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Multi-Pillarization of Unemployment Benefit Provision in Sweden

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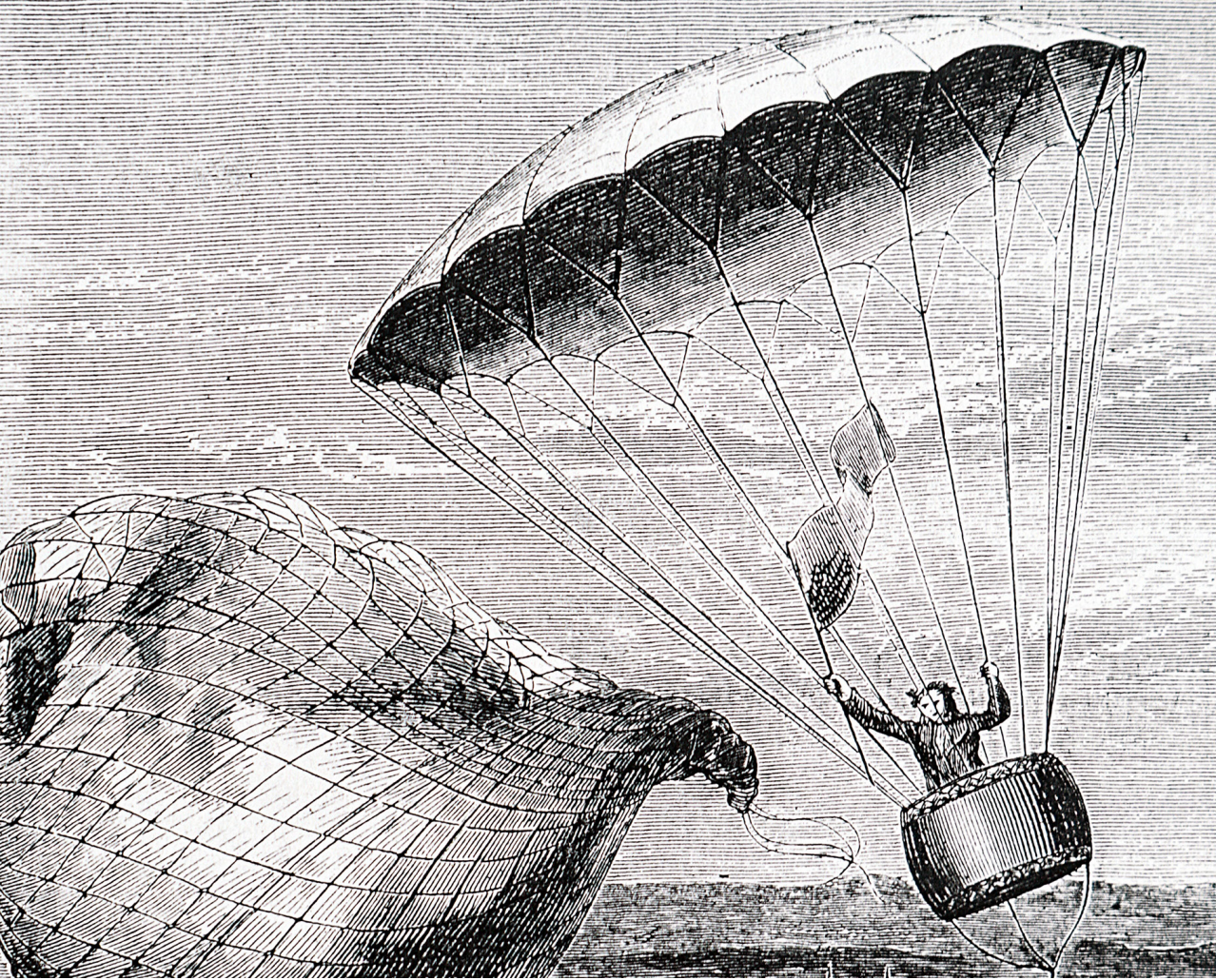
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PO Box 117
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+46 46-222 00 00



Beyond Retrenchment

Multi-Pillarization of Unemployment Benefit Provision in Sweden

Jayeon Lindellee



LUND DISSERTATIONS IN SOCIAL WORK



Beyond Retrenchment

Multi-Pillarization of Unemployment Benefit Provision in Sweden

Jayeon Lindellee



LUND
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DOCTORAL DISSERTATION

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Abstract <p>The unemployed in Sweden today have to relate to several types of benefit schemes. Apart from the public unemployment insurance program, different workplaces are covered by different complementary benefit arrangements regulated by collective agreements between employer and union organizations. These Employment Transitional Agreements have existed since the 1970s but have expanded further in scope to include the entire labor market. Besides this occupational welfare arrangement, there are complementary income insurance schemes that the majority of labor unions provide for their members, covering half of the working population today. These are meant to top-up the benefits from the public unemployment insurance program or prolong the benefit payment period. Complementary income insurance schemes first appeared in the late 1990s and expanded quickly during the last fifteen years. While union-provided, group-based insurance schemes dominate the market, there are also private income insurance plans operating based on risk assessment and premium-setting practices on the individual level.</p> <p>This dissertation addresses the questions of how and why these complementary benefits for the unemployed developed and their distributive outcomes. As the public unemployment insurance program has continued to retrench since the 1990s in terms of benefit generosity, coverage as well as reciprocity rate, understanding the role of the occupational and private pillars providing the complementary benefits and the interactions between these becomes crucial if we want to understand the actual outcome of the unemployment benefit provision system as a whole.</p> <p>Theoretically, this dissertation accounts for the institutional changes and outcomes of the Swedish unemployment benefit provision system through a multi-pillar perspective. The pillar perspective helps us analyze changes despite relatively stable institutional structure of the Swedish public unemployment insurance program, by highlighting the new roles and distributive logics of the newer <i>loci</i> of the unemployment benefit provision system. Without launching a sweeping statutory institutional reform, the division of responsibility over income protection for the unemployed has been redefined between the state, unions, individuals and market actors – which has implications for the outcomes of unemployment protection. Empirically, the dissertation provides a comprehensive overview of the different pillars of the Swedish unemployment benefit provision system today and analyzes the interactions between the pillars as well as the distributive implications of the system. Moreover, the dissertation explores the outcome of multi-pillarization through a benefit reciprocity study targeting unemployed retail workers, using both register as well as survey data.</p> <p>The results highlight that in spite of the institutionalization of both the occupational and private pillars formally achieving a comprehensive coverage for a large part of the working population, in practice there is not only differentiated access to the complementary benefits across different occupations and sectors but also different barriers and mechanisms leading to certain groups of individuals becoming desitized from the institutionalized unemployment protection system. This gap between the output-level of multi-pillarization and the outcome of the Swedish unemployment benefit provision system may be accounted for by the specific path to multi-pillarization that has been strongly shaped by the institutional legacies of the Ghent system, where unions have played a significant role, as well as labor market developments characterized by a dualization tendency.</p>		
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Beyond Retrenchment
Multi-Pillarization of Unemployment
Benefit Provision in Sweden

Jayeon Lindellee



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Andre-Jacques Garnerin (1769-1823), a French balloonist and inventor of the frameless parachute, making his first parachute descent.

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Chapter 1

Introduction

The Swedish welfare state comes with connotations such as universal, egalitarian and generous welfare provision. Characterizing the Swedish welfare state is not merely a venture monopolized by scholars in the field of comparative welfare state research. It is rather a widely shared public discourse and a so-called “sticky” reputation (Cox, 2004) that cannot easily be challenged by empirical indications suggesting otherwise. This dissertation is precisely about challenging this firm facade of the Swedish welfare state, by studying a central institution of risk protection having undergone significant changes during the last decade without the due attention these changes deserve: the case of unemployment benefit provision.

In numerous comparative studies, Sweden had stood out for the generosity of its public unemployment benefits with regard to income replacement rate, duration of payment as well as the inclusiveness of such benefits in terms of the criteria for eligibility and resulting coverage – all of which are considered indicative of the de-commodifying efforts by welfare states (Scruggs and Allan, 2006; Scruggs, 2006; Esping-Andersen, 1990). Yet, the following advertisement attached to a local bus in the Swedish city of Malmö in 2014 reveals that something might have changed.

You have insured your car properly. How about your income? Become a member of *Unionen*¹ and our income insurance is included. With that you get up to 80 percent of your income for 150 days between jobs. If you are only a member of a public unemployment insurance fund, then you get a maximum of around SEK 11,000 per month after tax.²

During the last fifteen years, many labor unions have started providing complemen-

¹ *Unionen* is the largest labor union in Sweden organizing over 600,000 white-collar workers in the private sector.

² My own translation.

tary income insurance schemes for their members in collaboration with insurance companies. The complementary income insurance benefits are to top up the benefits from the public unemployment insurance program or to prolong the benefit period. One is thus encouraged to actively insure against income loss by becoming a member of unions providing complementary benefits, in addition to the public unemployment insurance fund membership. Can we still talk of universal welfare provision, when the income support upon unemployment differs depending on one's decisions regarding whether or not to get complementary insurance schemes, and where such possibilities vary depending on which labor market sector one works in or which profession one belongs to?

1.1 Changing landscape of Swedish unemployment benefit provision

Ever since unemployment came to be understood as a social problem demanding more comprehensive measures (i.e., beyond the efforts of local authorities and voluntary insurance schemes run by workers' organizations), most industrialized European countries introduced obligatory unemployment insurance schemes covering the working population at large. Unemployment insurance programs are generally obligatory in the sense that everyone engaged in wage labor is to pay contribution fees and is thereby covered by the insurance by default, although there are usually qualifying conditions to fulfill (Sjöberg, Palme and Carroll, 2010).

In contrast, in the so-called "Ghent system," the state subsidizes voluntarily operated unemployment insurance schemes. Here, the role of the state is limited to regulation, supervision and financial subsidization, while the union-linked unemployment insurance funds are responsible for the administration of the unemployment insurance. The Ghent system is today in operation in Sweden, Denmark, Finland and Iceland.³ As of July 2017, there are 27 different unemployment insurance funds in Sweden. All but one of these funds (*Alfa-kassa*) are linked to specific unions organizing different sectors and professional groups. Although the unions are interest groups and the union-linked unemployment insurance funds are private organizations, they perform the tasks regulated by legislation governing the unemployment insurance program⁴ and are closely supervised by the state and related public authorities, such as the Swedish Unemployment Insurance Board (IAF).⁵ The Ghent system in Sweden is in other words exposed to the public

³Although the Ghent system originated in a town called Ghent in Belgium, in Belgium it transformed into a compulsory insurance system in 1944. However, the system is still considered a "partial Ghent system," as the unions are extensively involved in benefit payments (van Rie, Marx and Horemans, 2011).

⁴SFS (1997:835) and SFS (1997:238).

⁵*Inspektionen för arbetslöshetsförsäkringen* in Swedish.

accountability and scrutiny of democratic and legal forces (Sjöberg, 2011).⁶

The relationship between unions and insurance funds has changed over time and differ widely across different labor market sectors and professional groups. The most recent study into the matter by the Swedish Unemployment Insurance Board (IAF) points to the fact that many unions and their insurance funds collaborate closely, not least when it comes to the collection of membership fees but also in other organizational aspects such as the sharing of office space, cross-representation of board members, special advantages for members with dual membership, insurance fund involvement in the membership recruitment of unions, etc. (IAF, 2014, 2018).

Despite retaining voluntary membership in the insurance funds, the Swedish Ghent system has for a long time been characterized by comprehensive coverage and generous benefit levels (Rothstein, 1992; Scruggs, 2007; Sjöberg, 2011; Sjöberg, Palme and Carroll, 2010). This was possible by collectively pooling the risk of income loss upon unemployment in two ways. First, the state heavily subsidized benefit payments and membership fees so that the generous compensation level as well as the high coverage could be sustained. Second, the contribution fees for everyone insured were kept at uniformly low levels regardless of which insurance funds they belonged to. Additionally, the system also provides basic (flat-rate) benefits for unemployed individuals not belonging to an insurance fund, as long as they fulfill work requirements. These features ensured a wider coverage including workers in sectors and professions facing higher risks of unemployment (more on this in Chapter 4).

However, starting in the 1990s during the economic crisis and especially since 2007 when the center-right coalition government the Alliance (*Alliansen* in Swedish) implemented a series of reforms, changes were made that turned this course of development in another direction. During the general election in 2006 the Alliance, consisting of the four centre-right political parties,⁷ profiled themselves as the ‘New Labor party’ and set the issue of unemployment and other types of inactivities among the working population as an important agenda. Securing a majority in the parliament, the Alliance entered the office with the promises of benefit cuts for the unemployed and the sick and put its ‘work-first policy’ into practice swiftly (Davidsson and Marx, 2013, 514-517). While the Swedish work approach (*Arbetslinjen*) can be seen as the legacy of the decades of Social Democratic policy with its focus on full employment and active labor market programs (Huo, Nelson and Stephens, 2008), the cornerstone of the reforms that took place under the Alliance was to make work pay by introducing the earned income tax credit as well as lowering the social insurance benefits including the unemployment insurance benefit

⁶For an understanding of publicness based on the degree to which an organization is affected by political authority, see Bozeman (1987/2004).

⁷The Moderate Party (*Moderaterna*), The Centre Party (*Centerpartiet*), The Liberals (*Liberalerna*), The Christian Democrats (*Kristdemokraterna*).

(Bengtsson and Berglund, 2012; Bengtsson, 2017).

Tougher eligibility rules, a shorter benefit period and compensation level, increased membership fees and reduced state subsidies resulted in a decline in both coverage as well as generosity of unemployment insurance benefits. The effective income replacement rate of the unemployment benefits decreased greatly as the maximum payable amount of the benefits (ceiling) had lagged behind increases in prices and wages for a long time, leaving the compensation level lower than the OECD average and in effect turning into flat-rate benefits rather than earnings-related benefits for the unemployed (Sjöberg, 2011; Goul Andersen, 2012; ISF, 2014; SOU, S 2010:04).

The decline in risk protection provided for the unemployed by the Ghent system opened up room for the growth of various kinds of complementary benefits. The unemployed in Sweden today have to relate to several kinds of benefit schemes. Apart from the public unemployment insurance program, different labor market sectors are covered by different complementary benefit arrangements regulated by collective agreements between the main employer and union organizations. These Employment Transitional Agreements have continuously been expanded to cover the entire labor market since their inception in the 1970s.⁸ Besides this occupational welfare arrangement, there are private complementary income insurance schemes provided by the majority of labor unions for their members – as illustrated by the advertisement at the beginning of this chapter – covering half the working population as of 2017. These are to top-up the benefits from the public unemployment insurance program or prolong the benefit payment period. There are also individual income insurance plans, operating based on risk assessment and premium-setting practices on the individual level (Chapter 5).⁹

We may therefore now speak of a *multi-pillarization* in the provision of unemployment benefits in Sweden. By multi-pillarization, I refer to the changing institutional landscape for unemployment benefit provision, where there is an increase in the importance of different complementary benefits provided by occupational and personal arrangements, or pillars, and where the relative functions of the respective pillars are changing. The emergence of such multi-pillarization entails a more fragmented social protection system where the scope of risk pooling, eligibility principles and administrative procedures differ across the different pillars. Thus, merely looking into the role of the Ghent system tells us little about to what extent the unemployed are protected from financial vulnerability in

⁸In Swedish, they are often called *trygghetsavtal* or *omställningsavtal*. There is yet no widely accepted single term for indicating these collective agreements. For the English translation, I use the term Employment Transitional Agreements used by several Swedish researchers having published recently on the topic, such as Jansson et al. (2016, 2018).

⁹I use the term complementary income insurance, while in Swedish it is often referred to as *inkomstförsäkring*. I choose to add the word “complementary” consistently in order to make its role clear. The newly emerged complementary unemployment insurance schemes in Sweden has no predecessor in this context. This implies that there is room for discussing definitions related to this as well as deciding which terms to be used when translated into English.

Sweden today. The development and outcome of this multi-pillar system of unemployment benefit provision are at the center of this dissertation.

