance and financing for active labour market programmes. This trend reflected an extension and expansion of existing active labour market policy measures. During this period, the conditions for the unemployed to participate in labour market policy measures were eased. The focus shifted towards active labour market programmes with flexibly designed security components. This approach mirrors the plans implemented following the 2008 global financial crisis (Kantova & Arltova, 2020, p. 2).

From the above statements, it can be seen that Sweden's institutional and political experience and capability in its approach to the labour market before 1980 were further strengthened in the face of the economic crisis and the increase in unemployment in the 1990s. In this sense, it was understood that Sweden implemented similar measures during the 2008 global financial crisis and the 2019 pandemic and was successful. Therefore, Sweden achieved more successful results than other European countries in terms of the unemployment measures implemented in times of crisis based on its deep-rooted experience from the past.

Swedish labour market policy was centrally managed to maintain an 80% employment rate and keep unemployment below 4%, while decentralisation and local autonomy provided a flexible institutional framework. The National Labour Market Board oversaw policy implementation and budget allocation, whereas the Public Employment Offices managed employment services and unemployment insurance. A key strategy was adapting policies to regional and local conditions to support disadvantaged areas and promote equality. District Labour Boards coordinated local employment policies, with 320 Local Employment Services

Committees comprising representatives from municipalities, trade unions, and enterprises. Municipalities played an increasing role in labour market policy, particularly in social assistance, training, and temporary employment programmes, covering about 60% of participants with partial state funding. This localisation approach was considered effective in reducing unemployment and enhancing policy efficiency (Cook, 2008, pp. 2-3).

Swedish labour market policy aims to prevent long-term unemployment and integrate disadvantaged individuals into the workforce through targeted and inclusive programmes (Sianesi, 2005, p. 4). Its broader goals include ensuring labour market participation for all able-bodied individuals, enhancing social security, and mitigating the negative effects of labour market transitions. Key components of the policy include youth recruitment, job matching, labour market programmes, unemployment insurance, and support from the European Social Fund (<https://www.government.se>, 2022). The policy is structured around two main elements: passive labour market policies, which provide temporary income support through unemployment insurance and municipal social assistance, and active labour market programmes, which focus on long-term employment by improving job opportunities and skills (Sianesi, 2001, pp. 7–8).

2.1. Active Labor Market Policies in Sweden

Sweden has been one of the most prominent advocates of active labour market programmes in the post-war period. The social democratic government, accepting responsibility for full employment, began using welfare work programmes to create public sector jobs when private sector demand was insufficient. Over time, these public sector job creation programmes were replaced by strategies aimed at increasing demand in the private sector, such as wage subsidies. The focus of the policies was on activating the unemployed through intensive job search (Cook, 2008, p. 19). Sweden has been one of the countries with the highest focus on active labour market programmes, due to its tradition of full employment policy and the sudden, sharp increase in unemployment in the early 1990s. In 1994, active labour market policy in Sweden covered more than 5 percent of the labour force, and policy expenditures were more than 3 percent of GDP (Calmfors, Forslund & Hemstrom, 2002, p. 2). Since the 1990s, both in Sweden and in many other parts of Europe, labour market activation policies for the unemployed, especially young unemployed individuals, have been strongly implemented. The main aim of these activation policies is to increase self-sufficiency and reduce the cost of social assistance (Trygged, 2020, pp. 1-2). In this context, active labour market programmes aimed at increasing employment have become even more important for Sweden, primarily due to the deep crisis of the 1990s.

Although it was accepted that the primary objective of Swedish active labour market programmes was to increase employment, it was also stated that there were social policy objectives, such as alleviating the consequences of unemployment,

ensuring equal access to the labour market, and regulating income distribution. In addition, macroeconomic objectives, such as increasing productivity, are also included in the scope of the policy. Moreover, a vital secondary objective of Swedish active labour market programmes is to reduce the ethical problems associated with unemployment insurance. To receive unemployment insurance benefits, individuals must accept regular job offers from public employment offices or placement offers in active labour market programmes. Thus, active labour market policy is used as a job test for those receiving unemployment compensation (Calmfors, Forslund & Hemstrom, 2002, pp. 3–4). As a result, many unemployed individuals receive activity support by participating in active labour market programmes instead of remaining unemployed and relying solely on unemployment insurance benefits. The decreasing rate of unemployment insurance benefits is partially offset by increased participation in programmes and the receipt of activity support (Anxo & Ericson, 2015, p. 16). The requirement to participate in active labour market programmes as a prerequisite for claiming unemployment benefits is crucial in encouraging individuals to seek employment, enhance their skills, and rejoin the workforce.

Active labour market programmes, as a component of labour market policy, are defined as measures implemented to assist the unemployed or those at high risk of unemployment in finding a job, placing them in training, or providing appropriate insurance against risks. The ultimate objective of active labour market programmes is to achieve high employment and low unemployment, which facilitates labour productivity and economic growth. The socio-political objective of active labour market programmes is to promote higher income and welfare through increased employment prospects. The Swedish government defined the aim of active labour market programmes as contributing to a well-functioning labour market. In this regard, some principles have been established by the Swedish government, including effectively matching the unemployed with vacancies, adjusting active policy measures in the most appropriate way to labour market demand, and shortening the duration of unemployment for the most vulnerable groups of the unemployed. The priority of the Swedish government in the implementation of active policies is to increase employment by improving the efficiency of the state-funded job matching programme (Kantova & Arltova, 2020, p. 3). In short, the Swedish government aims to ensure that the unemployed can find a job in a short period and become productively involved in the production process by ensuring they have the appropriate qualifications and directing them to suitable employment opportunities.

The Swedish active labour market programme included labour force training programmes, public sector employment, subsidised employment, trainee placement programmes, work experience programmes, induction projects, and programmes targeted at specific groups, such as young people, people with disabilities, and those seeking self-employment or relocation allowances. These diverse programmes aim

to facilitate job searches, increase human capital through formal education, provide work experience, improve work habits, and enable employers to make employment forecasts more easily (Sianesi, 2001, p. 8). To participate in a programme, a person must be registered with a local official employment office (Sianesi, 2005, p. 4). Swedish active labour market programmes are categorised into four types: labour force training programmes, work experience programmes, job search and matching programmes, and subsidised employment programmes.

2.1.1. Labour Training Programmes

In the Swedish labour market model, adjustments to changes in labour demand are usually made through employment changes (such as layoffs in cases of reduced demand). In such a system, in order to minimise the negative consequences of employment changes, it is necessary to upgrade the skills that will ensure occupational mobility, and it becomes important to find institutions and policies to provide training services for this (Forslund, 2019, pp.12-13). Swedish labour force training programmes, which are a programme of active labour market policies, initially consisted mainly of vocational training programmes, but over time they started to evolve into plans that included more general education. For example, Swedish language training for immigrants became a part of labour market training. In 1995, computer training centres started to operate, followed by an IT programme in 1998. Participants also received training grants equivalent to unemployment compensation (Calmfors, Forslund & Hemstrom, 2002, p.5). The most expensive application among active labour market policies is labour force training programmes, which are implemented on a full-time basis through formal education and aim to improve the human capital of participants by providing them with new vocational skills (Sianesi, 2005, p.5). The labour force training programmes implemented in Sweden consist of adult vocational training programmes, vocational promotion jobs, vocational labour market training programmes, labour market training, apprenticeship training programmes and lifelong learning programmes.