1.2 Risk privatization

The development of complementary pillars of social protection involving private actors and other types of collective intermediaries, such as labor unions and employers' organizations, represents a case of risk privatization. First, compared to the state-run insurance programs with compulsory coverage, the complementary protection provided by group-based or individual insurance entails more limited risk pooling and thereby weaker redistributive mechanisms. When it comes to private insurance plans, their commercial character strengthens the actuarial principle between the level of risk and premium, which raises the issue of accessibility for individuals with high-risk profiles. Hacker (2004) says the following regarding the distributive implications of risk privatization:

The bounds of social insurance thus delimit the scope of shared risk - the degree to which potent threats to income are spread across citizens of varied circumstances (risk socialization) or left to individuals or families to cope with on their own (risk privatization). To "privatize" risk, in this parlance, is thus to fragment and undermine collective insurance pools that offer reduced cost protection to higher-risk and lower-income citizens in favor of arrangements that leave individuals and families responsible for coping with social risks largely on their own (*ibid.*, 249).

Hence, when a multi-pillar strategy is explicitly employed, as has been done in pension reforms in a large number of mature welfare states, an important question is whether the combination of protection provided by different pillars involving collectively negotiated group insurance and private insurance can provide adequate coverage for all types of risks spanning over different demographic groups and occupational sectors (see, for example, Meyer, Bridgen and Riedmüller, 2007; Ebbinghaus, 2011; Wiß, 2015). An unexpected outcome of privatization in the risk protection institution and a multi-pillar strategy may be that certain groups lose their entitlement to the protection.

In the presence of plural sources of welfare provision, what matters is to what extent and in which ways individuals may combine different kinds of benefits and how these aid them in coping with the financial vulnerability faced by these individuals. A multi-pillarization of social protection systems thus entails greater responsibilities for individuals in ensuring an adequate level of protection against risks by making a range of active choices in relation to private complementary insurance schemes and, in the case of group insurance provided by unions, choosing the right sector or occupation in which

to work. In other words, the outcomes of a multi-pillar system of social protection hinge greatly upon the strategies adopted by individuals, as well as their knowledge and ability to navigate the system.

Earlier studies on the Swedish context have pointed to the difficulty in gaining a comprehensive understanding of the range of income protection schemes comprised of multiple types of benefits, as well as highlighting the fact that not everyone who is supposed to be eligible for complementary benefits actually receives these benefits (Lindquist and Wadensjö, 2007, 2011). The consequences of changes in a risk protection institution, such as unemployment benefit provision, hence ought to be studied not only by looking into changes in formal rules or changes in the aggregate numbers of membership coverage, but also by looking into actual benefit reciprocity as well as how the unemployed experience the increasingly more complex and fragmented benefit system in coping with their income loss.

1.3 Silent and subterranean change

The development of complementary benefits for the unemployed has taken place without far-reaching or explicit institutional reforms. Having reviewed the development in the Swedish welfare model after the economic crisis in the 1990s, Palme et al. (2002, 344-345) spelled out a concern for the future of the Swedish social security system, which is highly relevant for how the multi-pillarization of the unemployment benefit provision system may be understood:

Universal social services and benefits, as well as earnings-related social insurance, still dominate the system. However, a number of decisions, as well as non-decisions, might trigger more systematic change in the longer run by changing the interest formation around social policy institutions. It might be that non-decisions are most important in a model-perspective. As the ceilings in most systems are not changed, and real wages increase, an increasing number of citizens have earnings above the ceilings. This in turn might in the long run transform the earnings-related system into a flat-rate one, presumably shifting the responsibility of insurance to private schemes [...] The sustainability of the particularities of the Swedish model of welfare remains an open question.

A similar prognosis was made by Lindquist and Wadensjö (2007, 112-113). By mapping the privately provided benefits complementing the public social security programs upon unemployment, sickness and pension, they pointed to the quickly increasing importance of private insurance in the midst of retrenchment in the public programs. These

concerns seem to have been confirmed according to a recent report published by the Swedish Social Insurance Inspectorate (ISF).¹⁰ ISF (2014) shows that the principle of income replacement underpinning the Swedish social insurance system has been eroded due to an increasing gap between wage and price increases and the maximum benefit levels of various social insurance benefits.

This empirical development may be understood using the concept *passive privatization*, capturing a specific course of privatization processes leading to an increased need for citizens to look for other private ways of welfare provision when a public social protection system caters less and less to the risks faced by citizens. Passive privatization can take place “by reducing or failing to upgrade state provision in line with rising public expectations and perceptions of need, so as to create a ‘social protection gap’ which is filled by private provision” (Bonoli, George and Taylor-Gooby, 2000, 46).

From this perspective, multi-pillarization in the Swedish unemployment benefit provision system may thus be understood as an institutional change resulting from a passive privatization process. This is to be contrasted with the case of pension reforms in Europe where multi-pillarization has been an explicit strategy driven by politicians and experts over the last decades (Anderson, 2010; Ebbinghaus, 2011). Compared to outright benefit cuts or eligibility reforms making access to specific benefits more difficult, gradual changes resulting from non-action can be characterized by its “subterranean” characteristic entailing low visibility from the public eye and a marginal presence in both political and academic debates (Hacker, 2004, 2002).

Indeed, privately provided unemployment insurance programs only exist in a handful of other countries, such as the U.S., the U.K. and the Netherlands (Kolsrud, 2013). Despite its uniqueness and rapid expansion, as shown in Chapter 5, the presence of a market for private complementary income insurance in Sweden has not yet received any substantial political or scholarly attention and has seldom been problematized thus far. In the final report from a recently ended parliamentary study on unemployment insurance, the expansion of complementary income insurance is briefly mentioned without an indication of any policy intervention in the near future (see Del 5 of SOU, 2015:21, 783-788).

Not only is research investigating this newly emerged pillar in unemployment protection scarce, there are also difficulties involved in getting access to data in order to understand the scope and function of this pillar, as there is no publicly available data on benefit reciprocity as such (see Chapter 3). This new element of the Swedish multi-pillar unemployment benefit provision system is thus left largely un-commented. The following quote from Lindquist and Wadensjö (2006) indicates an important problem that might be caused by this political indifference and low level of knowledge:

¹⁰ *Inspektionen för socialförsäkring* in Swedish.

It is not only the public who have inadequate information about the various agreement-based benefits and other supplementary benefits. Politicians, investigators and researchers also lack knowledge of the agreement-based benefits and how they have been changed and are changing. One problem within the research is that studies of the social insurance schemes are made without consideration being given to the fact that supplementary benefits exist. In a certain sense, this can be considered the same as carrying out studies of the effects of municipal income tax without taking into account the fact that state income tax also exists (Lindquist and Wadensjö, 2006, 30).

The tendency where scholarly works disregard the complementary unemployment benefit schemes or treat it as a mere peripheral phenomenon may thus lead to a limited understanding of the actual outcome of risk protection provided to the unemployed in reality. This, in turn, may be reflected in political discussions concerning the unemployment benefit provision system in a way failing to inform the general public about a more holistic understanding of how unemployment protection works today.

1.4 Aim and research questions

Two central points have been made in distilling the research problems of this dissertation. The first is that risk privatization accompanied by the multi-pillarization of unemployment benefit provision raises the question of distributive outcomes among people with different unemployment risk profiles and with different capacities in terms of making choices in relation to the “consumption of security” (Lapidus and Andersson, 2016, 93). The second is that the emergence of complementary unemployment benefits has not received the attention it deserves despite their rapid expansion and establishment.

In order to understand the changing institutional landscape of unemployment benefit provision in Sweden, knowledge regarding the newly established complementary income insurance schemes is thus essential. To fill in this blind spot, the aim of this dissertation is to analyze the development of the multi-pillar system of unemployment benefit provision and its distributive outcomes, by addressing the following research questions:

- 1) *How and why have complementary income insurance schemes emerged?*
- 2) *Which patterns of distributional outcomes does the multi-pillarization of unemployment benefit provision lead to?*
- 3) *To what extent does the multi-pillar system of unemployment benefit provision cater to the needs of a labor market group facing a relatively widespread risk of unemployment?*

and underemployment?

The first research question is concerned with understanding the complex institutional context from which complementary income insurance schemes emerged. This question is answered by analyzing the ways in which the institutional legacies of the Ghent system and the distinctive role of unions shaped the path to multi-pillarization in the context of retrenchment in the public unemployment insurance program. Conceptualizing the institutional changes in the Swedish unemployment benefit provision system as multi-pillarization in itself constitutes an attempt to grasp complex and fragmented empirical developments in an intelligible way.

The second question reflects the ambition of the study to go beyond the analysis of policy change at the output level (multi-pillarization), instead exploring the outcomes in terms of the quality of risk protection provided by the Swedish unemployment benefit provision system. The point of departure of this study is that we not only need to analyze institutional changes but also study the outcomes of a risk protection system, in terms of to what extent a given risk protection institution caters to the needs of a population actually finding itself in a vulnerable position. By patterns of distributional outcomes, I am referring to the ways in which the multi-pillar system of unemployment benefit provision determine the income protection offered to different groups of workers with varying unemployment risks.

With regard to the third question, the outcomes of the institutional change towards the multi-pillar system of unemployment benefit provision are analyzed by looking into various sources of benefit reciprocity data concerning unemployed retail workers. The focus is on finding outcomes of the Swedish unemployment benefit provision system by tapping into the take-up of existing benefits. The choice of the retail sector is informed by an understanding of a dualization tendency in the labor market structure with an increasingly pronounced inequality between “insiders” (i.e., people with standard employment terms) and “outsiders” (i.e., people with atypical and precarious employment deviating from standard employment relations entailing full-time, stable and fully insured employment) (Häusermann and Schwander, 2012, 29-30). For the purpose of understanding the impact and outcomes of changes in the Swedish unemployment benefit provision system, I take a close look at a labor market sector characterized by a relatively higher presence of outsidersness, as the situation of the average worker is not likely to reflect the consequences of reforms of retrenchment (see, for example, arguments by Ferragina and Seeleib-Kaiser, 2011, 598, and more on this in Chapter 6).

1.5 Previous studies

Studies addressing the phenomenon of complementary unemployment benefits in Sweden are scarce. Lindquist and Wadensjö (2011, 2007, 2005) have conducted the most pioneering series of studies explicitly taking into account not only the benefits provided through collective agreements but also the newly emerged complementary income insurance schemes. These studies were not only restricted to complementary unemployment benefits but also included complementary benefits in the case of sickness, workplace accidents, pension, etc. Introducing this new element into the picture of the unemployment benefit provision system in Sweden, the authors also analyzed issues such as the impact of complementary unemployment benefits on labor supply and argued for a need for further studies and data collection regarding complementary benefits beyond social insurance benefits.

A study by Kolsrud (2013) looked into the question of how to design an optimally efficient public unemployment insurance scheme in the existence of private complementary unemployment insurance, concerned with the relationship between the specific constructs of the unemployment insurance benefits and labor supply. The study found that the existence of private complementary unemployment insurance affects the generosity of public unemployment benefits. A recent study by Andréén (2015) investigated the impact of complementary benefits on the duration of unemployment as well as on the probability of returning to unemployment among unemployed individuals with university degrees. The study found that those receiving complementary income insurance benefits were likely to be unemployed longer but were less likely to become unemployed again once they got a job, which indicates better job matching.

Although the studies mentioned above are invaluable for this dissertation in that they address the very existence of complementary unemployment benefits in Sweden, my theoretical interest underpinning this dissertation is quite different. In this respect, a unique comparative study by Rasmussen (2014) is the closest to the present study in terms of formulating my research problems and theoretical approach. He compared Danish and Swedish private complementary unemployment insurance and analyzed this development in terms of risk privatization. Sweden is in this study presented as a case where a relatively successful multi-pillarization of unemployment benefit provision has been achieved by restoring the principle of income replacement for a large part of the working population. This is in contrast to the Danish case, where the growth of complementary insurance schemes has been limited.

Methodologically, what the studies mentioned above have in common (except Andréén (2015))¹¹ is that they rely on data at the aggregated level, primarily estimating the cover-

¹¹This is the only study using individual-level benefit reciprocity data. This type of data, however, is not easily available. The author of this specific study works as a researcher at the Swedish Confederation

age rate of complementary unemployment insurance policies by using union membership as a proxy variable. This measure is motivated as the majority of the complementary income insurance policies are group insurance policies based on union membership. The number of members belonging to unions providing complementary income insurance benefits is therefore indicative of the extent of the establishment of this new pillar in the Swedish unemployment benefit provision system.

However, the question regarding the number of actual benefit recipients among the unemployed remains unanswered. In other words, these studies do not provide any information regarding the actual role of complementary benefits for the unemployed. They do not pay attention to the encounter between the unemployed and the benefit provision system consisting of multiple types of benefits, nor do they address issues such as the reasons behind non-take-up or the extent of personal solutions being used in dealing with income loss – the questions I attempt to grasp in this dissertation by tapping into benefit reciprocity data at the individual level.

1.6 Structure of the thesis

The following two chapters are concerned with the theoretical perspectives and the methods and materials forming the basis of the empirical work presented in the dissertation. The theoretical perspectives and debates concerning the distributive logic and *loci* of the welfare states underpin the research questions and empirical focus of the study, and these are discussed in Chapter 2. In Chapter 3 I describe how the study was carried out, with detailed accounts about empirical material, data collection process and guiding approach in the analysis process.

The next two chapters focus on understanding the institutional context and the emergence of complementary benefits for the unemployed leading to the multi-pillar system of unemployment benefit provision in Sweden. In Chapter 4, I recount the historical evolution of the public unemployment insurance program and highlight the ways in which the origin and development of this institution have shaped the unions' interest and strategies in relation to the governance of unemployment benefit provision. I further analyze the changes that the public unemployment insurance program underwent mainly between 2006 and 2016, which comprise the immediate institutional context for the emergence of the complementary income insurance schemes. In Chapter 5, I present an overview over the establishment of the occupational and private pillars of the current multi-pillar system of Swedish unemployment benefit provision and analyze their main features as well as the distributive implications of this development.

of Professional Associations (*Sveriges akademikers centralorganisation, SACO*), which is a part-owner of the insurance company providing the data.

The next three chapters focus on exploring the outcomes of the multi-pillarized unemployment benefit provision system by looking at a specific labor market sector. In Chapter 6, I contextualize the empirical study by discussing how we may look upon the retail sector as a site of precarious labor characterized by high shares of temporary and part-time employment, in a wider context of a labor market dualization tendency in post-industrial economies. Chapter 7 is where I analyze benefit reciprocity among unemployed retail workers with regard to the public unemployment insurance program, while I in Chapter 8 analyze the actual role of complementary income insurance benefits for unemployed retail workers. Both chapters are based on register-based benefit reciprocity data as well as on survey-based benefit reciprocity data, based on 1,134 completed answers collected in the spring of 2015. The survey population consisted of the retail sector workers in Sweden who were unemployed in 2014 and received the public unemployment insurance benefit through the insurance fund for the Union of Commercial Employees (*Handelsanställdas förbund* in Swedish).

In Chapter 9 I deepen the analysis of both the institutional changes and the outcomes of the Swedish unemployment benefit provision system, by highlighting the main findings in relation to the aim, research questions and theoretical perspectives that guided the study. Based on the empirical findings concerning the unemployed retail workers, I also conceptualize a shadow pillar in addition to the public, occupational and private pillars discussed in this study. Lastly, I discuss the dissertation's contribution to relevant policy discussions and research fields.

Chapter 2

Perspectives on the distributive logic and *loci* of welfare states

The central theoretical and conceptual inspiration for this dissertation is found in the perspectives related to the distributive logics and *loci* of welfare states. This chapter aims to lay out the scholarly works and discussions informing the theoretical interest underpinning the research questions as well as the empirical focus of this dissertation.

First, I discuss the concept of universalism in relation to the Nordic welfare state model and mainly contrast the understanding of universalism as a policy ideal and as an institutionalized praxis. Second, I discuss analytical distinctions between different *loci* of welfare provision in the literature on the social division of welfare provision and their possible importance in understanding distributive outcomes of welfare provision. A functionalist understanding of welfare pluralism is contrasted with a more critical understanding, which raises the concern of the distributive implication of the welfare mix. Lastly, I introduce the “pillar” perspective as put forward by Robert E. Goodin and Martin Rein, as a perspective enabling closer studies of constantly changing and hybrid constellations of welfare provision in a given welfare regime. Related to this, several conceptual tools developed in the literature on gradual institutional changes focusing on welfare state changes are introduced, as these were used in the empirical analysis of the institutional changes at hand. The chapter ends by motivating the empirical focus on high-risk groups in studying distributive outcomes of multi-pillarized risk protection systems.

2.1 Universalism as a policy ideal and institutionalized praxis

The so-called Nordic welfare model is widely known as a set of principles governing social policies and welfare institutions in the Nordic countries. The label is not only frequently used among scholars of social policy but also elsewhere in the public debate outside of academia. However, the popularity of the label does not mean that the Nordic welfare model is to be understood as something static or uncontroversial. There is an ongoing discussion regarding the direction of change of the Nordic welfare model, let alone the fact that the discussion always includes a lengthy precaution regarding the difficulties involved in defining what the Nordic welfare model is exactly about. The values, norms and principles underpinning the Nordic model of welfare and how these evolve are among the core concerns of these studies (Christiansen et al., 2006; Kildal and Kuhnle, 2006*b*; Lister, 2009; Anttonen, Häikiö and Stefánsson, 2012; Kvist and Greve, 2011; Kvist et al., 2012; Larsen and Andersen, 2015).

A prominent theme discussed in this strand of literature is the contested meaning of universalism, which is allegedly one of the essential characteristics of the Nordic welfare model (Anttonen, Häikiö and Stefánsson, 2012, 188). Universalism is generally understood as a distributive principle associated with equity and redistribution (Kildal and Kuhnle, 2006*a*, 13) and thus with the pursuit of a more egalitarian society (Esping-Andersen and Korpi, 1986, 42-43), while universal coverage of welfare programs may be understood as a concrete manifestation of such political goals. By the early 20th century, the notion of universalism enjoyed broad political support across different ideological camps in the Nordic countries, promoted not least by the socialist and communitarian ideas but also supported from the liberal point of view (Stefánsson, 2012, 66). In fact, it may be seen as a latent element of many of the nation-building projects in these countries in the 20th century, as universalism entails entitlement to certain welfare programs by virtue of being a member of a nation state (Kuhnle and Alestalo, 2018, 16).

In my quest to find the understanding of universalism as a policy ideal, I turn to Richard M. Titmuss who enthusiastically took a stance in favor of universalistic welfare provision. In the essay *Commitment to Welfare* (1968), he elaborated on the nature of “need” in our industrialized society, emphasizing the collective dimension of economic progress as well as costs that disproportionately fall into certain populations. Understanding and rediscovering the social causes and structural aspects of certain needs faced by individuals played an important role for his advocacy of a universalistic provision of welfare. It was important to acknowledge that individuals in an increasingly complex society with further division of labor and specialization are to a large extent affected by various man-made social dependencies, such as unemployment. Therefore, those in need

of welfare provision could not solely be blamed for their destitute situations.

Hence, the welfare state is not a mere bureaucratic and technocratic response to social problems in industrialized, capitalist societies. Instead, he emphasized the moral, ideological and political dimension of social policy:

[...] the “Welfare State” has no meaning unless it is positively and constructively concerned with redistributive justice and social participation (Titmuss, 1966, 365).

With this strongly pronounced normative position, he advocated for a universal provision of welfare as an ideal goal and principle in order to achieve long-term social integration. He stressed the value of universally provided welfare based on social rights, as he deemed this the only way of avoiding stigmatizing people in need. The state was the only agent able to guarantee equal and solidaristic welfare provision for all, while the market was contrasted as a sphere where exclusionary and egoistic logics prevail. He condemned means-tested assistance and other market-based or private solutions as discriminatory and exclusionary, as they tend to stigmatize and alienate those who are in need, while reinforcing inequalities generated through market mechanisms (Titmuss, 1968).

From this ideological motivation for universal welfare provision, it follows that universalism would entail an unconditional entitlement to rights to certain welfare benefits or programs by virtue of being a member of a community and that such a realization of redistribution of risks and resources in a society would strive for egalitarian outcomes. Building on a previous work by Wilensky and Lebeaux (1965), Titmuss labeled this ideal welfare state as an *institutional-redistributive* model, where universal social protection is provided for all, based on social rights. In contrast, in a *residual* model, the state assumes a minimum role of providing state welfare, which only focuses on means-tested provision for those in need. Somewhere in-between the two, he conceptualized an *industrial-achievement* model where benefits and contributions were integrated to promote work incentives (Titmuss, 1974b).

However, even in the Nordic countries that are understood as the archetype of the universal welfare state (Esping-Andersen and Korpi, 1986), universalism as institutionalized praxis differs from this understanding of universalism as a policy ideal. Kildal and Kuhnle (2006a, 14-17), for instance, point out that it is important to pay attention to a distinction between universal and discretionary allocations of benefits when understanding universal benefits in the Nordic countries in practice. It is important to recognize that the ideal-typical universal allocation mechanism for social benefits rarely exists in its pure form (i.e., unconditional, flat-rate benefits to all community members), but that there is often an element of discretionary allocation playing a role. This entails defining certain need situations and particular population categories that gain eligibility for particular

benefits. This discretionary allocation principle may include both pre-hoc, rights-based income testing in various social insurance schemes for the economically active as well as post-hoc means-testing by professional and administrative personnel for the economically weak population (*ibid.*, 16).

Similarly, the abstract right-based understanding of universal entitlement to welfare provision is in practice circumscribed in various ways and complemented by other types of welfare provision with different distributive principles. For instance, Palme (1999) points out the important element of earnings-related social insurance programs in the Nordic countries:

The Nordic countries have established a universal model of social protection, where benefits and services based on residence are combined with earnings-related social insurance programs (*ibid.*, 9).

A similar attempt to define universalism in the Nordic welfare states is found in one of the classics in the scholarship on the welfare state:

The state incorporates the new middle classes with a luxurious second-tier, universally inclusive earnings-related insurance scheme on top of the flat-rate egalitarian one [...] By guaranteeing benefits tailored to expectations, this solution reintroduces benefit inequalities but effectively blocks off the market. It thus succeeds in retaining universalism and also, therefore, the degree of political consensus required to preserve broad and solidaristic support for high taxes that such a welfare-state model demands (Esping-Andersen, 1990, 26).

In both quotes, we can see that they effectively broaden the understanding of a universal model of social protection to include benefit adequacy, even if this compromises the principle of flat-rate benefit provision. By emphasizing the importance of compensation of lost earnings above certain levels through social insurance programs, which is in line with the industrial-achievement model conceptualized by Titmuss, universalism is here to be understood as effectively achieving a broader welfare state clientele extended to the entire population. This political foundation for an encompassing welfare state has famously been put forward as the “paradox of redistribution” by Korpi and Palme (1998). The argument is that citizens are more willing to sustain redistributive policies when they can see themselves as present or future beneficiaries, thus explaining why welfare states with more universal programs encompassing the middle class with less targeted programs could achieve greater redistributive success and egalitarian outcomes.

In contrast to the development in the Nordic countries where the introduction of earnings-related benefits in the social insurance programs took on an important role,

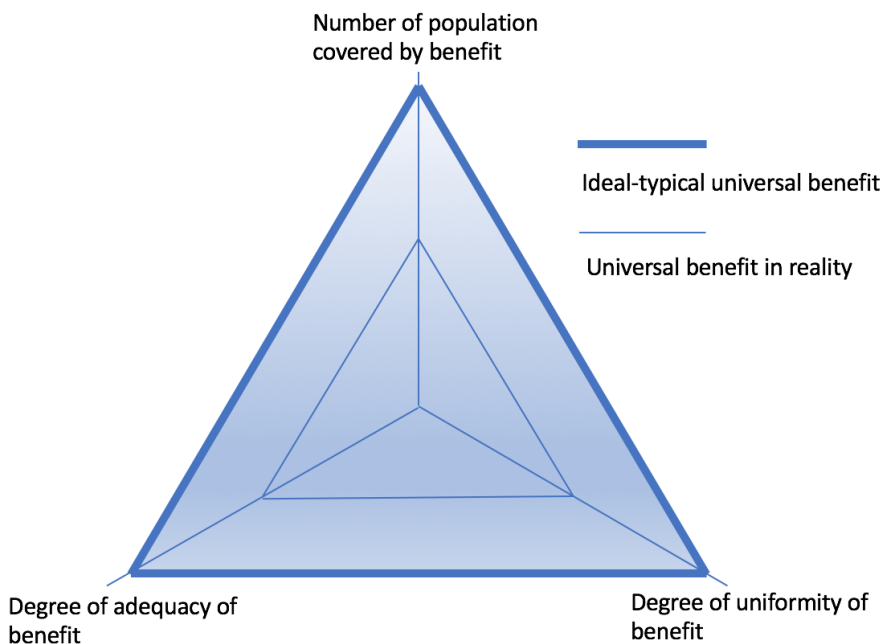


Figure 2.1: Ideal-typical universal benefits and actual benefits

Source: Larsen and Andersen (2015, 18)

in Britain the principle of universalism in terms of flat-rate benefits for all led to a situation where the low benefit levels left more room for market solutions and the rise of private welfare, resulting in the British welfare state being labeled “residual” or “marginal” (Kildal and Kuhnle, 2006a, 20). Therefore, it seems as if what constitutes the universal model of Nordic welfare in practice not only includes universal access to welfare benefits in terms of coverage (membership) but also benefit generosity (or adequacy) for the wider population, which promotes political support for upholding an entrenched institutional welfare state model.

A conceptualization of universalism where benefit adequacy is included as one of the defining aspects has recently been articulated by Larsen and Andersen (2015). The authors emphasize the importance of understanding universalism as an ideal type with distinct dimensions and its usefulness when understood in terms of degrees rather than in dichotomous categories. They propose four categories of defining characteristics of a universal welfare state: everyone is covered by the same and clearly defined rules and rights to benefits; everyone is entitled to benefits when they have needs; everyone is given the same benefits given the needs, according to objective criteria; the majority of

the population does not find private or supplementary benefits necessary (*ibid.*, 13-18). On the basis of these elements, they propose an ideal-typical model of universal benefits visualized as Figure 2.1 on the preceding page.

According to this model, one may assess the universality of particular benefits by looking into the share of the population covered, the degree of uniformity of the benefits and the degree of benefit adequacy for the wider population, including the middle class. The last of these dimensions resonates with the concern of Kangas and Palme (2005) regarding the generosity of benefits. The argument is that a minimum level of flat-rate benefits for all is problematic to be considered as truly universal if the inadequate level of these benefits entails a compelling need among the population to look for supplementary private insurance or the like (Larsen and Andersen, 2015, 17-18).

In line with the position put forward by Palme (1999) and Esping-Andersen (1990) above, it is also noted that certain deviations from this ideal-typical model of universalism, such as providing additional benefits for weaker groups (i.e., targeting within universalism; see, for instance, Kenworthy (2011)) and adopting the principle of income compensation (i.e., benefits are determined in relation to the previous income of the benefit recipient), are generally perceived as compatible with the notion of how universal welfare states operate in reality (Larsen and Andersen, 2015, 18-20). In fact, historically the Bismarckian social insurance schemes based on the income-compensation principle in continental European countries offered nearly universal coverage for all workers, albeit during a limited time period (Palier, 2010, 374-375).

This conceptualization of universalism focuses more on the actual institutionalized praxis of the policy ideal and thus accommodates the perspective of outcome universalism, which I find convincing. By outcome universalism, I refer to the authors' position articulating the importance of looking beyond the formal aspects of institutional settings but also focusing on the actual social protection outcome. According to this perspective, even though earnings-related social insurance schemes deviate from the ideal-typical principle of flat-rate benefits found in universalism, if the combination of earnings-related benefits could strengthen the sustainability of a strong and comprehensive welfare state, this programmatic deviation is reconciled with the universal welfare state with its goals of encompassing coverage and egalitarian outcomes. Similarly, for instance in the area of pension where multi-pillar systems have been widely adopted, Goul Andersen (2015) argues that it is not only possible but in fact desirable to include the institutional features of occupational and private pillars beyond the public pillar and the interactions between them when considering universalism from an outcome perspective.

There is another important aspect when distinguishing universalism as a policy ideal and as institutionalized praxis in the Nordic welfare state. In fact, Nordic universalism has rarely been about universal access to generous social protection regardless of one's

contribution as a wage worker. On the contrary, the entitlement to social benefits has always been closely conditioned upon active participation in paid work (Lindqvist and Furåker, 1989, 224) and by qualifying for better benefits by means of paid work (Timonen, 2003, 87). Edling (2006), for instance, argues that pervasive work ethics represents the very basis of the Nordic model and that full social citizenship is reserved only for those who participate in wage labor.

According to this view calling for a more nuanced understanding of the “sticky” concept of Nordic universalism (Cox, 2004), people who are not able to be included in the productive workforce have always been marginalized, as entitlement to most social insurance benefits and other cash benefits is largely linked to one’s participation in the labor market as a wage-worker (Edling, 2006, 142-143). Kettunen (2012) also argues that the core of the Nordic welfare model is based on the centrality of labor market participation and the social insurance programs promoting the same labor market rationalities (*ibid.*, 30-31). Those with limited or no access to the social insurance programs have instead been subjected to the practice of governing by the hierarchies of ‘deservingness’, for instance within the means-tested social assistance program run by the local governments in Sweden (Johansson, 2001). Here, it becomes clear once again that the Nordic universalism has in fact been characterized by the coexistence of distributive logics combining the industrial-achievement and institutional-redistributive models. Universalism as an ideal advocated by Titmuss emphasizing social protection for all based on social rights is thus in practice circumscribed in the sense that participation in the labor market to a great extent shapes the very rights to entitlement.

This aspect of Nordic universalism also resonates with feminist critics arguing against the conceptualization of the Nordic welfare states as being truly universal, as women for a long time were excluded from various kinds of welfare entitlement principally designed for male workers (Hillyard and Watson, 1996, 323-324). Ruggie (1984), for instance, argued that even when women enter the labor market, their vulnerability in the market is greater than for men, which is why selective, interventionist measures targeting female workers are motivated within a universal welfare state such as Sweden. Despite the original coining of universal welfare entitlement taking into account the social citizenship of male workers, many feminist scholars have acknowledged that the notion of social citizenship in the Nordic countries increasingly included issues concerning the dual role of female citizens as workers and carers, and that Nordic universalism has been an important driver for promoting equality between men and women (Antonnen, 2002).

Although there are difficulties when it comes to accurately defining and operationalizing the concept, I find universalism to still be useful in terms of analyzing institutional changes as well as outcomes of unemployment benefit provision. Universalism is deeply entrenched in our understanding of welfare institutions in general and the public debate

in particular, and I argue that scholarly works focusing on empirical analysis of welfare institutions cannot be detached from this notion.

The Swedish unemployment insurance system is an especially challenging case in terms of understanding its universalist ideal and institutionalized praxis, as its hybrid character inherited from its formative years has continued to shape its development with implications for continuously evolving characteristics in terms of universality. Moreover, the recent multi-pillarization of the Swedish unemployment benefit provision system serves as an interesting empirical case for studying universalism from an outcome perspective as discussed above, since the mix of public and private benefits may result in complex outcomes in terms of benefit coverage, adequacy and uniformity. Related to this, below I review scholarly works focusing on the analytical distinctions between different *loci* of welfare provision and their implications on the distributive logics of a given welfare institution.

2.2 Welfare pluralism and distributive outcome

“Welfare pluralism” and a related term such as “the mixed economy of welfare” have been gaining in popularity since the late 1970s partly as a critique against a statist welfare provision and partly as a new drive for changes towards a more decentralized and responsive welfare system involving commercial, voluntary and informal sectors (Johnson, 1987, 55-63). This is not to say that non-state actors had disappeared during the so-called golden age of the welfare states. Rather, this more contemporary emphasis on the plurality in welfare provision is to be seen as a renewed recognition of the potentials of diverse institutional as well as informal *loci* beyond the state, through which welfare needs of advanced capitalist societies could be met. Discussing the development of the European welfare states during the 20th century leading up to the fierce debate over welfare privatization in the 1980s, Johnson (1987) made it clear that this debate is by no means temporary in nature:

The welfare pluralist debate will never be wholly settled. In capitalist societies there will always be disagreement about the most appropriate balance to be struck between statutory, voluntary, informal and commercial provision; and the balance will change over time and from country to country (Johnson, 1987, 2).