- *Adult Vocational Training Programmes:* These courses, which initially included limited vocational training, were further developed after the government provided funding to municipalities as a result of the international financial crisis in 2009. In the selection of participants, priority is usually given to students with low levels of education and unemployed students (Forslund, 2019, p.14).
- *Vocational Promotion Jobs:* Started in 2014, this programme combines work and vocational training. The programme targets firstly young people aged 15-24 who have no professional experience or have been unemployed for at least 90 days, secondly people who are at least 25 years old and have been unemployed for a long time, and thirdly newly arrived migrants. The state both pays a wage subsidy for this programme and pays for vocational

training. The type and amount of training included in the programme is determined at central (sectoral) level and through collective agreements involving the training institution, the government and the social partners. Described as a type of apprenticeship programme, it has so far reached modest volumes (Forslund, 2019, pp.14-15).

- *Vocational Labour Market Training Programmes:* Vocational training programmes organised by the Public Employment Agency to provide the unemployed with needed or demanded skills have a long history in Sweden. Since the 1980s, the Public Employment Agency has been organising training through other providers. The duration of the courses is usually longer than a few weeks and does not exceed six months. Participants receive economic support at the level of unemployment benefit during the training (Forslund, 2019, p.15).
- *Labour Market Training:* This programme is implemented to make it easier for people to find or keep a job and to prevent labour shortages. Measures include various vocational trainings provided by public employment offices or other authorities for occupations for which there is an insufficient supply of workers in the local labour market (Anxo & Ericson, 2015, p.26).
- *Apprenticeship Training Programmes:* In order to better meet the skills needs of the labour market and improve the quality of the education and training system, several education reforms have been implemented since the mid-2000s, with a greater emphasis on vocational education and apprenticeship programmes. In 2011, a major high school reform was launched with an emphasis on vocational-oriented courses, and a permanent apprenticeship programme was introduced by switching to a workplace-based vocational education system to better prepare students for working life. Accordingly, measures to improve the workplace-based education system have been implemented. The Swedish government also took measures to ensure closer co-operation between high school authorities, employers and trade unions at the local level to improve the quality of vocational education. In 2013, the government made efforts to strengthen apprenticeship training programmes by increasing the allowances given to apprentices and employers (Anxo & Ericson, 2015, p.28). As can be seen, in Sweden, the process of preparation for working life starts at the high school education stage and the aim is to ensure that young people join the labour market in a short time in line with the cooperation and consultations with stakeholders.
- *Lifelong Learning:* The "Lifelong Learning" system, which is an integrated part of the Swedish education and employment system, has a long tradition in Sweden and has recently been significantly expanded. An important feature of this system is that it offers individuals the opportunity to complete

or improve their educational capacity after leaving initial education, either through an adult education programme or through various training courses within the framework of labour market policy. The government has increased the number of vocational training, apprenticeships, vocational higher education, public high schools, universities and other higher education institutions for adults under the Lifelong Learning system (Anxo & Ericson, 2015, pp.28-29).

2.1.2. Work Experience Programmes

In the 1990s, assistance work was replaced mainly by work experience programmes, usually organised by various non-profit organisations. These programmes aimed to organise activities to prevent the exclusion of those already in the labour market. Participants in work experience programmes were paid unemployment compensation and subsidies were given to employers who hired the long-term unemployed under this scheme (Calmfors, Forslund & Hemstrom, 2002, p.5). The work experience programme provided a temporary job for the unemployed (Sianesi, 2005, p.6). Swedish work experience programmes consist of workplace integration programme, trainee replacement programmes, work practice for the unemployed, youth programmes, special measures for the disabled and work practice for immigrants.

- *Workplace Integration Programme:* The workplace integration programme offers workplace internships to maintain and improve contact with working life, to gain practical experience, good working habits and references to be used later in the regular labour market (Sianesi, 2005, p.5). Labour market integration programmes were introduced in 1997 for six months. Employers participating in this programme received subsidies and employees received a specific wage. In addition, employees were required to participate in training and actively seek employment (Calmfors, Forslund & Hemstrom, 2002, p.6).
- *Trainee Replacement Programmes:* Trainee replacement programmes involve subsidies for a maximum of six months to employers who pay the trainee's training fee and hire a replacement trainee at the end of the period. Therefore, this programme covers both a training process and employment (Calmfors, Forslund & Hemstrom, 2002, p.6).
- *Work Practicum for the Unemployed:* Work practice is a programme in which participants work towards vocational orientation, practice, gain professional experience, and maintain and improve their professional competencies. The employer does not pay wages in this programme, while the state gives the participant a specific activity allowance (Forslund, 2019, p.40).

- *Youth Programmes:* Youth programmes are implemented to help unemployed people aged 16-25 get early work experience or training. Within the scope of the programme, participating young people are guaranteed a job and labour costs are also significantly reduced by substantially lowering the payroll tax paid by employers for young workers aged 16-25 (Anxo & Ericson, 2015, p.26). Although various youth programmes fall into this category, the first youth programmes were the youth teams implemented in 1984 and the youth app implemented in 1992 (Calmfors, Forslund & Hemstrom, 2002, p.6).
- *Special Measures for Persons with Disabilities:* Special support programmes are implemented to support persons with disabilities in finding a job or maintaining an existing job. Employment supports for people with disabilities include wage subsidies for employers who hire a person with disabilities, protected employment for people who cannot find a job in the regular labour market, and assistive technology and personal assistant supports in the workplace (Anxo & Ericson, 2015, p.26). Since the 1980s, Sweden has provided employment subsidies for some target groups such as newly arrived immigrants, people with disabilities as part of its active labour market policies. Target groups generally include groups that are either long-term unemployed or at risk of long-term unemployment. Subsidised jobs for people with disabilities primarily aim to prepare participants for the normal labour market, give them meaningful tasks and enable them to earn income (Forslund, 2019, pp.38-39).
- *Work Experience for Migrants:* The work experience programme aims to provide the individual with work experience to enter or remain in the labour market. The programme can be aimed at unemployed people with prior education in Sweden and newly arrived immigrants. To improve the integration of immigrants into the labour market and to increase the labour supply of foreign-born (predominantly female immigrants), it is considered necessary to take appropriate measures in terms of the labour market, education policy, and anti-discrimination activities. Although there are significant differences between the various immigrant groups, people of foreign origin have significantly lower employment rates and higher unemployment than Swedish natives. Likewise, young people with a foreign background have a considerably higher unemployment rate than their native-born counterparts. Therefore, measures to reduce unemployment among immigrants and refugees have been prioritised, and the Swedish government introduced a new reform for newly arrived immigrants, asylum seekers and their families in December 2010. The reform includes traditional wage subsidies for migrants and asylum seekers, as well as a coordinating responsibility for Public Employment Agencies to

accelerate the labour market integration of newcomers (Anxo & Ericson, 2015, pp.26-27).

2.1.3. Job Finding and Matching Programmes

The Swedish job search and matching programmes consist of an employment support programme, preparation and activation activities, a job induction programme and a job and development guarantee programme.