As a reflection of this continuously contested character of the question, privatization in welfare provision has long been a reoccurring topic in political debates in many countries across the world and has widely featured in the scholarship of welfare state research to this day (a few prominent examples include Beresford and Croft, 1983; Rein and Rainwater,

1986; Gilbert, 2002; Powell, 2007; Clarke, 2008; Seeleib-Kaiser, 2011; Gingrich, 2011). Despite a countless number of empirical studies, there is a reoccurring question in the debate over welfare pluralism: Does welfare pluralism lead to more inequality? Of course, this bluntly phrased question does not do justice to the complexity of the phenomena that might be described using terms such as “privatization” or “marketization” involving plural actors in welfare provision. The reason why I opt for using the term welfare pluralism in the present discussion is because it is less politically and ideologically contested compared to the term privatization, although the two are by necessity entangled.

Privatization is a complex term difficult to accurately define due to its inability to capture the multiple dimensions and forms it entails in different contexts (Starr, 1989; Newman and Clarke, 2009). Its politically charged character also hinders our nuanced understanding of the term, since there is a tendency to describe privatization as a one-dimensional, simple and standardized phenomenon in political debates, when in fact there can be varying political intentions and mechanisms leading to qualitatively different privatization processes and outcomes (see Gingrich, 2011). Welfare pluralism, on the other hand, draws our attention to the very plurality of actors involved in welfare provision and leaves the question of what exactly is to be conceived as the public or private sphere more open, as signaled in the following quote from the background note for the conference on “The Mixed Economy of Welfare” held in the United Kingdom in 1983:

The idea of a mixed economy of welfare is often associated with the privatisation of social services. However, the concept itself whilst identifying a plurality of modes of provision, is “neutral” with respect to any particular balance within this plurality (cited in Beresford and Croft, 1983, 29).

With regard to the question above to which we only have inconclusive answers, many scholarly works on institutional change towards a more pluralist welfare provision avoid making any sweeping conclusions concerning the distributive consequences of such changes. There seems to be a consensus that privatization should be studied with careful attention to specific contexts and that we should refrain from making any hasty generalizations about distributive consequences. What is important for this dissertation is not to provide a straightforward answer to this question. This section of the theory chapter rather aims to contrast two discernible positions in discussing welfare pluralism and its implications for distributive outcomes.

One is a functionalist understanding of welfare pluralism that tends to look upon different actors involved or means used for achieving welfare provision as interchangeable. The other is a more critical stance towards welfare pluralism raising concerns over dynamics of welfare pluralism that could potentially lead to a more fragmented and unequal welfare provision. In the following, I briefly present what I refer to as the functional-

ist understanding of welfare pluralism. Thereafter, I motivate the point of departure of this dissertation, which is based on previous scholarly works focusing more on a critical understanding of welfare pluralism.

By a functionalist understanding of welfare pluralism, I refer to the argument often promoted by advocates of privatization and marketization of public services in general: that the distinction between public and private welfare is not directly related to any better or worse welfare outcomes, but that we should pursue whatever best alternative means are available in order to achieve public welfare goals. This implies that plural sources of welfare provision are not inherently problematic in relation to inequality.

Le Grand (2006), for instance, asserts that there are no problems in reconciling the principles of equity and choice mechanism emphasized in privatized welfare provision. He argues that equity may in fact be enhanced since even people in a disadvantaged position can choose better services for them and thus become better off. In numerous other publications, he has focused on specifying how competition mechanisms may be built into a pluralist welfare provision system in a form of quasi-market in the public sector and how it may in fact increase the efficiency as well as the quality of welfare provision (Le Grand and Bartlett, 1993; Le Grand and Robinson, 1984; Bartlett and Le Grand, 1998). This line of reasoning is up to this day commonly found among proponents of pluralist welfare provision, as exemplified by the following quote from a representative of the Swedish conservative Moderate Party (*Moderaterna*):

If they [commercial companies providing welfare services] do a good job, live up to the demands and expectations placed upon them and deliver good results, then they [the profits of these companies] are completely legitimate.¹

The argument implies that as long as a private actor, in this case including for-profit companies, can perform well in providing welfare services, then all other consequences (e.g., that some of the taxes financing welfare services are turned into profits for these commercial companies) are of secondary importance.

However, as shown in a recent comparative study of contemporary welfare markets by Gingrich (2011), rearranging of actors, incentives and mechanisms of welfare provision accompanied by privatization are likely to alter the positions of different actors and, most importantly, lead to varying effects on different socio-economic groups. This insight challenges the economic arguments motivating privatization of public welfare without paying due attention to the issues of distributive outcomes. In a similar vein, many of the critics of the privatization of welfare provision focus on problematizing the sole emphasis on the concept of efficiency in neoclassical economics term and raise the issue of unequal consequences. When collective responsibility and values are replaced by individual re-

¹ *Aktuellt i politiken*, December 15, 2017 (my translation).

sponsibility, the argument goes, “the well-to-do” would take disproportional advantage of the new, privatized welfare and the rest would be left with deteriorating public welfare (Mahnkopf, 2009; Gilbert, 2002; van Oorschot, 1998; Veen, 1998).

This concern for increased inequality is supported by a few large-N comparative studies pointing to the tendency where a higher private expenditure in welfare provision is correlated with a more unequal income distribution. This is partly due to the fact that publicly provided services contribute to a more equal distribution of disposable household income (Adema, Fron and Ladaique, 2011; Pearson and Martin, 2005).

As argued by Hacker (2002) in the following excerpt, it is important to recognize and scrutinize the possible different effects of different means and actors involved in public policy delivery in practice.

It is commonplace for policy specialists today to claim that instruments of governance are interchangeable, that questions of equity or accountability are design issues resolved through the proper calibration of inherently neutral techniques, that the role of the expert is to illuminate the basic workings of alternative options, not to weigh normative issues that are the proper concern of politicians. [...] In the abstract, policy instruments can be infinitely tailored. In practice, they have characteristic effects that must be recognized and adjusted for. In the abstract, governments can achieve ends through myriad means. In practice, governments do some things well and some things poorly, and the differences are deeply rooted (Hacker, 2002, 334).

This problematization of the functionalist understanding of welfare pluralism is key for this dissertation, and it is also aptly articulated in the critique by Mishra (1990). He argues that shifting responsibilities for welfare provision from one sector to another does not merely entail a rearrangement of the functional division of social provision. Other actors cannot simply substitute retrenchment in the state provision if the state does not assume its regulatory role by taking collective responsibility and committing to minimum standards for all. Without such efforts, welfare pluralism may involve *disentitlement* for some groups. Mishra therefore challenges a non-political understanding of welfare pluralism where multiple sources of welfare are merely seen as functional equivalents, while arguing that different sources of welfare provision are organized by different principles and vary in scope (*ibid.*, 108-114).

For instance, in the case of the multi-pillarization of Swedish unemployment benefit provision, the establishment and expansion of the complementary pillars could at first glance be seen as a development of a functional equivalent of the retrenched state pillar. The danger is then that through this superficial observation, one might possibly miss significant distributive outcomes that might be the result of this development. In the

following, I present theoretical arguments elaborating on the importance of a more critical and dynamic understanding of welfare pluralism as opposed to the functionalist position, which may be traced from the conceptualization of the social division of welfare by Richard Titmuss to the welfare pillar perspective introduced by Robert E. Goodin and Martin Rein.

2.3 Social division of welfare

In *The Social Division of Welfare* (1958), Titmuss coined one of the most influential analytical distinctions widely used in understanding different distributive logics of welfare institutions. First, he acknowledged that in order to achieve a comprehensive understanding of the welfare state, one should take into account “all collective interventions to meet certain needs of the individual and/or to serve the wider interests of society” (Titmuss, 1958/1974a, 42). Among the plethora of such collective measures, he recognized that there are three distinctive sources of welfare provision, including social, occupational and fiscal welfare.

Social welfare consists of what is traditionally considered public services and programs by state or local governments, such as income maintenance, health care, social work, housing and education. Occupational welfare includes benefits related to individuals’ labor market performance; for instance, occupational pension and other fringe benefits such as company-based health care services and tuition fees provided by employers that come with one’s employment. Fiscal welfare includes tax deductions and other favorable taxation rules that provide subsidies for social purposes, such as tax-free child allowances, reduced taxation for the elderly, tax breaks for mortgages, earned-income tax credits, etc. Titmuss emphasized the common social purposes of these different types of welfare provision in that they all acknowledge the social dependency of individuals in an increasingly complex society (*ibid.*, 44).

While it was important to consider these different types of welfare provision, Titmuss expressed concern regarding how new and more aggravating inequity could be generated by the very attempts to meet human needs and social dependency. This critical assessment was particularly targeted at occupation welfare, for consolidating and aggravating inequality generated in the labor market, but also towards fiscal welfare for being disproportionately favorable for the middle class. For example, Titmuss argued that welfare provision based on one’s employment is “to divide loyalties, to nourish privilege, and to narrow the social conscience” (Titmuss, 1958/1974a, 52).

This insight aptly summarizes the central questions analyzed in studies of occupational welfare provision ever since. Earlier studies have shown that there is a tendency for welfare provision based on occupational affiliation and employment to benefit those with

higher salaries, working in large companies with secure terms of employment (Kincaid, 1973; O’Higgins, 1985; Greve, 2007). The same problem has been observed by more recent studies focusing on the possible contribution of increasing occupational welfare provision in relation to the dualization tendency between labor market insiders and outsiders, in that the coverage of occupational welfare tends to be limited in sectors dominated by low-skill workers (Natali et al., 2018; Seeleib-Kaiser, Saunders and Naczyk, 2012; Wiß, 2015; Grees, 2015). Other topics of study have included whether occupational welfare provision has a crowding-out effect on public welfare provision (Shalev, 1996) and whether the increasing role of occupational pension provision may effectively cater to the needs of citizens particularly at risk of exclusion (Meyer, Bridgen and Riedmüller, 2007).

When it comes to fiscal welfare, several scholars have extended his conceptualization to the empirical development mainly in a U.S. context. Here, the “hidden welfare state” (Howard, 1997, 2007) or “submerged welfare state” (Mettler, 2011), characterized by indirect and relatively invisible tools of social policy, became important. These hidden government interventions may be designed both to provide social benefits and to shape their private provision (Hacker, 2002, 12) and not only include tax breaks and subsidies for social purposes as initially conceptualized by Titmuss but a broader range of regulatory arrangements mandating private provision of welfare benefits.

Former U.S. President Obama’s Affordable Care Act launched in 2010 is perhaps the most contemporary and well-known example of this. As any form of public health insurance was politically impossible despite the great need faced by citizens without private health care coverage, the government instead regulates, mandates and subsidizes private health care insurance plans and provides a platform to help citizens find adequate private health insurance plans. The types and size of the private welfare benefits subsidized and regulated by the state in similar ways have continuously increased in the U.S. (Mettler, 2011, 4) to the extent that the total social expenditure including these private benefits is as big as that of European countries (Hacker, 2007, 84). In Europe, there have been studies accounting for the expanding fiscal welfare measures in the provision of pensions (Sinfield, 1999; Greve, 2007) and in domestic services (Morel, 2015; Carbonnier and Morel, 2015) in particular.

Despite the different paths to the proliferation of fiscal welfare in the U.S. and Europe, these studies commonly point to the problem of regressive distributive outcomes in that privately provided benefits tend to benefit affluent households (Carbonnier and Morel, 2015) and that the tax expenditure favors redistribution from the poor to the rich (Castles and Obinger, 2007; Avram, 2014). Moreover, as many of the fiscal welfare arrangements are relatively discreet, less traceable and therefore politically less sensitive compared to direct public provision, there are concerns related to this invisibility leading to a decrease in citizen engagement in policymaking (Mettler, 2011). In contrast, private

welfare providers become highly influential, exemplified by the health care insurance industry in the U.S. (Hacker, 2002, 56) and more recently also in the European context (see, for instance, Pieper (2018) for the case of the United Kingdom and Germany and Svallfors and Tyllström (2018), for Sweden).

Taken together, Titmuss’s critical assessment of occupational and fiscal welfare measures being the means of directing resources towards the relatively well-off seems to have occupied the research agenda of scholars of occupational and fiscal welfare research ever since. In turn, empirical studies thus far seem to provide legitimacy for Titmuss’s concerns regarding distributive outcomes of occupational and fiscal welfare, thereby challenging the functionalist understanding of welfare pluralism.

2.4 The pillar perspective

The work of Goodin and Rein (2001) on the welfare pillar perspective takes the legacy of Titmuss’ thesis on the social division of welfare seriously and encourages welfare state research to focus more explicitly on analyzing dynamic interactions between different types of welfare providers. The welfare pillar perspective put forward in their article greatly informed my analysis of changes in the Swedish unemployment benefit provision system, which is why I introduce their work in length below.

Goodin and Rein start by teasing out the “pillar” perspective, which focuses on the welfare providers’ point of view with a central question “Who pays, and who provides?”, from the more widely-used analytical scheme focusing on a “regime” perspective, which focuses on principles of conditions of welfare provision with a central question of “Who gets what, and on what conditions?” They emphasize that the latter has been more dominant than the former, in a way that the regime theory tends to presuppose a natural affinity between regimes and pillars and to incorporate characteristics of pillars into different regime types. The natural affinity here includes: between the social democratic welfare regime and the state pillar for universal welfare provision; between the corporatist welfare regime and the market or family pillars for work-tested welfare provision (family pillar as benefits are paid to heads of households and then to other members of the household); between the liberal welfare regime and the state pillar for a needs-tested model of welfare provision, while the market and family pillars are equally important in that this regime strives for a residual role of the state (*ibid.*, 782-783).

However, Goodin and Rein argue that the two perspectives are distinctly different. The regime approach only focuses on the state welfare provision and the role of diverse constellations of means for distribution within it. The pillar perspective, on the other hand, helps emphasize other institutional arrangements beyond the state (e.g., the spheres of the market, the community and the family).

Surely, Esping-Andersen did ascribe a central importance to welfare mix in understanding the welfare regimes he identified, as implied in the following quote:

[t]he division of social protection between public and private provides the structural context of de-commodification, social rights, and the stratificational nexus of welfare state regimes (Esping-Andersen, 1990, 80).

Furthermore, in his later work he stressed the importance of welfare mix even further. He contended that what is considered social risks in a given country and how the risks are pooled within the state-market-family nexus actually “defines, in effect, a welfare regime” (Esping-Andersen, 1999, 33). Despite recognizing the importance of the role of welfare mix in shaping welfare outcomes, his empirical analysis of the regimes largely remained focused on outcome measurements such as decommodification and stratification (Powell and Barrientos, 2004, 86) and effectively subsumed the indicators of pillars such as private pensions and occupational benefits into his indexes of regime types (Goodin and Rein, 2001, 770).

Goodin and Rein offer several useful heuristic terms capturing the analytical perspective putting the social division of welfare between different providers at the center. For instance, they emphasize that there are multiple ways of “mixing and blurring” different types of regimes and pillars and that they in practice take on much more dynamic, complex and hybrid forms than how they had been crystallized in the ideal-typical categorization in *Three Worlds of Capitalism* by Esping-Andersen (1990).

In illustrating such mixing and blurring where a state employs different regime logics, the authors use Sweden as an example. They point out that even though Sweden belongs to the social democratic regime with universal welfare provision without conditionalities as the main characteristic, there have been periods where means-tested transfers characterizing a liberal regime played a much larger role than one might expect in a social democratic regime. Moreover, the Swedish pension system relying on multiple pillars of provision, consisting of occupational and private pension provision beyond the state provision, cannot be understood without the strongly present element of occupational welfare and thus industrial-achievement principle. By means of these examples, the authors argue that ignoring the distinctiveness between the regime and pillar perspectives can lead us to miss out such “pervasive mixing of pillars” (Goodin and Rein, 2001, 775) within social democratic countries.

Goodin and Rein further argue that once we take a closer look at different social protection programs or different stages of the life course, “the analytical unity of a ‘national’ welfare regime is lost” as the same state can employ diverse regime logics. Their point is that it is important to recognize the “proliferation of hybrids in practice in order to understand the instability of regimes and pillars” (*ibid.*, 779). According to the authors,

much of contemporary welfare state reform is about deliberately “rejigging” regime pillar combinations in various and novel ways (*ibid.*, 781). This insight promotes a dynamic understanding of welfare states to a much higher extent than the regime perspective:

Thus a country may start with one regime type, only to discover that it is not stable over time, so the regime ends up in a quite different place from where it historically started or where it was actually attempting to go (*ibid.*, 785).

In a similar manner to how Titmuss and Mishra lay out their concerns related to distributive outcomes of welfare pluralism, Goodin and Rein (2001) also point out that while multiple pillars may be mutually reinforcing and deliver sound outcomes, it could also be the case that different pillars in welfare provision are not compatible with each other and pose certain risks due to the interdependence between public and private spheres in a multi-pillar system. For instance, it could be problematic if an expansion of a market pillar results in a deterioration of the state pillar as the pressure on the state to maintain a decent benefit level decreases once people have other options (*ibid.*, 794-796).

Therefore, when a multi-pillar strategy is explicitly employed in social protection systems, an important question is whether the combination of protection provided by different pillars can provide adequate coverage for all types of risks. The volume edited by Meyer, Bridgen and Riedmüller (2007), *Private Pensions versus Social Inclusion? Non-State Provision for Citizens at Risk in Europe*, is a good example of this research agenda. By constructing different risk profiles, they assess the distributive outcomes of public-private pension mixes.

The essential insight I draw from the works of Titmuss, Mishra and Goodin and Rein is that changes in welfare provision can take place in various ways within a welfare regime and that certain mixes of different pillars may sometimes mean incorporating different regime logics. Thus, in a longer perspective, simply shifting the responsibilities for the financial burden or administration of welfare provision between different pillars may potentially lead to transforming the principle of conditionalities of welfare provision. Goodin and Rein’s emphasis on the dynamic character of the division of responsibilities for welfare provision from the pillar perspective helps us understand that welfare regimes are much more fluid and prone to change.

2.5 Policy mechanisms leading to risk privatization

While changes in social protection systems may be the result of open and deliberate reform processes, they can also be linked to more subtle types of institutional changes. Since the 2000s, scholars have stressed various gradual ways of institutional change rather

than stabilities (Hacker, 2004, 2005; Thelen and Mahoney, 2010). These studies have shown that significant substantive changes in institutions can take place without any far-reaching and drastic reforms. Instead, there are other, more subtle and delicate mechanisms leading to institutional change, such as *policy drift*, *layering* and *conversion*, when the possibilities for authoritative policy change are limited. Hacker (2005), for instance, employed these concepts in explaining “hidden forms of retrenchment” (*ibid.*, 45) of the American welfare state with a focus on pension and health insurance systems.

A large number of studies of gradual institutional change identified mechanisms leading to risk privatization in welfare states (Jensen, 2014; Thelen and Mahoney, 2010; Hacker, 2004, 2005). For instance, concepts such as policy drift and layering may heuristically capture the processes of institutional change leading to the expansion of private provision of social protection without launching outright privatization entailing significant political risks.

Policy drift indicates a process where the outcomes of quite stable policies may significantly change due to shifts in the social context of policies. An important insight here is that path-dependent characteristics of institutions and resulting stabilities do not necessarily guarantee stability in policy outcomes (Hacker, 2004, 246). Some illustrative examples are found in changes in public pension systems in many mature welfare states. For instance, when public pensions do not adapt to changing age structures or price increases, the non-decision of policymakers leads to a gap in retirement income (Ebbinghaus, 2011, 7). Policy drift in social policies may not only occur when benefit levels become inadequate due to rising price and wage levels, but also when public expectations and perceptions of needs change due to societal or cultural circumstances (Bonoli, George and Taylor-Gooby, 2000, 46).

This dynamic may be found in many other social insurance or transfer programs, where the scope of risk protection deteriorates due to the belated recalibration of benefit levels, which might have been adequate in the past (for more on retrenchment in social expenditure through non-indexation, see Weaver, 1988). Despite its importance in understanding risk privatization in welfare states, the issue of indexation of social benefits has so far received limited scholarly attention (Weaver, 1988; Green-Pedersen et al., 2012) and the public awareness or politicization of such changes seem to be limited compared to changes in welfare services. This could be due to the technical aspects of social insurance and transfer systems and the fact that changes in indexation rules or other kinds of parametric changes are not easily accessible for the wider public.

Layering is another mode of gradual institutional change where new institutional elements are grafted onto the old ones (Thelen and Mahoney, 2010, 17). This concept may, for instance, capture when governments introduce a new layer of institution that encourages private provision in order to avoid the political risk of withdrawing public

provision of social protection. Subsidizing individual expenses for acquiring private complementary insurance plans through tax deductions is also a concrete example of layering, which might in a longer term lead to the erosion of state commitment. Since this type of change does not directly attack the existing state provision of social benefits and new layers are introduced as complementary measures rather than replacing the state provision, this may enable a rather smooth transition towards a social protection system where private provision becomes increasingly important (Hacker, 2004).

The term *passive privatization* captures a specific course of privatization process intimately related to the concepts of policy drift and layering. The term has been used for describing an increased need for citizens to look for other private ways of welfare provision when public social protection systems cater less and less to the risks faced by citizens. Passive privatization can take place “by reducing or failing to upgrade state provision in line with rising public expectations and perceptions of need, so as to create a ‘social protection gap’ which is filled by private provision” (Bonoli, George and Taylor-Gooby, 2000, 46). The expansion of private provision is related to the tendency where individuals are more exposed to risks, as manifested in the case of private pensions in, for instance, Sweden, Germany and Italy. With the returns to private pension fund investments in the financial market being unforeseeable, the burden of uncertainty is shifted from the state to individuals, thereby reducing the scope of risk protection (Bonoli, George and Taylor-Gooby, 2000, 47-48).

Another empirical study elucidating the dynamics of policy drift and passive privatization is conducted by Hacker (2004), as previously mentioned. In analyzing the American welfare state, he coined the phrase “Privatising risk without privatising the welfare state”, indicating particular forms of privatization processes that are caused not by a deliberate government action but by a government’s non-action (intentional or non-intentional). These may include cases where the government is unwilling or unable to satisfy needs among the population for certain public services, where other private alternatives thereby emerge in accordance with demands from society. In a related study, he also emphasizes a *policy feedback effect* of private social benefits. Once entrenched, the private provision of social benefits can lead to the formation of vested interests, embedded institutions and public expectation in a manner similar to public social programs, thus forming a rigid institutional arrangement that may be difficult to reverse or change (Hacker, 2002, 26).

These conceptual tools widely used in studies of gradual institutional changes are heuristically useful in understanding changes in the Swedish unemployment benefit provision system. In the empirical analysis presented in the dissertation, I use concepts such as policy drift, layering and feedback effect in order to make sense of a series of developments leading to the Swedish multi-pillar unemployment benefit provision system.

2.6 Concluding remark

The theoretical perspectives and debates discussed in this chapter address the question of the distributive logics and *loci* of welfare states and how they may be interrelated. Despite the concept of universalism and that the scholarly debates surrounding this concept are riddled with vagueness, distinguishing universalism as a policy ideal from actual institutionalized praxis is analytically useful in understanding distributive implications of welfare state changes – not only in terms of evaluating access or coverage but also as a way of assessing adequacy and quality of social protection. The long-lasting conceptual framework of social division of welfare and the welfare pillar perspective help us direct our analytical focus towards continuous, incremental and less visible changes based on mixing, blurring and rejigging the pillars rather than only large-scale reforms transforming major institutional architectures of welfare states.

It is not my intention to say that state welfare was or still could be the single most effective way to guarantee egalitarian outcomes. Exclusionary mechanisms have always been at work, even in allegedly universal welfare states as discussed earlier in this chapter, nor was state welfare ever unconditional for that matter. What I take from the previous scholarly works discussed thus far is that privatized risk protection could entail different kinds of exclusionary principles depending on providers, leading to distinct distributive patterns affecting different risk groups differently. An important point of departure of the empirical work presented in this dissertation is thus that shifting and mixing pillars has different consequences for different risk groups. Recognizing this, that the relative role of different pillars in welfare provision may be very different for different groups of people with diverse risk profiles, and that in the midst of privatization of welfare provision dis-entitlement could take place, motivates the importance of studying the consequences of multi-pillarization on high-risk groups.

Hence, the theoretical questions driving the research agenda of this dissertation are not about a simple causal relation between welfare pluralism and inequality. In analyzing the case of the multi-pillarization of the Swedish unemployment benefit provision system, I instead try to address the following, more nuanced and complex questions: Do different types of welfare provision entail specific types of exclusionary mechanisms and thus certain distributive patterns? Can plural sources of welfare provision be coordinated in a way guaranteeing inclusive and egalitarian entitlement? Where and how does dis-entitlement take place? These questions help us understand in which particular ways the ideal of a universal welfare state is circumscribed when in practice different *loci*, and therefore different logics of welfare provision, are combined, all the while the boundaries between different pillars are in a constant flux.

Chapter 3

Methods and materials

The dissertation contributes to our knowledge regarding the multi-pillarization of the Swedish unemployment benefit provision system by focusing on two analytical levels. First, the features of the complementary pillars are analyzed by tracing the institutional context from which they emerged and also by analyzing the development of different complementary benefits. In other words, the analyses are focused on the output level of institutional changes. Second, the distributional outcomes of the institutional change towards the multi-pillar system of unemployment benefit provision are analyzed partly by inferring from the institutional features at the output level and also by looking into various sources of benefit reciprocity data. In this chapter, I present the empirical material, methods and processes of data collection and analysis leading to the main findings of the dissertation.

3.1 Analyzing institutional change

As described in the introductory chapter, the development towards the Swedish multi-pillar system of unemployment benefit provision may be understood as a case where the outcomes of an existing institution (i.e., the decreasing generosity of the public unemployment insurance benefits) have spurred a new development leading to the establishment of complementary benefits for unemployed individuals. One methodological challenge involved in studying institutional change caused by non-action or institutional inertia rather than explicit reform measures is that tracing the courses of institutional change is much more difficult. What becomes important then is teasing out the context in which the seeds for a new development were planted, while at the same time recognizing that the outcome of certain institutional arrangements may change over time without explicit changes in the output level of the institutions (Hacker, 2004, 246). As it is not uncommon

that the outcome of a certain institutional change can only be observed after a significant amount of time has passed (Seeleib-Kaiser, 2011, 12), it is also important to adopt a broader horizon in order to link together the different empirical developments taking place at different points in time, sometimes in seemingly unrelated domains.

In order to answer the first research question – *How and why have complementary income insurance schemes emerged?* – the main analytical endeavor has been focused on engaging in a process of tracking and making sense of a series of events and diverse sources of data. The overall analytical process may be described as bringing different pieces of information and material into an institutional order that is not necessarily apparent from the outset. While trying to understand the origin and establishment of complementary benefits for the unemployed, it became clear that the Swedish public unemployment insurance program had changed substantially in terms of benefit generosity but also in relation to other aspects over the last few decades. As I tried to understand these changes through existing literature, I came to learn the particularities of the governance of the public unemployment insurance program, regarding which I previously only had a superficial understanding. It was mainly historical accounts of the institutional origin and evolution of the Swedish Ghent system that provided me with essential insights for understanding and analyzing particular ways in which complementary benefits for the unemployed have emerged and developed. The overall process of the analysis of institutional change in this study is thus informed by a historical institutional approach, which I discuss next.

3.1.1 Understanding pre-existing institutional context

Historical institutionalism as an approach is not a specific set of theories nor a methodology but is rather characterized by a plurality of theoretical and methodological approaches (Steinmo, Thelen and Longstreth, 1992; Lynch and Rhodes, 2016). As in other institutional schools in social scientific research, a historical institutionalist stresses the importance of institutions shaping the behaviors of individuals and collective actors when trying to understand social phenomena (Steinmo, 2008, 123). If a rational choice institutionalist departs from the assumption regarding human behavior that individuals are driven by maximizing their own interests and preferences that are given exogenously, a historical institutionalist would question in which ways the interests and preferences are shaped by pre-existing formal and informal rules constituting an institutional context, and consider how “temporal processes may generate and reinforce actor preferences, power relations, and patterns of resource allocation” (Fioretos, Falleti and Sheingate, 2016, 6-7).

In other words, in historical institutionalism the time factor is important in studying the formation, endurance and change of institutions and the political processes involved

in these aspects. Some of the well-known theoretical concepts developed and consolidated in historical institutionalism include: *path-dependency*, referring to extended periods of time characterized by institutional stability (Steinmo, Thelen and Longstreth, 1992); *critical juncture*, denoting situations of uncertainty, usually of a shorter time period, where formative decisions are made with a lasting impact on the outcomes of institutional developments (Collier and Collier, 1991); and *policy feedback*, concerning the impact of established policies on shaping interest formations and thereby politics of institutional change (Skocpol and Amenta, 1986). Especially in the scholarship of comparative welfare studies, these concepts have been widely employed and path-dependent characteristics of social policies and welfare programs have been associated with “institutional stickiness”, in the sense that previously established institutional legacies determine the subsequent development paths of institutions (Hacker, 2002; Pierson, 1998, 2001; Starke, 2010).

To begin with, writing about the public and occupational pillars of Swedish unemployment benefit provision started as an attempt to understand the context from which the complementary income insurance schemes emerged. However, it became clear that these pieces of the puzzle were not merely a background of the empirical phenomenon – the existence of private complementary income insurance schemes – that initially interested me. Rather, during the research process I learned how the historical origin and evolution of the public and occupational pillars have shaped the unions’ interest and strategies in relation to the governance of unemployment benefit provision and, more importantly, that this is a key aspect for explaining the particular path to the multi-pillarization of the Swedish unemployment benefit provision system. Therefore, in putting together the empirical materials described below and interpreting them, I tried to be sensitive to the contexts and sequences of the development of different complementary benefits for the unemployed, crafting a historically informed analysis of institutional changes. Inspired by the historical institutional approach described above, I tried to take into account the institutional origins, path dependency exerted by established institutional legacies and how they over time constrain and shape the actors’ room for maneuver as well as interests, preferences and strategies.

The analysis of the changed institutional landscape of the Swedish unemployment benefit provision system in this study draws on an extensive set of documents of various types. Chapter 4, where I analyze the origin, development and retrenchment of the public unemployment insurance program in Sweden, relies heavily on previous studies and public documents. The studies upon which I based my analysis have a historical perspective spanning over a long period of time during the 20th century (for instance, Edebalk, 1996; Edling, 2010; Edebalk, 1975; Edling, 2006; Wennemo, 2014; Åmark, 2005; Edebalk, 2012; Rothstein, 1992). It is by reading these historical accounts that I arrived at an understanding of the core institutional characteristics of the Swedish Ghent system and

the motive as well as the importance of the engagement of unions in the provision of unemployment insurance program.

In analyzing the changes the public unemployment insurance system has gone through during the last decade, numerous reports and statistics from two state agencies were of great importance. The first of these is the Swedish Unemployment Insurance Board¹, a supervisory organization for the public unemployment insurance program. From its statistical database ASTAT, I could gather data on changes in the benefit level, the number of benefit recipients, the membership fees to different insurance funds and the state's financial contribution over time. The second is the Public Employment Service², from which I could gather data on benefit recipiency among the registered unemployed over time. The majority of the data I used were publicly available, while some information was complemented by directly contacting the research and analysis department of these organizations. Working with the register data from IAF and Public Employment Service proved highly beneficial in order to grasp the extent to which the public unemployment insurance program has changed, especially in benefit generosity and recipiency rate, as there are not many existing empirical studies delving into long-term changes with the level of detail I attempted to explore. Apart from these main sources of data, reports from the Swedish Federation of Unemployment Insurance Funds³, an interest group of the 27 unemployment insurance funds, were also useful as they contain analyses of benefit recipiency of the public unemployment insurance program. Exploring these empirical materials certainly led me to develop a more concrete understanding of the context from which the complementary income insurance schemes emerged.