- *Employment Support Programme:* Employment support promotes employment for people with difficulty finding a job in the labour market. Measures include employment support for people with a history of long-term sick leave and various employment supports for the long-term unemployed by reducing wage costs for employers (Anxo & Ericson, 2015, p.26).
- *Preparation and Enabling Activities:* These orientation, improvement, and information activities prepare individuals for a new programme or job. The programme includes assessment and guidance activities, labour market training for newly arrived migrants and complementary education for those whose school life is incomplete (Anxo & Ericson, 2015, p.26).
- *Business Start-up Programme:* It is a programme that provides financial support for six months to persons who have the necessary competence to start a business or secure employment (Anxo & Ericson, 2015, p.26).
- *Job and Development Guarantee Programme:* The programme, implemented since 2007, provides individual support to people who have been working for a long time and then become unemployed and have been receiving unemployment benefits for 300 days to find a job. The support is provided in three phases for a maximum of two years, with the first phase consisting of 150 days of coaching and job search activities, the second phase consisting of up to 450 days of work experience, and the third phase consisting of directing the unemployed to employment (Anxo & Ericson, 2015, p.26).

2.1.4. Subsidised Employment Programmes

Finally, employment subsidies offered a temporarily subsidised job opportunity to acquire job-specific human capital (Sianesi, 2005, p.6). Many types of subsidised employment schemes have been implemented in Sweden for an extended period of time. These consisted of temporary jobs (for about six months), usually selected by public employment agencies, where employers subsidised people to be employed in the public sector or partly in the private sector. Participants were paid according

to collective agreements, and these employment schemes were in force until 1998 (Calmfors, Forslund & Hemstrom, 2002, p.5).

In the context of labour market policies, governments try to influence labour demand and employment by either directly demanding labour or making labour cheaper through subsidies, thereby enabling other employers to hire workers. In this sense, the Swedish public sector (especially municipalities) has been a significant employer, and the structural growth in public employment was robust between the mid-1960s and the mid-1980s. Women played a significant role in the increase in public employment during this period. Although the Swedish public sector has occasionally been involved in temporary public employment as part of active labour market policies, quantitatively, this contribution has been very modest in the last 20 years. Thus, it has been argued that the Swedish public sector, as an employer, has not made a significant contribution to the development of employment (Forslund, 2019, p. 37). Neoliberal pressures to downsize the public sector, aiming to make it more efficient by eliminating its large, cumbersome, and inefficient structure, have also influenced the Swedish public sector. Consequently, the active labour market policy of using the state as an employment area has been abandoned.

Another type of subsidised employment that has been implemented in Sweden is self-employment grants. These grants, consisting of unemployment allowances for up to six months, are provided to unemployed individuals to help them start their own businesses after being assessed by employment offices. At the same time, entrepreneurship training is offered to participants (Calmfors, Forslund & Hemstrom, 2002, p. 5). This programme supports entrepreneurial individuals who prefer not to work as employees in either the public or private sector and instead wish to establish their own businesses.

2.2. Passive Labor Market Policies in Sweden

Passive labour market policies had two main components: unemployment insurance and social assistance for the unemployed. To be eligible for unemployment insurance benefits, a person must be registered with an employment office, actively looking for a job, and have been employed for a certain period prior to the current period of unemployment. The person receiving unemployment insurance benefits must accept a suitable job offer or labour market programme, and loses the right to receive compensation in case of refusal. The other passive employment programme is the social benefits paid by municipalities, which are lower in both duration and amount compared to unemployment insurance. To benefit from this system, a person must not be entitled to unemployment insurance benefits. Applicants for unemployment benefits are generally new entrants to the labour market (Sianesi, 2005, p. 6). After the economic crisis in Sweden in the 1990s, passive labour market policies lost their former weight in terms of the share allocated from the public budget due to their high cost, and active labour market policies were given more importance.

2.2.1. Unemployment Insurance

Although the Swedish labour market policy system generally prioritises active measures, unemployment insurance is considered to be the essential passive measure in terms of assisting the unemployed (Gustafsson, 2004, p.32). Unlike most countries, Swedish unemployment insurance and health services are outside the social insurance system, but unemployment insurance is considered a part of Swedish employment policy (Government Offices of Sweden, 2016, p.3). The Swedish unemployment insurance system is an insurance system regulated by law, subsidised by the state and based on voluntary membership, where the primary responsibility lies with trade unions, not a state institution. Unemployment insurance funds are managed by different trade unions covering different labour sectors. Trade unions are responsible for collecting membership fees and paying allowances to the unemployed (Anxo & Ericson, 2015, p.15). The fact that unemployment insurance is managed by trade unions shows the strength of trade unions in Sweden (Tepe, 2005, p.268). As a result of the increase in the voluntary membership fees required to receive income-related unemployment benefits with the 2007 insurance reform, the number of insurance memberships covered about 90% of the labour force before dropping significantly after the reform (Forslund, 2019, p.25).

Before the 2007 insurance reform, trade unions contributed about 10 percent of the costs of the unemployment insurance fund, while 90 percent was financed from the state budget. In addition, employees' membership fees to the unemployment insurance fund were deducted from income tax. Thus, when unemployment increased, government payments also rose (Anxo & Ericson, 2015, p. 15). In 2006, the centre-right government that came to power paved the way for a new policy to encourage work. Unemployment insurance benefits were reduced, making it more difficult to qualify for compensation and increasing the costs of insurance participation. It was stated that the government's aim was to shift a certain part of the increase in insurance costs to the employees. After 2006, the cost of unemployment insurance tripled, and around 400,000 employees were laid off. During this period, only 43 percent of unemployed people had unemployment insurance, making the Swedish unemployment insurance system one of the least satisfactory in Europe. Unemployment benefits followed a decreasing trend in relation to current wages (Bengtsson, 2013, p. 10). As a result, membership fees increased significantly, and differentiation between occupational groups emerged. Moreover, the practice of deducting membership fees from income tax was abolished, and the level of fees started to be determined depending on the level of unemployment in the insurance fund (Anxo & Ericson, 2015, p. 15). Thus, the centre-right government that came to power in 2006, with a neoliberal approach, tried to transfer the financial responsibility of unemployment insurance from the public budget to the employees themselves, benefiting voluntarily and in proportion to their contributions.

After the reform, the number of members in unemployment insurance funds decreased by around 500,000 between 2006 and 2008. However, the coverage rate of unemployment insurance (the share of unemployed individuals receiving unemployment insurance benefits) fell from 85 percent to less than 30 percent between 2006 and 2013, despite a slow recovery in the number of members. Due to the consequences of the changes made to the unemployment insurance system, there were debates on whether the system should be made compulsory instead of remaining voluntary (Anxo & Ericson, 2015, p. 15-16). Moreover, although Sweden was once known for its generous unemployment insurance system, it lost this characteristic in the following period. In the early 1990s, the unemployment insurance compensation rate amounted to 85 percent of the net wage of an average industrial worker, whereas after the economic crisis in the early 1990s, there was a steady decline in the level of compensation. By 2010, the unemployment insurance compensation rate was less than 60 percent of the net wage of an average industrial worker. Thus, from 1975 to 2010, the unemployment insurance compensation rate decreased drastically from 80 percent to 55 percent of the net wage of an average industrial worker (Burström, 2015, p. 89-90). Therefore, the decrease in both the number of members and the number of benefit recipients after 2006, as well as the reduction in the compensation rate, caused unemployment insurance to lose its weight in labour market policy. This means that unemployment insurance is no longer seen as a necessary measure.

According to the current legislation, in order to benefit from the unemployment insurance fund, individuals must be a member of the fund for at least 12 months and have a minimum amount of work history prior to the unemployment period. Additionally, the unemployed must be ready to work, actively seeking employment, and willing to accept a suitable job offer. The individual's job-seeking behavior is monitored by public employment offices, and sanctions are imposed in case of non-compliance with the rules. Unemployed individuals who are not members of the unemployment insurance fund but meet the same job search requirements are entitled to a flat-rate daily benefit, which is lower than the unemployment compensation. Benefits from the unemployment fund are available for 300 benefit days (420 calendar days) over five working days per week. Compensation is 80 percent for the first 200 benefit days and then 70 percent until the 300th day of unemployment. After this period, the unemployed can receive 65 percent of their previous income, provided they enter an active labour market programme. On the other hand, many supplementary insurance schemes have been established through collective agreements between trade unions and employers' organisations (Forslund, 2019, pp.25-26). Although the compensation rates for unemployment insurance had been reduced compared to previous periods, the current legislation provided a certain proportion of an individual's previous salary as an insurance benefit, which helped compensate for the loss of income due to unemployment. Thus, the decrease in an individual's living standards for a certain period and the increase in socio-economic inequalities during periods of unemployment are

mitigated. However, the main disadvantage of this system is that individuals must voluntarily participate by paying a certain price.

In order to receive unemployment compensation, the unemployed had to participate in an active labour market policy programme organised by the Swedish Public Employment Offices, such as a job and development guarantee, labour market training, and a work-related rehabilitation programme. Unemployment benefits are paid for each day of participation in the programmes. Unemployed persons over 25 years of age or entitled to unemployment benefits receive an additional benefit called activity compensation, which is calculated based on the unemployment insurance fund benefit. Those under 25 and not entitled to unemployment insurance can receive a lower level of development compensation instead of activity support (Försäkringskassan, 2020, p. 30). Therefore, in order for the individual to receive unemployment compensation, it is not enough for the individual to simply look for a new job. In addition, it is necessary to show the desired development and effort by participating in the active employment programmes specified during this period in order to return to working life as soon as possible.

2.2.2. Social Assistance for the Unemployed

The main recipients of social assistance in Sweden have generally been the unemployed of working age. For the first time in the 1920s, local governments in some Swedish cities started to pay poor relief to families with unemployed members. Since then, there has been a positive correlation between the rate of unemployment and the rate of social assistance receipt. This shows that macroeconomic conditions and labour market policy strongly influence how many people receive social assistance. Therefore, most of the recipients of social assistance have been unemployed people who could not support themselves and their families in any other way and were looking for work (Gustafsson, 2004, p.32). With the Social Service Act, which has been in force since 1982, Sweden allows all Swedish and foreign citizens living in Sweden who do not have their own savings and valuable assets to receive social assistance. This law stipulates that applicants for unemployment benefits must look for a job and participate in active labour market programmes such as job training or education programmes (Anxo & Ericson, 2015, p.17). Therefore, participation in active employment programmes is compulsory in unemployment benefits as in unemployment insurance. Thus, it is aimed for the individual to be included in the training process that enables him/her to reach the competence required to work and adapt to the labour market.

Designed as a social safety net of last resort in Sweden and tested and implemented by municipalities, unemployed individuals who are not entitled to compensation from unemployment insurance and need support for their basic needs generally benefit from social assistance. In order to benefit from unemployment social assistance, the individual must be actively looking for a job (Forslund, 2019, p. 29). Although most of the recipients of social assistance in Sweden were unemployed

people looking for a job, in general, most unemployed people in Sweden could not receive these benefits because they had sufficient income or had other working individuals in their family. In addition, those who have expensive assets such as houses and cars cannot benefit from unemployment benefits. The recipients of unemployment benefits are generally young adults and new immigrants who are unemployed and cannot benefit from unemployment insurance (Gustafsson, 2004, p. 32). In this sense, unemployment benefits have a highly selective entitlement process, and individuals cannot benefit from social assistance until the last stage in terms of not being able to meet their needs. Although unemployment benefits do not seem to be a sufficient measure to prevent poverty and reduce socioeconomic inequalities, they provide a minimum level of benefit in meeting the basic needs of individuals in absolute need.

3. Comparative Analysis of Swedish Labour Market Policy in Terms of Social Justice

The extent to which the conditions for participation in employment -one of the critical factors determining an individual's status- are inclusive within society is crucial for ensuring social justice. Exclusion from the labour market prevents individuals from accessing opportunities necessary for self-realisation. Unemployment, which refers to being excluded from the labour market, leads to poverty, threatens individual health, and causes negative consequences such as loss of self-esteem and reduced social participation. Therefore, ensuring employment is a significant priority for building a just society. Indicators such as the employment rate, unemployment rate, and youth unemployment rate are commonly used as measures of labour market participation (Schraad-Tischler, 2011, p. 15). Preventing long-term unemployment, one of the primary causes of poverty, is essential for achieving social justice and fostering social participation (Schraad-Tischler, 2011, p. 29).

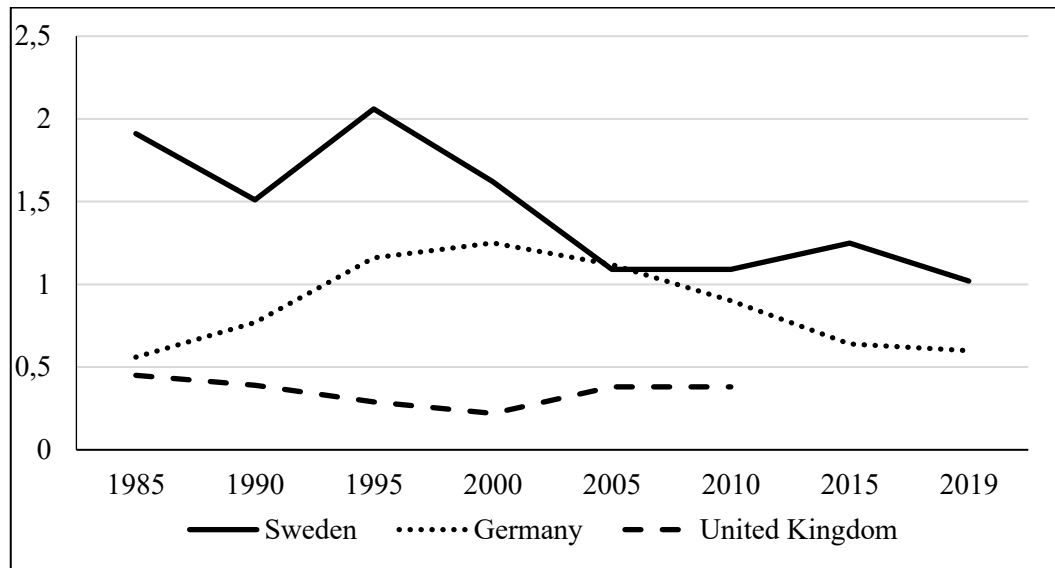


Figure 1: Public Spending on Active Labor Market Policies (per cent of GDP)