Whereas analyzing the development and changes in the public unemployment insurance program was rather straightforward, the occupational pillar, which I discuss its low visibility despite its substantial degree of institutionalization (Chapter 5), had been invisible in my own work as well until the later stages of writing this thesis. This is partly due to the fact that there is a limited number of previous studies analyzing complementary benefits for the unemployed provided via collective agreements between labor market partners, but also because they are more difficult to get an overview of compared to the newly established union-mediated income insurance schemes. Nevertheless, in understanding the continuity of the labor unions' engagement in the provision of unemployment benefits, the importance of the existence of the occupational pillar became more clear to me and I was unable to sideline this pillar for the sake of parsimony of the analysis or for pedagogical reasons. For the analysis of the benefits and support provided via collective agreements between labor market partners, several previous studies have been essential (Bäckström, 2006; Martinson, 2005; Sebardt, 2005; Walter, 2015; Jansson

¹ *Inspektionen för arbetslöshetsförsäkringen (IAF)* in Swedish.

² *Arbetsförmedlingen* in Swedish.

³ *Sveriges A-kassor* in Swedish.

et al., 2018), and I also gathered first-hand data by reviewing the websites of the different Employment Transitional Agreements and various types of information available on websites belonging to unions and employers' organizations.

Although the analysis presented in the following chapters could have benefited greatly from further analyzing the motives and ideas held by the main actors, such as the unions, for instance by means of more archival work or interview studies, there was no room for incorporating such methods in the research process. This is partly due to the way in which the research process unfolded. As my initial interest in the topic of the Swedish unemployment benefit provision system was invoked by an empirical phenomenon of complementary income insurance schemes provided by unions, the journey has gone from initially trying to grasp an unintelligible, novel phenomenon to slowly digging into the historical and institutional contexts from which the complementary benefits developed, to finally understanding the organic relations between the different stages of the institutional changes. At the earlier stage, I placed much empirical weight on providing a comprehensive and holistic view on the unemployment benefit provision system in Sweden today, bringing together the different types of benefits comprising the multi-pillar system rather than trying to explain why. Furthermore, in parallel to understanding the multi-pillarization at the output level, from the beginning I had an interest in exploring the outcomes of the institutional changes, which resulted in an empirical investigation into benefit reciprocity (see later in this chapter).

3.1.2 Mapping out a new institutional landscape

In order to answer the second research question of the dissertation – *Which patterns of distributional outcomes does the multi-pillarization of unemployment benefit provision lead to?* – it was essential to first get a systematic overview of the newly developed complementary income insurance schemes for the unemployed before analyzing distributional implications of this new pillar. As mentioned in the introductory chapter, however, there was a very small number of previous studies grasping the empirical phenomenon of privately provided income insurance schemes. By searching online, I first found a few reports produced by government agencies such as the Swedish Unemployment Insurance Board (IAF, 2013b) and reports from the Ministry of Finance (Lindquist and Wadensjö, 2011, 2007, 2005). By studying these previous documents on complementary benefits upon unemployment, I gained knowledge regarding union-mediated complementary income insurance schemes, after which I could structure my data collection to gather more updated information on the different types of complementary benefits for the unemployed. The material gathered throughout the research period of 2013-2017 may be largely divided into the following categories:

a) Documents from public authorities and agencies, including reports from the investigation service of the parliament⁴ (Dnr, 2008:1689, 2012:454), reports from the Swedish Unemployment Insurance Board (IAF, 2010, 2004) and minutes from parliamentary debates (Interpellation 2011/12:370; 2011/12:360; 2011/12:107; 2013/14:5; 2013/14:457);

b) Documents from interest groups, including reports from the confederations of labor unions (Essemyr, 2013; Vedin, 2014; Andrén, 2014) and a report from the employers' organization the Confederation of Swedish Enterprise⁵ (Eriksson and Segerfeldt, 2011);

c) Diverse other sources of information regarding complementary income insurance schemes from labor union and insurance company websites, insurance plans, leaflets, blog posts, online advertisements, radio, podcast broadcasting, price-comparison websites, related newspaper articles, etc.;

d) Information gathered through expert interviews in 2013.

Each source type entailed a rather small number of documents. The first and second categories all in all entail about a dozen documents (excluding the parliamentary debates). For the third category, however, data collection included retrieving information about approximately 50 different complementary income insurance schemes and browsing diverse media channels over the whole research period. I also used a reminder function in a search engine so that I could browse content related to unemployment insurance and complementary income insurance on a continuous basis, as soon as it appeared online and was indexed in the search engine. This type of content could include anything from a newspaper article about complementary income insurance schemes to posts on diverse online forums where private individuals ask questions about the rules of the unemployment benefit system.

The initial data collection stage regarding the complementary income insurance schemes was characterized by much uncertainty. The information I could find was scarce and at best scattered. The contents of the documents were analyzed on a continuous basis as they were gathered and discovered. I understood already at an early stage that there was very little documented information regarding the complementary income insurance schemes. I very soon reached the point where I could not find any more publications or information through available research databases and conventional online search engines. Therefore, the collection of secondary data started to include making phone calls and writing emails to the publishers of reports dealing with complementary income insurance schemes in order to gain more background information as well as possibly further documented information. In the case of the state agencies listed above, they confirmed that the reports I had read constituted the only information they had produced.

⁴ *Riksdagens utredningstjänst (RUT)* in Swedish.

⁵ *Svenskt Näringsliv (SN)* in Swedish.

I continued my data collection and scheduled meetings with experts who had written on the topic, in the form of an expert interview. In order to examine the contents of documents, it is important to be aware of the contexts within which they were produced (May, 2001). Therefore, conducting expert interviews was not only a means of gathering more documented information but also of obtaining a better understanding of the materials they had produced. Some of these interviews were recorded and transcribed. However, these interviews themselves did not serve as an object of analysis but rather as contextual information that helped me in analyzing the documents. The experts I met for this purpose included one researcher who had written several government reports on the topic since the early 2000s (Gabriella Sjögren Lindquist), two researchers working for different central organizations for labor unions (LO and TCO, Ulrika Vedin and Mats Essemyr) who had written a couple of reports on the topic, one analyst working at an insurance company providing complementary unemployment insurance schemes (Håkan Svärdman) and one politician who had raised the issue of complementary insurance in parliamentary debates during the last years (Hillevi Larsson). Upon the meetings, I asked them to further explain their work and engagement in the topic of complementary unemployment insurance as well as the background of the document materials they had produced. Apart from getting to understand the context of the documents, these meetings also guided me in my search for data sources.

One of the questions I posed included why there were so few studies about complementary unemployment insurance despite its uniqueness and potentially important implications for the Swedish unemployment protection system. The answers to this question may be summed up as a lack of political interest or unwillingness as well as the opaqueness of the system. The experts on the topic confirmed that there were no more publications or other forms of comprehensive information on the topic that I was unaware of and they were not aware of any other ongoing or planned studies.

This initial stage of gathering existing data on complementary income insurance began in the winter of 2012. By the beginning of 2014, it became clear that I had reached the point of data saturation with regard to reviewing secondary documents on complementary unemployment insurance. Apart from these already existing documents, over time I came into contact with diverse sources of information as well as direct advertisements of complementary income insurance schemes online, through radio, podcast broadcasting, etc., which informed the analyses. As the complementary income insurance coverage among union members steadily increased during the past years, the final overview of existing income insurance schemes was updated with information from July 2017. This last round of data collection gave me a chance to reassess the evolution of complementary income insurance schemes in an altered political context.

In the final writing process, I systematically put together the pieces of information

I had gathered based on the diverse sources of material described above. By repeatedly reviewing the available information on the complementary income insurance schemes, for instance, I could construct a database that could be used in comparing some of their important features, such as year of introduction, basic benefit structure, eligibility criteria as well as coverage in terms of number of people belonging to unions providing complementary income insurance schemes.

By applying the pillar perspective discussed in Chapter 2, I could organize the empirical chapters in a way so that the different institutional origins and development as well as the current function of each pillar become clear, bringing the highly scattered and fragmented forms of information and materials into an institutional order that may help grasp the new landscape of the Swedish unemployment benefit provision system. The account of institutional change put forward in this dissertation is constructed in a way so that the related theoretical perspectives discussed in the previous chapter could be explored and in turn generate a deeper understanding and new insights in seeing the institutional changes at hand. The resulting account of the changes in the Swedish unemployment benefit provision as a process of multi-pillarization is neither the only way nor the uncontested way, but the one serving the aim of this dissertation, which adopts a holistic perspective in order to assess the actual meaning and outcome of the institutional features in terms of risk protection provided for those in need.

3.2 Analyzing outcomes of institutional change

In order to answer the third research question of the dissertation – *To what extent does the multi-pillar system of unemployment benefit provision cater to the needs of a labor market group facing a relatively widespread risk of unemployment and underemployment?* – I conducted a benefit reciprocity study based on register and survey data. Tapping into the benefit reciprocity data for complementary benefits for which there is no publicly available register data meant that the scope of the empirical study had to be limited to a certain working population, and this outcome study came to focus on the retail sector, as motivated in the introductory chapter.

Jacob Hacker, an important critic of the scholarship of welfare state research, argues that there has not been enough focus on the distributive consequences of changes in principles and administrative reforms of existing welfare services and programs. In the following excerpt, he stresses the importance of focusing on the effects and outcomes of welfare policy changes.

[W]e should be interested not only in the structure of policies, but also in their effects – not only in rules governing benefits or eligibility, that is, but also in the outcomes that those rules produce as they are actually carried out by

front-line policy actors in the context of other sources of social protection and shifting social condition. [...] [O]ne question should be central: Have welfare states continued to provide the inclusive risk protection that once defined their structure and goals? (Hacker, 2004, 249)

This imperative of outcome studies informed this dissertation to a very large extent. Although we can learn much by studying institutional changes, social and distributional outcomes cannot always be directly inferred from institutional structures (Clegg, 2012, 272). In line with this perspective, I argue that unemployment benefit systems ought to be studied not only by looking into changes in formal rules, coverage rates, changes in the aggregate numbers of membership, etc., which is why I turned to various sources of benefit reciprocity data of different types of benefits comprising the multi-pillar system of unemployment benefit provision in Sweden today.

In analyzing the outcome of an unemployment benefit provision system, we can distinguish several different but related aspects. In this dissertation, I use the term benefit reciprocity study in an attempt to encompass the following aspects of the outcome of an unemployment benefit provision system. The first is simply how many individuals among the unemployed actually receive the different types of unemployment benefits available. This gives us the actual coverage of the different benefits among those in need of income protection. Second, the outcome may be also measured by having the actual recipients themselves assess the extent to which their lost income was compensated and by tapping into the unemployed individuals' perception of the benefit adequacy. Furthermore, the outcome of the unemployment benefit provision system may also be analyzed at the system level; for instance, by considering how the level of universality measured not only in terms of coverage and adequacy of benefits but also in terms of degree of uniformity of the benefit system (discussed in Chapter 2) has changed. This aspect is also related to the distributive outcome, by which I refer to the ways in which the multi-pillar system of unemployment benefit provision conditions the income protection offered to different groups of workers with varying unemployment risks. Lastly, with the help of survey respondent answers to open-ended questions, I tap into the subjective dimension of the outcome, which is related to the experiences of the unemployed retail workers in their encounter with the unemployment benefit system.

In the remainder of this chapter, I first describe the register-based benefit reciprocity data used in getting a grasp of the unemployed retail workers' access to public unemployment insurance benefits and complementary income insurance benefits. Thereafter, I describe how the survey-based benefit reciprocity study was planned and conducted.

3.2.1 Register-based benefit reciprocity study

As the first step in analyzing benefit reciprocity among the unemployed retail workers, I gathered benefit reciprocity data at the aggregated level from the Swedish Unemployment Insurance Board (IAF). Their database ASTAT is where I have gathered the data regarding the number of public unemployment insurance benefit recipients over the time period 2006-2016. The years I looked at correspond to the time period during which significant changes in the public unemployment insurance program have taken place.

Second, I collected the benefit reciprocity data provided by an insurance company providing complementary income insurance for retail sector workers. While the collection process of the publicly available data was rather straightforward, the data from the insurance company was not easy to access even though it was at an aggregated level. I requested access to these data early on but it was only after I completed my survey-based benefit reciprocity study that I obtained access to these data through the Union of Commercial Employees (*Handelsanställdas förbund*). It is in a form of an Excel file where the insurance company compiles the benefit reciprocity data for each month between 2007 and 2014, which is used for reporting to the union. I have not seen any similar publicly available data from other insurance companies providing complementary income insurance benefits.

By means of these register-based data at the aggregated level for the first and third pillar, I was able to analyze some of the important trends and characteristics of retail workers' access to unemployment benefits. As a contrast to the survey-based benefit reciprocity data, which is focused on individual-level data at one point in time, the register-based data from IAF on public unemployment insurance benefits and from the insurance company on complementary income insurance benefits do enable analysis over time.

Lastly, when it comes to the benefits from the occupational pillar, the lump sum severance payment (*Avgångsbidrag, AGB*) that is relevant for retail sector workers, there was no equivalent data at the aggregated level. The closest data available was provided by the Employment Transition Fund (*Trygghetsfonden, TSL*), where the number of people receiving support from TSL is reported in relation to different forms of union membership among the LO collective. Due to the eligibility criteria, the number of benefit recipients of AGB seems to have been rather low; for instance, the total number of Handels members receiving support was about 1,638 in 2015 and 1,790 in 2016. However, these numbers not only include AGB but also those receiving other services, such as job coaching. As the exact number of benefit recipients of AGB was not available, I did not conduct any further analysis on these figures. Therefore, the analysis of benefit reciprocity of complementary benefits at the individual level only focused on the union-provided income insurance benefits (Chapter 8).

As illustrated by the case of AGB, and to some extent also by the case of data for

the complementary income insurance benefits, empirically grasping the actual benefit reciprocity of the complementary unemployment benefits is by no means straightforward compared to the public unemployment insurance benefits.

3.2.2 Survey-based benefit reciprocity study

Apart from the register-based data at the aggregated level described above, the outcomes of the multi-pillarized unemployment benefit system in Sweden were most importantly studied by conducting a survey-based benefit reciprocity study, collecting individual-level data. In the following, I more extensively discuss the background, design, data collection process and limitation of the survey study.

In search of register data

Initially, I was looking for some forms of register-based data regarding the reciprocity of complementary unemployment benefits. Ideally, a register-based dataset where I could identify different kinds of unemployment benefits received by unemployed individuals would have provided a straightforward answer to the research question. However, there is no public authority, agency or other organization with such a register-based dataset.

To begin with, the Swedish Unemployment Insurance Board and the Swedish Public Employment Service only have information for public unemployment insurance benefit recipients. Neither the income and taxation database nor the longitudinal database for sickness insurance and labor market studies (LISA) compiled by Statistics Sweden has any data on the benefit recipients of complementary unemployment insurance benefits. The fact that complementary unemployment insurance benefits are not subject to taxation⁶ to some extent explains this lack of data.

It became clear that the only possible data source would be the labor unions and the private insurance companies that the former collaborate with in providing complementary unemployment insurance benefits. However, information on union membership is classified as sensitive personal information requiring approval from the Ethical Review Board in Sweden. Even with such an approval, it was quite unlikely that the unions or insurance companies would agree to share the personal information of their members and customers regarding age, income, unemployment, employment status, educational background, etc., which I would have liked to analyze. I approached one of the major actors in the provision of complementary income insurance schemes in 2015 but being granted this type of access to their database was not possible.

Reflecting this unavailability of individual-level register data on benefit reciprocity of complementary benefits, previous studies have thus mostly used data at the aggregated

⁶For the related court decision, please visit: <https://lagen.nu/dom/ra/2007:25>.

level (Lindquist and Wadensjö, 2007, 2005, 2011) or used union membership in other datasets based on sampled survey studies as a proxy variable. This allows you to infer whether or not people are covered by union-provided complementary insurance schemes (Kolsrud, 2013). In other words, the data on the actual take-ups of private complementary unemployment insurance benefits by individuals was not accessible, which led me to consider another form of data collection; namely, to conduct my own survey study.

Benefits of survey-based benefit reciprocity data

Survey-based benefit reciprocity data have thus far rarely been used in welfare state research compared to social expenditure and entitlement-related data, despite its analytical potential in assessing the quality of social protection systems (van Oorschot, 2013). Despite the general problem related to the accuracy of self-reported benefit reciprocity (Hernanz, Malherbet and Pellizzari, 2004, 16), there are several aspects motivating the choice of conducting a survey study for this particular study.