Source: <https://stats.oecd.org/>, 2022

Public spending on active labour market programmes includes public spending on public employment services, labour force training programmes, recruitment subsidies and direct employment creation in the public sector (<https://data.oecd.org/socialexp/public-spending-on-labour-markets.htm>, 2022). Figure 1 shows the percentage of public spending on active labour market policies implemented to increase employment as a percentage of GDP between 1985 and 2019. As can be seen from the graph, although the Swedish public employment expenditure ratio is higher than in other countries, it has generally followed a decreasing trend throughout the relevant period, except for the 1990-1995 period. In Sweden, employment fell by about 11 per cent between 1990 and 1994 due to the economic crisis, and the aim of reducing mass unemployment was the dominant policy of the 1990s. The sharp increase between 1990-1994 expresses the efforts made to achieve this objective. During this period, active labour market policy programmes and social policy instruments such as unemployment compensation and social assistance to provide income support to the unemployed were short-term policy instruments to counter the rise in unemployment. In 1994, active labour market policy in Sweden covered more than 5 percent of the labour force. However, the continued increase in unemployment since the early 1990s and the failure to meet the full employment target led to a decline in active employment policy programmes. The general downward trend between 1995-2019 shows that the tendency towards active labour market policies has decreased. Here, it is seen that there was a slight increase between 2010-2015 to compensate for the negative consequences of the 2008 global economic crisis.

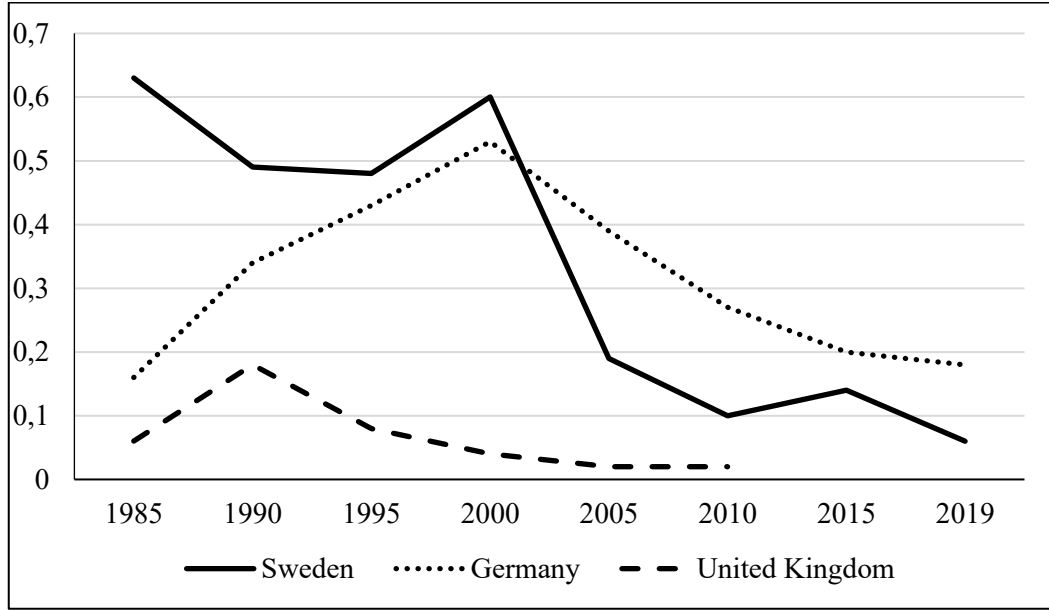


Figure 2: Public Spending on Workforce Training Programs (per cent of GDP)

Source: <https://data.oecd.org/>, 2022

The percentage of public spending on labour force training programmes within active employment programmes as a percentage of GDP is given in Figure 2. These training programmes cover institutional and workplace training and particular support areas such as apprenticeship training. According to the data in the graph, although public spending in this area is included in the active labour market policy, it is understood that their course varies over the years. While it followed a nearly constant course, especially between 1990 and 1995, it is observed that it showed a sharp increase in the second half of the 1990s. In the 1990s, in Sweden and many other parts of Europe, such as Germany, labour market training programmes, especially for young unemployed, were implemented quite strongly. After 2000, it was observed that there was a remarkable decline until 2010. This situation shows that the importance given to labour market training programmes has decreased compared to other areas within active labour market policies. The partial increase after 2010 is thought to compensate for the effects of the 2008 global economic crisis. Considering that labour force training programmes are the most costly practices among active labour market policies, such a withdrawal due to the transformation of the welfare state is reasonable.

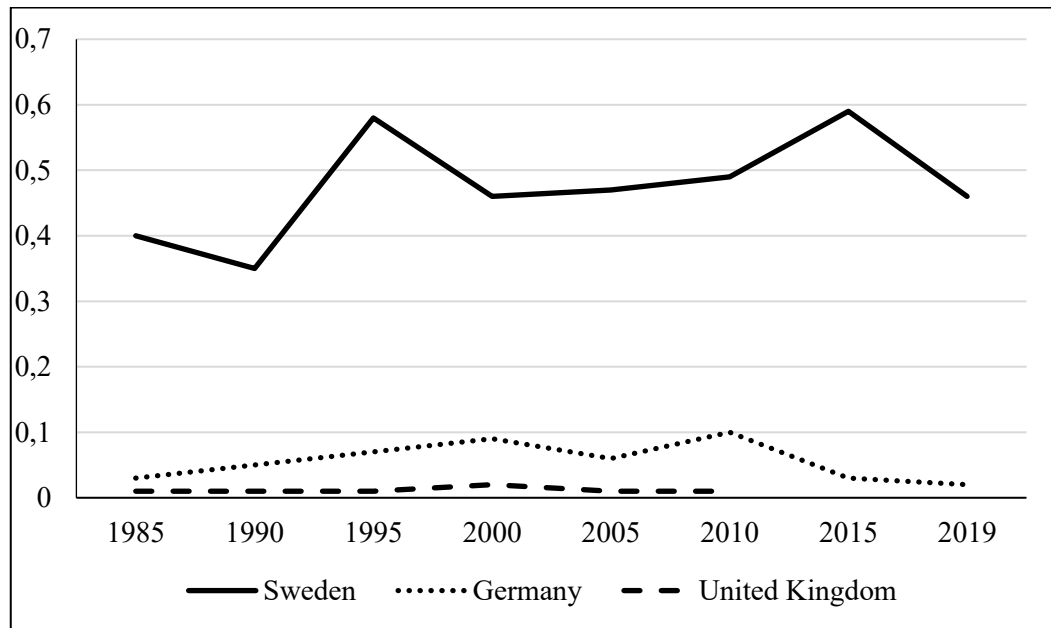


Figure 3: Public Spending on Employment Incentives Programs (per cent of GDP)

Source: <https://data.oecd.org/>, 2022

Employment promotion programmes include new employment formation, retention of existing employment, job rotation and job-sharing activities (<https://data.oecd.org/social/exp/public-spending-on-labour-markets.htm>, 2022). Figure 3 shows the public expenditure rates for these programmes between 1985-2018. When the graph is examined in general, it is seen that Sweden attaches more importance to these programmes than other countries and maintains its position in active employment programmes despite periodic ups and downs. Considering that the Swedish labour market policy is managed nationally to achieve targets such as an 80 percent employment rate and an unemployment rate below 4 percent, it is of great importance to maintain the importance of such programmes.

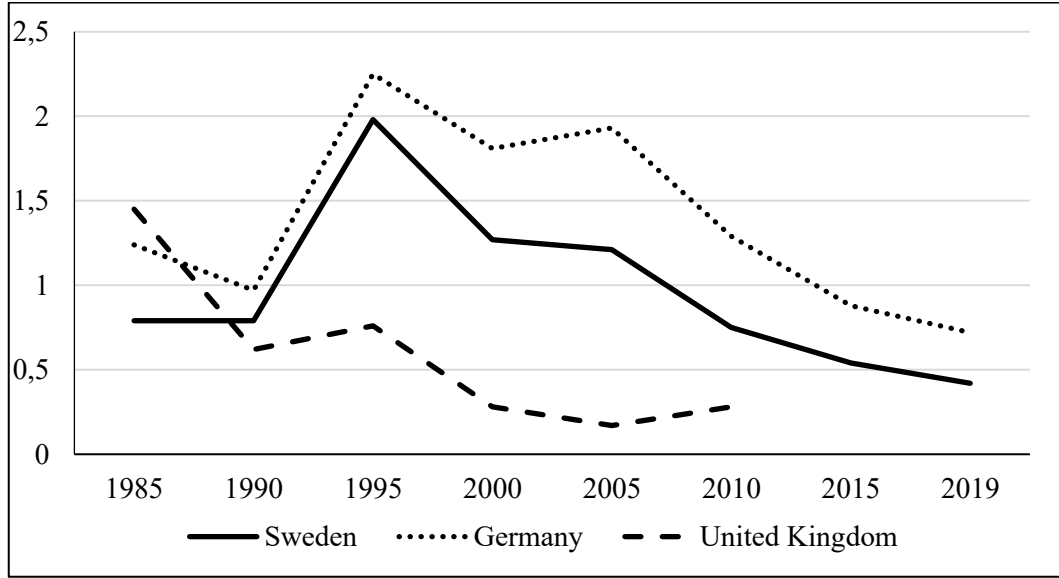


Figure 4: Public Spending on Passive Labor Market Policies (per cent of GDP)

Source: <https://stats.oecd.org/>, 2022

Passive employment programmes include unemployment benefits, unemployment insurance, partial unemployment benefits, part-time unemployment benefits, redundancy and bankruptcy compensation (<https://data.oecd.org/socialexp/public-spending-on-labour-markets.htm>, 2022). While unemployment insurance is included in the social security system in other countries, in Sweden, it is considered within the scope of labour market policy and the funds are managed by trade unions. Swedish unemployment insurance is the expenditure item with the largest share in passive labour market policy. According to Figure 4, which shows the public spending on passive labour market policy as a percentage of GDP, it is observed that Swedish public spending lag behind Germany in terms of percentage and has been declining sharply since the economic crisis between 1990-1994. The decrease in unemployment insurance compensation rates is believed to be effective in this decline. While the unemployment insurance compensation rate corresponded to 85 per cent of the net wage of an average industrial worker in the early 1990s, this rate dropped below 60 per cent in 2010. Moreover, since the second half of the 1990s, changes were made in passive labour market programmes, reducing unemployment benefits in 1996, introducing a two-tier social assistance system in 2001 and raising unemployment insurance membership fees in 2007. The explanation for the decline after 2005 is thought to be related to the insurance reform in 2007. With the reform, membership fees to the insurance fund were increased, and the number of fund members decreased significantly.

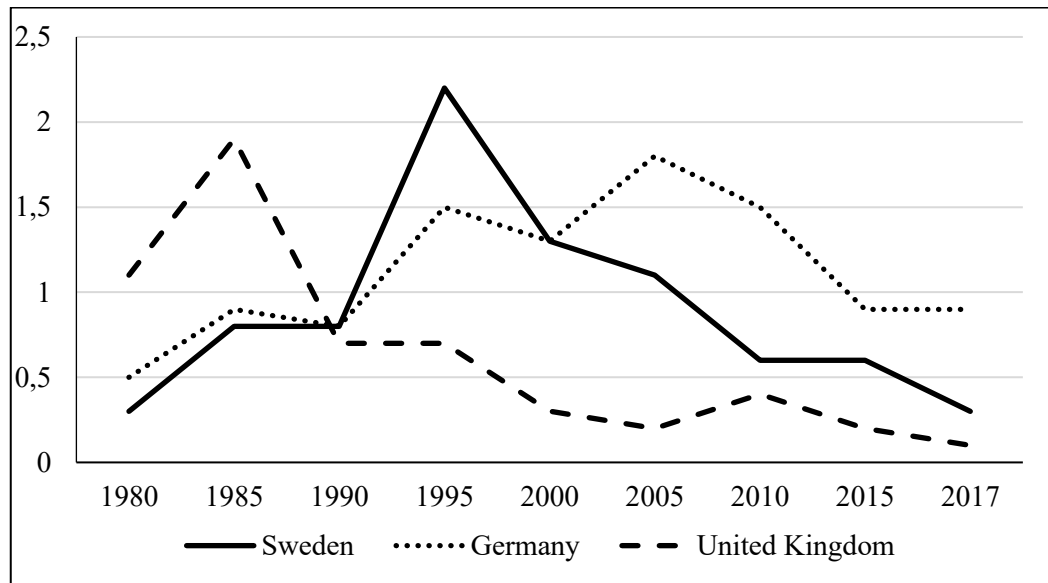


Figure 5: Public Unemployment Spending (per cent of GDP)

Source: <https://data.oecd.org/>, 2022

Public unemployment expenditures include cash benefits provided to unemployed people to compensate for their loss of income. Payments such as redundancy payments and unemployment pensions are considered within this scope. This indicator is measured as a percentage of GDP (<https://data.oecd.org/social/exp/public-unemployment-spending.htm>, 2022). Figure 5, shows that public unemployment expenditure for 1980-2017 follow a similar course to passive employment policy expenditures. As stated in the previous graph, public unemployment expenditures increased significantly to compensate for the severe consequences of the mass unemployment that emerged during the economic crisis period of the 1990s. Then, as a result of the developments mentioned above, it has continuously decreased until today and reached its lowest level.

Up to this stage, interventions for access to the labour market and prevention of unemployment have been evaluated within the scope of ensuring social justice, and in the next stage, the results obtained within the scope of the same issue for social justice are discussed.

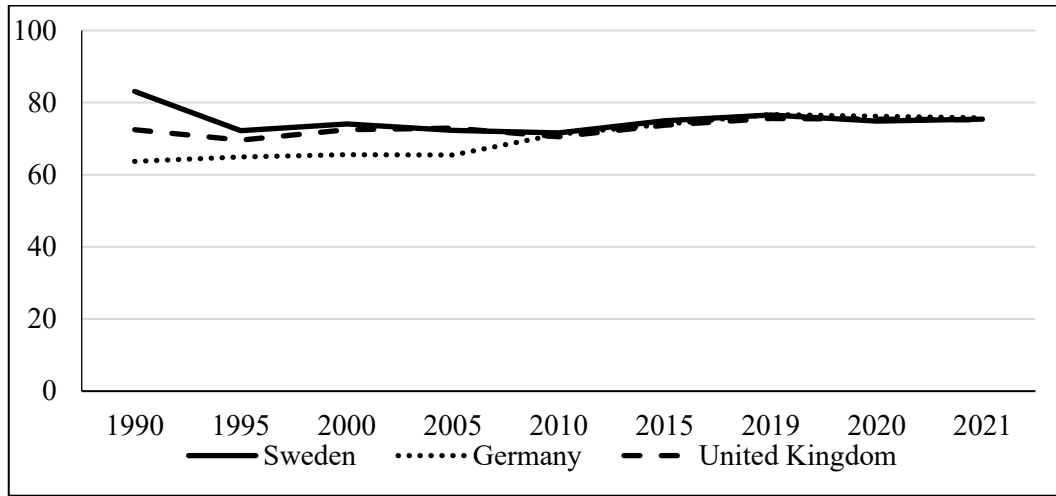


Figure 6: Employment Rate (per cent of working-age population)