First, in a rapidly changing terrain of public and private mixes of welfare provision, there are no readily available reciprocity data for different kinds of benefits, as explained in the previous section. Here, the first-hand survey data could help mapping out the role of different unemployment benefits (i.e., from the state, occupational and personal pillars) in providing income protection for the unemployed. Thus, in this case collecting survey-based benefit reciprocity data turned out to be a viable way of exploring the unknown, emerging phenomenon in the welfare state change.

Second, when it comes to privately provided unemployment insurance benefits, the coverage on paper does not serve as a good proxy indicator for the actual take-up of benefits among the unemployed. This is because workers facing a lower and less frequent risk of unemployment (so-called labor market insiders) tend to have extensively greater coverage of such benefits. The access of actual unemployed individuals to such private complementary benefits is thus way more limited than what might be suggested by an analysis of coverage and eligibility rules. Hence, it was fruitful to gather data on the relative number of benefit reciprocity (the number of benefit recipients in relation to those who are in need) as well as the actual amount of benefits from complementary unemployment insurance received by unemployed individuals.

Third, survey data may highlight gaps in benefit coverage (van Oorschot, 2013, 231), revealing to what extent the existing benefit provision system fails to cater to the needs of some unemployed individuals. There are indications of the growing importance of personal solutions in dealing with income loss upon unemployment, but there is no systematic empirical information on this phenomenon. By asking to what extent the unemployed turn to personal solutions, such as temporary loans and inter-family transfers, to cope with their income loss, one can address the extent of the use of non-institutionalized,

personal solutions by the unemployed individuals.

Fourth, in the presence of multiple sources of welfare provision, what matters is to what extent and in which ways individuals may combine different kinds of benefits and how these aid them in coping with the risks and needs they face. In other words, the outcome of a multi-pillar system of social protection hinges upon the risk management choices and strategies adopted by individuals, as important decisions regarding appropriating different parts of welfare provision often have to be made voluntarily when the system involves various private and complementary alternatives. The survey data may capture this agency dimension in a way that other types of register data cannot.

3.2.3 Design of survey

Beginning in April 2014, I started contacting the unions providing complementary income insurance benefits for their members in order to design a survey study. The target study population included the blue-collar unions as the study aimed to explore the outcomes of the multi-pillarized unemployment benefit provision system for labor market groups facing a relatively widespread risk of unemployment and underemployment. Among seven blue-collar unions providing complementary income insurance benefits for their members, the Swedish Municipal Workers' Union (*Kommunalarbetarförbundet*) and the Union of Commercial Employees (*Handelsanställdas förbund*, *Handels* hereafter) showed an interest in collaboration. During the planning process, it was decided that the survey was to be conducted digitally and that the Swedish Municipal Workers' Union could no longer be included in the study as they lacked a complete list of email addresses for their members.

In May 2014, the initial contact took place with the labor union organizing retail workers, *Handels*, which I collaborated with in conducting the survey. In the following month, the first meeting with the union's research staff took place in Stockholm where further discussions on collaboration with regard to the survey study continued. In September 2014, we officially reached an agreement to collaborate. More empirical data collection options were explored between November 2014 and February 2015 by consulting the union and its unemployment insurance fund. During this time, three meetings were held in Lund with the Malmö local branch of the insurance fund in order to agree upon a data collection plan, contents of the survey and sampling process as well as logistics regarding the sharing of email addresses to the individuals in the sample.

In formulating the survey questions, I looked through the questionnaires, codebooks and lists of variables for a few established surveys and databases, such as Living Conditions Surveys (ULF/SILC)⁷, The Swedish Level-of-Living Survey (LNU)⁸, Longitudi-

⁷ *Undersökningarna av levnadsförhållanden* in Swedish.

⁸ *Levnadsnivåundersökningen* in Swedish.

nal integration database for health insurance and labour market studies (LISA)⁹. These served as a source of inspiration as well as reference in formulating questions and response alternatives.

A draft of the survey was circulated among experts in the field, ranging from scholars at universities to analysts and experts in unions and an insurance company providing the complementary insurance schemes for a number of unions. Subsequently, some changes were implemented regarding the use of specific terms, adding and omitting certain questions and reformulating the response alternatives. With the assistance of the Malmö local branch of the unemployment insurance fund for retail workers, the survey was sent out on March 9 to five individuals who voluntarily participated in a pilot study. This was a great opportunity to execute the entire round of the survey distribution and collection process. However, a post-meeting where the participants were to share their feedback on the survey questions was canceled due to a lack of interest and time.

The final survey consists of 43 questions related to various types of unemployment benefit reciprocity. Questions addressed were i) knowledge regarding different unemployment benefits, ii) experiences of accessing benefits, iii) strategies employed in coping with income loss and job searching, iv) perceived financial security and importance of complementary benefits during unemployment period, v) experiences of employing other personal financial solutions in coping with extended period of unemployment, etc. For the paper version of the survey, see Appendix A.¹⁰

One important limitation of survey-based benefit reciprocity data is that there is a problem of measurement uncertainty due to over- or under-reporting of benefit reciprocity by respondents (van Oorschot, 2013, 234-235). As the study aims to achieve a comprehensive picture of income protection for the unemployed rather than focusing on one specific benefit scheme, there is an apparent risk of respondents not fully understanding the differences between multiple benefit schemes and related terms. In order to tackle this problem, the sequence of the survey questions was carefully structured in order not to create unnecessary confusion for the respondents. Short information texts were added to specific terms that might cause uncertainty.

The choice of distribution medium for the survey was concerned with practical reasons. Compared to a paper-based survey, a web-based survey drastically reduces the cost of distribution and collection. A recent study by Bergström (2016), comparing the two options by analyzing non-response patterns and response distribution in a recently conducted large-scale survey study in Sweden, supports the notion that there should not be any major reasons for concern when it comes to survey results being affected by the

⁹ *Longitudinell integrationsdatabas för sjukförsäkrings- och arbetsmarknadsstudier* in Swedish.

¹⁰ Note that in the paper version, all of the follow-up questions are shown. In the actual survey conducted digitally, these were only shown to respondents choosing relevant response alternatives for the follow-up questions.

means of survey distribution. For instance, the study found that there were no statistical differences in response distribution among respondents between survey responses gathered via paper and online. Meanwhile, there were large differences between the two modes of surveys when it came to item non-responses¹¹ and in fact the item non-response was lower in the online version compared to the paper version. Increasingly, well-established survey projects use a mix of both paper and digital versions of questionnaires in order to maximize the response rate (see, for instance, Vernersdotter, 2014).

As the survey was sent out digitally to the email addresses of the individuals in the sample, the design of the survey had to take into account visual aspects of the virtual user interface, making sure that the survey was readily available in different types of electronic devices as well.¹²

Population and sample

The focus of the dissertation on the distributional outcome of the multi-pillar system of benefit provision motivates the selection of survey study population. Workers in the retail sector face a high share of temporary employment and involuntary part-time employment with relatively low salaries (see Chapter 6, section 6.4.). This means that they are exposed to a higher and more frequent risk of unemployment as well as financial vulnerability during unemployment. Hence, this is an important research population for the question regarding to what extent the multi-pillar system of unemployment benefit provision caters to the needs of workers with relatively marginal labor market positions.

The survey population consists of retail workers receiving public unemployment insurance benefits via Handels' unemployment insurance fund in 2014. Handels is the third largest union within the Swedish Trade Union Confederation (LO)¹³, representing 154,000 members working in the retail sector. It provides complementary unemployment insurance benefits for its members with an income above the maximum benefit level of the public unemployment insurance program.

The membership bases of the Handels' unemployment insurance fund and Handels as a union largely overlap, although the pattern of dual membership has been increasingly less pronounced in recent years. In December 2014, the share of Handels' insurance fund members who did not belong to the union Handels was 30 percent according to membership statistics from the Swedish Unemployment Insurance Board (IAF) and information from Handels' unemployment insurance fund. The corresponding number in 2008 was 20 percent, meaning that more and more retail workers choose to be a member of the unemployment insurance fund without being a member of the union.

¹¹Item non-response refers to the absence of responses to specific questions within a collected survey response (Yan and Curtin, 2010).

¹²For a general overview of conducting digital survey studies, see Dillman, Smyth and Christian (2009).

¹³*Landsorganisationen i Sverige* in Swedish.

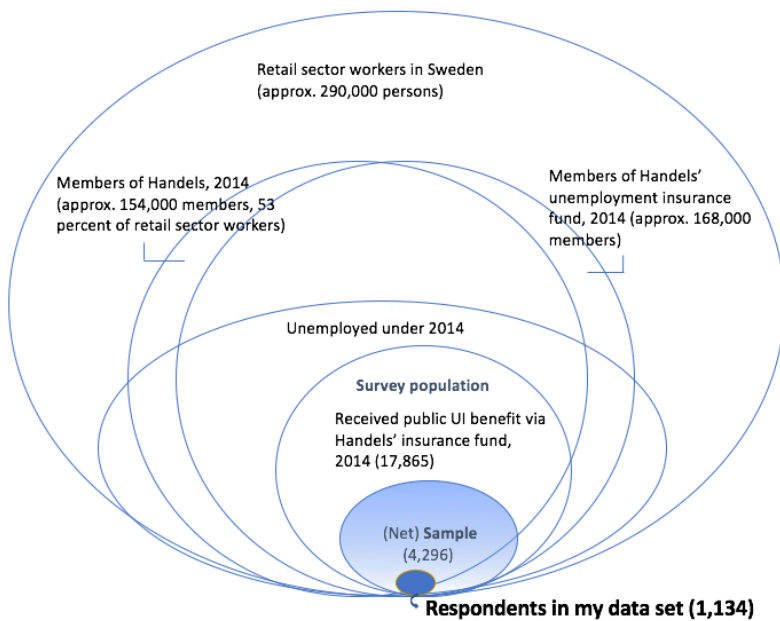


Figure 3.1: Survey population and sample in context

Note: The relative size of the circles in the figure do not reflect the relative numbers of individuals belonging to the different categories.

The sampling process took place in collaboration with Handels' insurance fund as well as the union. According to statistics from the Swedish Unemployment Insurance Board, 17,865 individuals received benefits from the public unemployment insurance program via the insurance fund of Handels in 2014. Initially, I requested to receive all email addresses to the entire population so that I could conduct the sampling process. However, I followed instructions from the Regional Ethical Board (EPN, Dnr 2015/23) recommending that I should only obtain access to email addresses of the individuals in the final sample, as having access to personal information for the entire population was considered inappropriate from a security perspective.

According to the theory of probability, the net sample size¹⁴ required for the purpose of statistical analyses of a population size of 17,865 is 1,007.¹⁵ Considering that online surveys tend to have a relatively low response rate and given that the Handels' insurance fund's previous member survey on average had a 20-25 percent response rate, we decided to select approximately 5,000 individuals from the population to be included in the gross sample. Consequently, 4,864 individuals were randomly selected from the population, comprising the gross sample of the study. The net sample size was 4,296, excluding invalid email addresses and active opt-out from the study (more detail in the following section).

Figure 3.1 on the preceding page illustrates the survey population and sample in context. It is estimated that about 53 percent of all retail workers were organized by a union in 2014 (Kjellberg, 2017b, 14), and the most prominent union for retail workers, Handels, had around 154,000 members in 2014. It is commonplace that Handels members also belong to its unemployment insurance fund, which had approximately 168,000 members the same year. As illustrated in the figure, it is important to keep in mind that not all unemployed individuals who worked in the retail sector are included in the survey population. This is because the sampling process took place by approaching the unemployed who received public unemployment benefits through their membership in Handels' insurance fund as described above. This implies that the survey population excludes those who were neither member of Handels nor member of Handels' insurance fund, as well as those who were members of Handels but perhaps belonged to another insurance fund than Handels. The survey population also excludes individuals who were members of Handels and Handels' insurance fund but who did not receive any benefits.

From the sample of 4,296 individuals, a total of 1,134 survey responses were collected. The general demographic characteristics of the survey respondents in comparison to the available information of the population (i.e., data from The Swedish Unemployment Insurance Board on unemployment insurance benefit recipients belonging Handels'

¹⁴Net sample size = gross sample size - natural non-response (i.e., including invalid email addresses)

¹⁵With 95 percent confidence level and 3 percent margin of error.

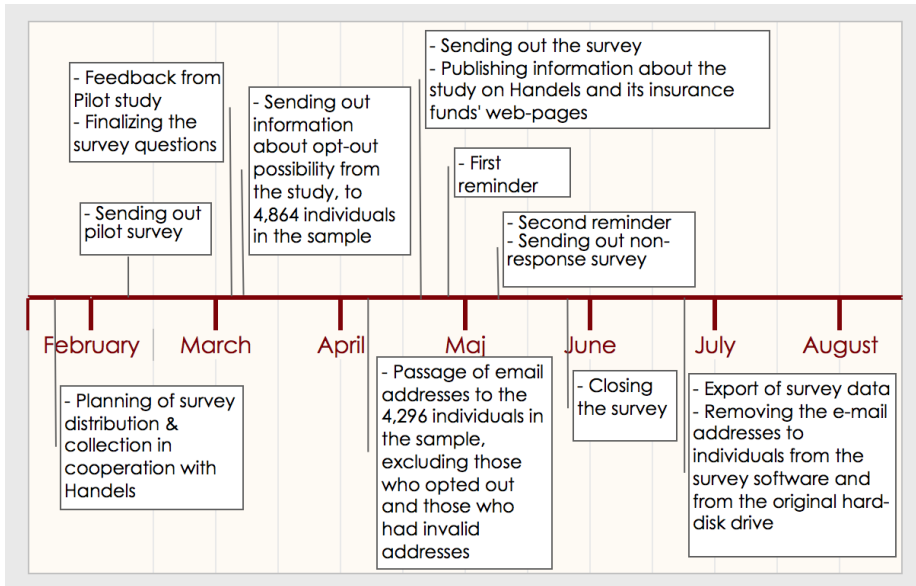


Figure 3.2: Timeline of survey distribution and collection, 2015

insurance fund in 2014) are presented later in this chapter when discussing the representativity.

Data collection process

Before I obtained access to the email addresses of the 4,864 individuals in the sample, Handels' unemployment insurance fund sent out a letter to these individuals providing an opportunity to opt out of the study; that is, that they would not receive the link to the survey to begin with. The letter was sent out on March 5, 2015, and the opt-out answers were to be sent in by April 6. In total, 316 individuals chose to opt out of the study and an additional 252 email addresses turned out to be invalid. The net sample therefore consisted of 4,296 individuals. The survey was sent out on April 14, 2015, to the email addresses of these 4,296 individuals. The data collection was managed using software guaranteeing the anonymity of respondents. The data collection continued until May 28 and two reminders (April 22 and May 4) were sent out. Accompanying the second reminder, a non-response survey was sent out at the same time, which included one question asking why one chose not to answer the survey. A complete overview of the survey distribution and collection process is illustrated in a timeline in Figure 3.2.

At the same time as the survey was distributed, information about the study and the possibility of being contacted by the study was published on the websites of both Handels and its unemployment insurance fund. They also internally informed their staff

receiving phone calls from members so that if any individual receiving the survey had questions, they could be answered adequately. The contact information for me and my supervisors as well as a simple description of the study was also published.

The response rate turned out to be 26 percent, leaving the final dataset consisting of 1,134 completed survey responses. The respondents were only able to submit their responses if they carried out the entire survey to the last question. Plus, approximately two-thirds of all questions were obligatory in order to continue to the next questions, which meant that missing values were minimized in the completed and submitted survey responses. The completion rate¹⁶ was above 80 percent throughout the data collection period, which to some extent proves the validity of the survey design and a successful user interface. Considering that the unit non-response rate¹⁷ of survey studies has consistently decreased during the last decades (Yan and Curtin, 2010, 535) and that the survey was only sent out online without complementing it with a paper-based version, a response rate of 26 percent is not to be seen as too low. As mentioned previously, the internal yearly member survey carried out by Handels' insurance fund also has a response rate of 20-25 percent.

Representativity

Here, I discuss potential non-response bias that should be taken into account in interpreting the results of the analyses presented in Chapter 7 and 8. An important weakness of survey-based benefit reciprocity data compared to caseload data gathered by public authorities with an administrative purpose is that there is an issue of potential non-response bias; that there could be significant differences between those who participated in the survey and those who did not participate (Spiess, 2016). There are two known sources of concern related to potential non-response bias in the survey study that should be noted here.