Source: <https://data.oecd.org/>, 2022; OECD, 1997; OECD, 2003; OECD, 2008; OECD, 2011; OECD, 2016; OECD, 2021

Employment rates are defined as the extent to which the available labour force between the ages of 15 and 64 who are able to work is used and calculated as the ratio of employed to working-age population. Employment rates are influenced by the economic conjuncture and in the long run, they are significantly affected by governments' higher education and income support policies and policies that facilitate the employment of women and disadvantaged groups (<https://data.oecd.org/emp/employment-rate.htm>, 2022). Figure 6 shows the employment rates of countries between 1980 and 2021. According to the graph, the economic crisis in the early 1990s caused Swedish employment to fall by about 11 per cent, and although there were fluctuations between 72-76 per cent after 1995, it could not reach the level of 83.1 per cent as in 1990. Although active labour market programmes and social policy instruments such as unemployment compensation and social assistance to provide income support to the unemployed were used to prevent the rise in unemployment during the 1990-1994 crisis period, the resulting mass unemployment put pressure on macroeconomic policies. It led to the abandonment of a full labour market policy. Sweden, which overhauled its economic institutions after the devastating economic crisis in the early 1990s, is reported to have recovered from the 2008 global economic crisis faster than other OECD economies. After 2010, the rise in employment rates shows the stated recovery. Due to the recent Coronavirus (COVID-19) outbreak, Sweden is trying to prevent a decrease in the employment rate by changing existing labour market policies, similar to the measures implemented after the 2008 global financial crisis.

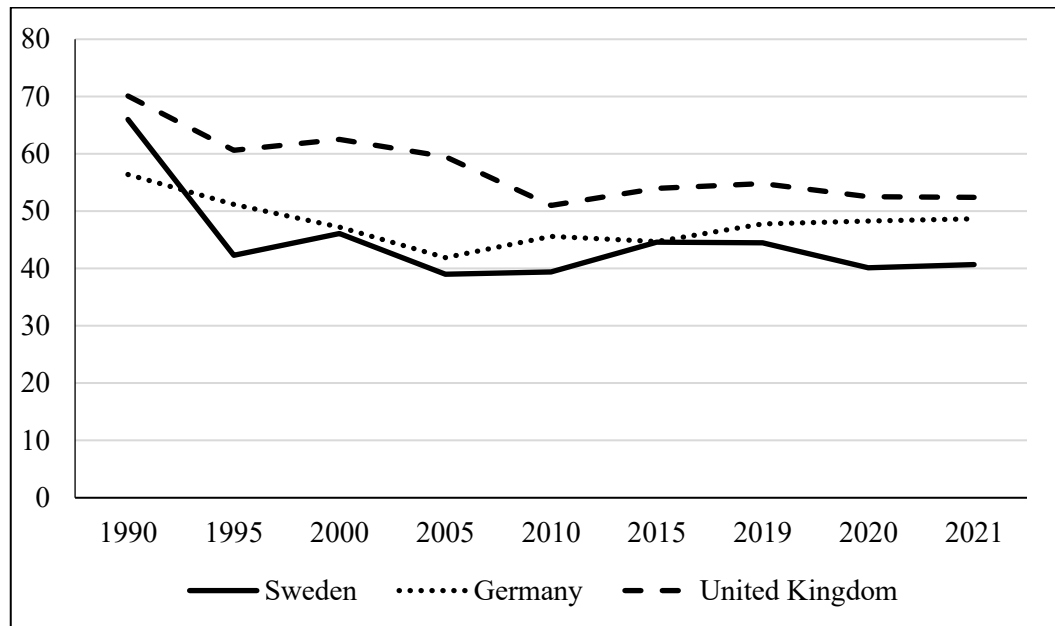


Figure 7: Youth Employment Rate (15-24 year-olds, per cent in same age group)

Source: <https://data.oecd.org/>, 2022; OECD, 1997; OECD, 2003; OECD, 2008; OECD, 2011; OECD, 2016; OECD, 2021

The employment rate by age group is measured as the number of persons employed at a given age, which is a percentage of the total number of persons in the same age group. Young people between 15 and 24 years old represent new entrants to the labour market after education (<https://data.oecd.org/emp/employment-rate-by-age-group.htm#indicator-chart>, 2022). Figure 7 shows the youth employment rate between the ages of 15-24 for countries from 1990-2021. Compared to the overall employment rate, it is seen that young people were more affected by the economic crisis but responded more positively to active labour market policy, including both training and programmes such as employment incentives.

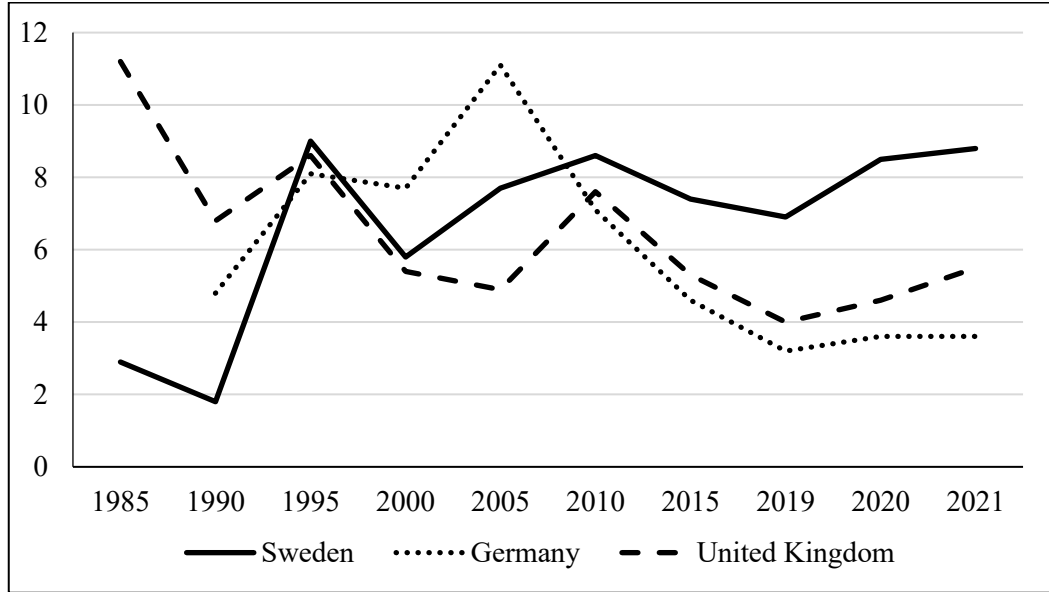


Figure 8: Unemployment Rate (per cent of labour force)

Source: <https://data.oecd.org/>, 2022; OECD, 1997; OECD, 2003; OECD, 2008; OECD, 2011; OECD, 2016; OECD, 2021

The unemployed refers to people of working age who are available for work and who make efforts to find a job. The unemployment rate is measured as a percentage of the labour force, and the labour force is defined as the sum of the total number of unemployed and employed (<https://data.oecd.org/unemp/unemployment-rate.htm>, 2022). Figure 8 shows the unemployment rates of countries between 1985 and 2021. As mentioned, Sweden implemented a full employment policy before 1990, reducing its unemployment rate to below 2%. It is clear from the graph that this unemployment rate is meagre compared to other European countries. However, the economic crisis of 1990-1994 affected Sweden deeply and caused the unemployment rate to rise from 1.8 per cent to 9 per cent. Although the active and passive employment measures implemented in this period yielded positive results between 1995 and 2000, it entered a general upward trend with ups and downs after 2000. It is thought that it is not a coincidence that the periods showing an upward trend coincided with the 2008 global economic crisis and the 2019 pandemic. One of the points to be noted here is that with the increase in unemployment during the crisis periods that emerged after 1990, active labour market policy were generally emphasised, and positive results were obtained to reduce unemployment after the crisis periods.

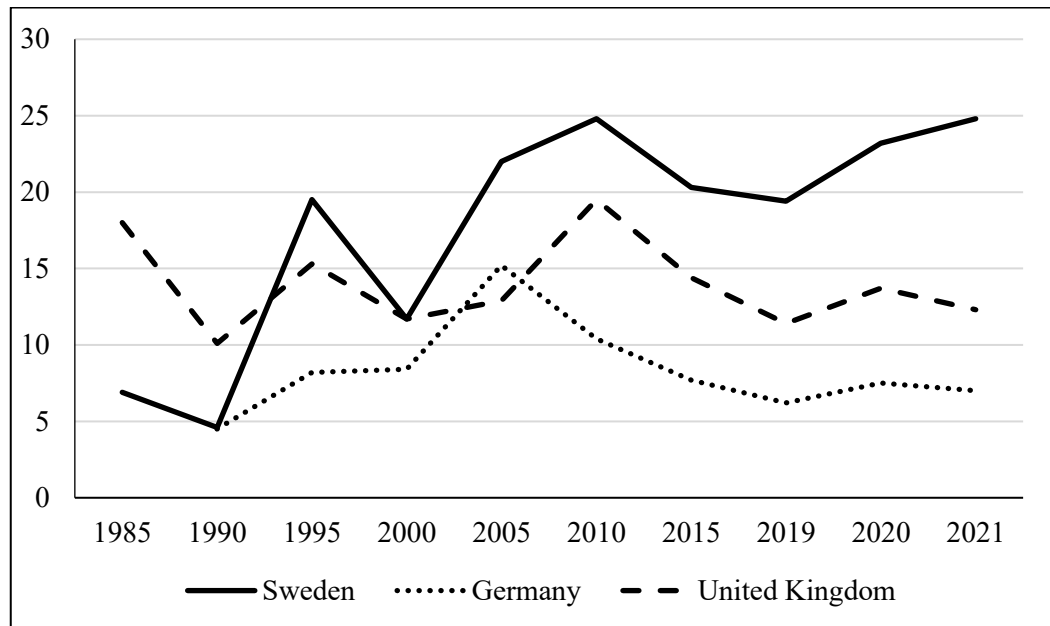


Figure 9: Youth Unemployment Rate (per cent of youth labour force)

Source: <https://data.oecd.org/>, 2022; OECD, 1997; OECD, 2003; OECD, 2008; OECD, 2011; OECD, 2016; OECD, 2021

The youth unemployment rate between 15 and 24 years old represents those who entered the labour market after education but could not find a job and is measured as a percentage of the labour force (<https://data.oecd.org/unemp/unemployment-rate-by-age-group.htm#indicator-chart>, 2022). According to Figure 9, Sweden's unemployment rate between the ages of 15-24 has been affected by crisis periods more than other age groups, as is the case with the youth employment rate. During the 1990-1994 economic crisis and the 2008 global economic crisis, the youth unemployment rate increased and had a higher youth unemployment rate than other countries. In the post-2019 pandemic period, it is observed that the increase in youth unemployment continued and diverged negatively from different countries. As a result of the measures taken, it is understood that positive results were obtained after the crisis periods, and the upward trend in the post-1985 period has continued until today.

4. Conclusion

Sweden experienced a significant increase in welfare between 1938 and 1980 due to historical consensus, but with the rise of globalisation and neoliberal policies after 1980, it began making concessions from its welfare state approach. Despite this, Sweden has maintained a relatively strong commitment to social justice through social assistance, services, and active labour market policies, though recent criticisms highlight the exclusion of immigrants from essential public services. Swedish labour market policy prioritises economic growth by optimising labour

and capital use, aiming for high employment and low unemployment. Institutional and consensual structures established since the 1930s contributed to Sweden's success in balancing economic growth and employment. However, following the economic crisis of the 1990s, Sweden restructured its policies, shifting focus from passive measures, such as unemployment benefits, to active labour market policies due to fiscal concerns. This strategic shift, reinforced by lessons from past crises, enabled Sweden to implement effective employment measures during the 2008 global financial crisis and the COVID-19 pandemic, demonstrating its capacity to sustain employment and economic stability more successfully than many other European countries.

The historical development of Sweden's labour market policy aligns with OECD data, demonstrating a shift towards active labour market policies during economic crises, which yielded positive outcomes post-crisis. However, public spending on active policies declined over time, while passive policies, aimed at temporary income compensation rather than unemployment prevention, lost significance due to reductions in unemployment benefits and increased union membership fees. Since the 1990s, Sweden's unemployment trends indicate that young people have been disproportionately affected compared to other European countries, raising concerns about social justice and intergenerational equity. Economic crises led Sweden to alter its welfare state model, moving away from its full employment policy, which was central to social justice. Consequently, Sweden's unemployment rates have diverged negatively from those of countries like Germany and the UK.

This study highlights the critical role of employment policies in ensuring social justice and economic welfare, emphasising that historical experiences and the effectiveness of active and passive employment policies shape countries' capacities for economic growth and social equity. The key finding is that investments in active employment policies yield more successful results during and after economic crises, although their continuous support is essential, whereas passive policies like unemployment insurance have limited long-term effectiveness and their reduction may have negative consequences. Additionally, economic crises and global shifts often lead to significant transformations in social and economic policies, making effective management crucial for sustaining welfare and social justice. The Swedish case illustrates how even a well-established welfare state can face sustainability challenges due to globalisation and neoliberal policies, underscoring the need for ongoing support for disadvantaged groups alongside economic growth. Ensuring employment growth through active policies is vital, not only during crises but also in the long term, to maintain resilience and sustainable development. Future strategies should prioritise balanced approaches between economic growth and social justice, enhance labour market integration through education and vocational training, and promote inclusive policies for migrants to strengthen social cohesion. Moreover, continuous evaluation of passive policies and adaptation to global

dynamics will enable countries to manage unemployment effectively and develop flexible, innovative solutions to uphold social justice for future generations.

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Ethics Statement: The author declares that ethical rules have been followed in all the preparation processes for this study. In case of a contrary situation regarding scientific ethics issues, all responsibility belongs to the authors of the study and Çankırı Karatekin University Journal of Faculty of Economics and Administrative Sciences has no responsibility.