In relation to the means of survey distribution, my primary concern was that the younger respondents would be overrepresented compared to the older, as it required potential respondents to be familiar with the use of their e-mail inbox as well as filling out an online survey. However, the trend where younger people increasingly do not participate in surveys in Sweden in recent years (see, for example, Vernersdotter, 2014, 536) seemed to have outweighed my concern, as respondents under the age of 30 were underrepresented among the survey respondents compared to the age distribution among the population.

When compared to the benefit reciprocity statistics from the Swedish Unemployment Insurance Board for 2014, the representation of different age groups among the survey

¹⁶The number of surveys filled out and submitted divided by the number of surveys initiated by respondents.

¹⁷Unit non-response refers to the complete absence of a response, as compared to item non-response, which refers to the absence of specific responses to certain questions (Yan and Curtin, 2010).

Table 3.1: Age distribution in population and in sample

Age	Population (IAF reciprocity data)	Survey respondents
-29	4,593 (25.7%)	163 (14.4%)
30-39	5,142 (28.8%)	294 (25.9%)
40-49	4,032 (22.6%)	299 (26.4%)
50-59	2,851 (16%)	251 (22.1%)
60-	1,247 (7%)	127 (11.2%)
Total	17,865 (100%)	1,134 (100%)

respondents deviates the most from the population when it comes to the age group below the age of 30. In the IAF statistics, those under 30 make up 25.7 percent of the benefit recipients receiving unemployment insurance benefits via Handels' insurance fund in 2014, while the number of individuals below 30 only amounts to 14.4 percent of the survey respondents (Table 3.1). Generally, workers over the age of 40 are overrepresented among survey respondents.

Although this poses a risk of non-response bias, after considering possible options of weighting the responses, I decided to opt for non-manipulation of data. This was due to the fact that conventionally available weighting options in statistics software applications are known to be flawed in terms of introducing unknown distortions of some types of inference results (Allison, 2001). Technically, there could be ways of modeling a sensitivity analysis by using the available information about the population, calculating the probability of individuals in the population being in my randomly selected sample by considering all available hard facts as well as quantifiable contextual factors. However, such an intervention was not readily available for this study due to technical reasons and a lack of more detailed data on the population.¹⁸

Another potential factor I should bear in mind in my analysis of the survey data is that the survey was only sent out in Swedish and that this could have possibly led to the underrepresentation of foreign-born individuals among the respondents. Initially, I tried to translate the survey questions to English for non-Swedish speakers. However, particularly the terms used in the unemployment benefit schemes were in practice very difficult to translate and it was unclear whether the English translation would necessarily be more accessible for potential respondents who do not speak Swedish. So I made the decision to send out the survey only in Swedish rather than introducing further uncertainty and the risk of misinterpretation of different terms by presenting English alternatives.

Whether this decision has led to a significant non-response bias is difficult to know exactly, but when interpreting the survey results, this fact should be kept in mind. In the

¹⁸This decision was made after consulting an expert on treating missing data in statistical analysis, Professor Martin Spiess, at a PhD course in Flensburg 2017.

Table 3.2: Gender distribution in population and in sample

	Population (IAF reciprocity data)	Survey respondents
Female	11,136 (62.3%)	743 (65.5%)
Male	6,729 (37.7%)	377 (33.2%)
Total	17,865 (100%)	1,120 (98,7%)

final sample, the share of respondents born outside of Sweden is almost 20 percent (223 individuals). It is not possible to know whether this constitutes an underrepresentation of foreign-born individuals compared to the population as there is no available information on this aspect of the population. The closest reference would be the share of foreign-born workers in the retail sector provided by SCB (2016a, 63): in 2014, 14 percent of all employed individuals in the retail sector were foreign-born. This is relatively lower compared to, for instance, the hotel and restaurant sector (36 percent of all employed were foreign-born) and also lower than the average (16.7 percent) for the whole labor market. Considering that the risk of unemployment is generally higher for foreign-born workers in the Swedish labor market, the share of foreign-born workers among the survey respondents (20 percent) compared to the share of foreign-born workers in the retail sector (14 percent) seems plausible.

Lastly, it is possible to consider the representativity in the final sample in relation to the population with respect to gender distribution, as this information is available in the IAF reciprocity database. As shown in Table 3.2¹⁹, the gender distribution in the final sample corresponds rather well with that of the population, although female respondents are slightly more represented.

Compared to register data or well-established, large-scale survey data, this issue of representativity is definitely a weakness in my first-hand survey design. Inevitably, in the interpretation of results, I tone down the generalizability of the findings from my survey data and try to take into account the discussed discrepancy between the population and the final sample. Despite this limitation, given the lack of any comparable data source for individual-level reciprocity of complementary income insurance benefits, the survey study contributes significantly to our understanding of the new element of the Swedish unemployment benefit provision system on the basis of its exploratory value.

Open-ended responses

In the survey, there were a few questions where the respondents could write freely in addition to choosing from the pre-defined response alternatives. Table 3.3 contains a

¹⁹There were 11 individuals who opted not to answer the question and there were 3 missing values, which is why the total number of respondents is only 1,120 here.

Table 3.3: Survey questions with open-ended responses

Questions	Number of responses
How did you experience the union's information regarding the complementary income insurance benefits?	30
How important were the complementary income insurance benefits for your economy?	18
In order to manage living expenses such as food, rent and bills during your unemployment period (extra comments for the answers that are not specified the alternatives)	79
Do you think that your job seeking was negatively influenced by your economic conditions during unemployment?	59
How important was the role of the following organizations in your economy during your unemployment period?	36
Many unions have introduced complementary income insurance in collaboration with insurance companies and they are meant for people with a previous income over the benefit ceiling in the public unemployment insurance system. What do you think of this development in the Swedish welfare state?	133
Please write if you have something more to add	171

list of the questions with this possibility and the number of responses gathered for each question.

While the aim of these questions with open-ended answer options was not specifically to collect extensive qualitative data, it turned out that many respondents chose to write about their experiences related to these questions. My first browsing of these responses not only gave me more contextual information about the responses collected through the survey but also great inspiration for a few analytical themes presented in Chapter 7 and 8. In order to grasp this particular data better, I used a software application for organizing qualitative data (NVivo) and coded these open responses into different themes developed during the reading of these responses. The themes included confusion about the benefit system, use of informal sources of help, negative impact on health and family life, oscillating between work and benefit system, etc.

In the analyses presented in Chapter 7 and 8, I directly quote some of these open-ended responses when they may enrich the interpretation of the analyses of the questions with pre-defined response categories. These quotes are not to be seen as representative of the experience among the survey population, but rather serve an illustrative purpose.

In order to see if there were any statistically significant relationships between the basic demographic variables and whether the respondents chose to leave additional comments, I ran correlation tests (e.g., for gender, place of birth, education variables) and comparison of means (e.g., for income and age variables) using the last question presented in Table 3.3, for which 15 percent of the respondents left comments. The tests showed that there is no ground for concern that certain demographic groups are overrepresented among those

who chose to leave comments. The only difference between the two groups was that those who left comments were on average two years older, but this difference is not statistically significant. It is more likely that situational and personal characteristics affect the decision of whether to leave extra comments.

Treatment of sensitive personal data

The Swedish Personal Data Act (SFS, 1998:204)²⁰ is a law aiming to prevent the violation of personal integrity in the processing of personal data. According to this law, individual membership in labor unions is classified as sensitive personal information. Moreover, in order to conduct the survey study, it was vital to have access to individuals' personal contact information in the form of email addresses. Therefore, in order to make sure that the study was to be conducted in accordance with the guidelines of ethical research processes, it was reviewed by the Regional Ethical Board (EPN) in Lund between the winter of 2014 and the spring of 2015 and the study was approved (Dnr 2015/23).

There were several steps taken in order to ensure that the personal information involved in the study were to be handled properly. First, every individual in the sample was given an opportunity to opt-out from receiving the survey in their mailbox as described in the previous section. This was done by an email sent from the insurance fund of Handels to the sample population. Second, there are no names, physical addresses or other personal information in the data register that allows for tracing each respondent to a specific individual. All responses sent to the program became anonymous, and the company providing this survey tool has a legally binding agreement with Lund University concerning the handling of personal data. The individual email addresses were stored in an external hard disk drive and this was passed on to me in person by our collaborator working at a local branch of Handels' insurance fund. During the time of survey distribution and collection, the email addresses of the individuals were stored in an external hard disk drive in a locked fireproof cabinet at Lund University only I could access. All email addresses were completely erased from both the survey software and the physical hard disk drive once the data collection was completed. This way, it was not possible for the sample population's email addresses to leak out, and the study participants were ensured that their identities would not be revealed in any way or at any stage of the study.

Subjective harm in survey study

Throughout the process of submitting the ethical review application, I focused solely on the technical aspects of guaranteeing the anonymity of survey respondents, as my survey

²⁰ *Personuppgiftslagen* in Swedish.

questions included sensitive personal data such as union membership. However, I did not sufficiently consider the risk that the types of questions included in the survey would pose to respondents in the form of subjective harm. I considered the questionnaire form of gathering data fairly non-intrusive as it does not involve any personal contact. It was only after having sent out the link to the survey that I started to realize this.

To begin with, I received a few phone calls the days after I sent out the survey. Some of them were expressions of annoyance, that they did not want to receive this kind of invitation to studies related to unemployment. Some others, the ones that concerned me the most, were questions regarding whether they had any obligations to participate in the study in order not to lose their benefit entitlement. The pre-information mail (where the individuals in the sample were given an option for opting out from receiving the link to the survey) as well as the introduction text of the survey made it clear that participation was entirely voluntary. However, these phone calls were clear expressions of the psychological harm the study invoked in terms of confusion, anxiety and distress. In hindsight, I realize that the fact that the pre-information of the study was sent out by the insurance fund could have given rise to this confusion, as all potential respondents in a sense were (or had recently been) dependent on the insurance fund for unemployment benefit payments. Although there is strictly speaking very little discretion in deciding on benefit entitlement, the perceived dependency on the insurance fund might still have been problematic.

Another aspect is that I ended up having to deal with a much more extensive range of information than what the survey questions were meant to explore. For some of the questions, in addition to the multiple options of already specified responses, the survey respondents were given a chance to leave extra comments. I did not expect to gather much information from this, but it turned out that many respondents decided to share their stories in that space. I must admit that reading through these comments represented quite a challenge for me, as much of it was an expression of deep-seated experiences of disempowerment, resignation, depression, failing family life and social isolation. These were not and still are not the main themes of research I present in my thesis. However, I realized that I did not sufficiently respect the sheer fact that each and every person of the more than a thousand respondents is an actual human being and that unemployment could not only be reduced to a temporary financial situation but also affect all kinds of aspects of their lives, in some cases in fundamental and painful ways.

Yet another aspect is that the survey respondents, even the ones who completed the survey and sent it in, might have experienced an intrusion of their privacy. There was a fair number of respondents who expressed that some of the questions were “too personal” in the last open question where the survey respondents could freely write their additional comments. I also came to think that perhaps many of those who started filling in the

responses but who did not complete the survey might have dropped out precisely for this reason, although the completion rate of the opened survey was fairly high at 80 percent.

I wish that I had reflected on the above-mentioned aspects while designing the survey questions. I can think of a few possible measures I could have taken in order to mitigate the problems discussed above. First of all, even though it was inevitable that I would need help from the insurance fund affiliated to a specific union in obtaining the email addresses of the individuals who received my survey, I should perhaps have been even clearer in that it was strictly for practical reasons that I came into contact with them via the insurance fund and that their participation in the study was by no means related to their benefit reciprocity. Second, in formulating each and every question in the survey, I should have thought twice about how I could reduce the potential risk of invoking stress, painful memories, discomfort, feeling of disempowerment, resignation, etc. Of course, avoiding such risks is to some extent impossible as the study indeed concerned understanding financial vulnerability and related consequences among the unemployed. However, it would have been better had my information text attached to the survey stated potential subjective forms of harm that could result from answering the questions. I now know better that a survey study, which for many seems like a rather non-intrusive way of collecting data, could still pose potential subjective harm to the respondents, even though I am aware that this type of ethical consideration is not widely perceived as an issue.

3.3 Methodological contributions and limitations

The ways in which I combine the analysis of institutional changes and their outcomes in this dissertation represent both advantages and limitations. For instance, while the output level analysis looks into changes that are relevant for the entire labor market, the outcome level analysis via the benefit reciprocity study is restricted to a specific labor market group. For instance, comparing different labor market sectors with varying characteristics could have led to a broader and more systematic understanding of the distributive consequences of multi-pillarization in Swedish unemployment benefit provision. On the other hand, focusing on one specific labor market sector enabled the study to delve into other important problems of the current unemployment benefit provision system in light of increasing non-standard and precarious work.

The conventional ways of studying generosity and inclusiveness of unemployment protection (e.g., by looking into established indicators related to entitlement and coverage of the public unemployment insurance system) can only provide a partial picture of how the unemployment benefit provision system works in practice when, in fact, there are other types of benefits beyond the public unemployment insurance benefits. While using the total number of union members as a proxy variable is certainly a first step towards

grasping the scope of complementary benefits, the actual role of complementary benefits for the unemployed may be better understood by studying benefit reciprocity.

The single most important methodological contribution of this dissertation is therefore the focus on the holistic picture of how the unemployment benefit provision system consisting of multiple types of benefits works in practice. As there is no available register-based reciprocity data for complementary unemployment benefits, the survey-based benefit reciprocity study makes a contribution with its attempt to provide a more comprehensive and realistic understanding of the outcome of the unemployment benefit provision system. At the same time, however, the study is highly contextualized for the Swedish case and for the particular research population, which makes it difficult to assess its broader methodological relevance.

Chapter 4

Public pillar: Evolution of the Ghent system

The Swedish public unemployment insurance program is administered by union-linked insurance funds under state supervision and regulation, while combining membership fees as well as state subsidies for financing. As introduced at the beginning of the dissertation, this hybrid feature of the governance of the public unemployment insurance program is referred to as the “Ghent system.” While this public pillar is only one of many elements constituting today’s Swedish unemployment benefit provision system, it is still the primary institution providing earnings-related unemployment benefits and the only first tier providing basic flat-rate unemployment benefits for those who lack insurance fund membership.

The aim of this chapter is to recount the origin, historical development and retrenchment of the Ghent system. The chapter is based on historical accounts from previous studies and analysis of secondary data on changes in the Ghent system, especially with regard to the last decade. An important thread weaving these different materials and empirical accounts together is the argument that the hybrid feature of the Ghent system entails complex dynamics, both in terms of the trajectory of changes as well as the outcome of risk protection for the unemployed.

4.1 Origin and development of the Ghent system

As industrialization continued, various kinds of workers’ organizations started to be established in Sweden in the late 19th century, just as elsewhere in Europe. Some were transformed from existing guild organizations well before industrialization, while some were to organize an entirely new set of occupations, such as those working in steelworks

and textile factories. These workers' organizations started to respond to the needs of their members by initiating new forms of social organization. Along with the need for providing economic assistance to dependent families of workers in cases of workplace accidents or sickness, unemployment was one of the concerns these collectives started to consider important to address. Partly to provide attractive benefits for their members, but also in order to prevent wage-dumping caused by those out of work, unions started to organize insurance against unemployment (Hecló, 1974, 68).

Well before the Swedish Trade Union Confederation (*Landsorganisationen, LO*) was established in 1898, there were already several unemployment insurance funds operated by labor unions in Sweden. For instance, the first unemployment insurance fund was launched in 1892 by Sweden's first union, the Typographers' Association (*Svenska typograförbundet*), whose travel fund served as an antecedent (Edebalk, 1996, 109). This initiative was followed by more labor unions, the largest in terms of membership coverage being the metal workers' union. More unions launched unemployment insurance funds as unemployment turned into a serious social problem during the period of 1921-1934. To illustrate the scope of this, in 1907 there were in total 11 union-operated unemployment insurance funds covering around 57,000 workers, whereas by 1934 there were 24 unemployment funds covering 351,000 workers, which roughly corresponded to a half of all union members (Edebalk, 1975, 17-25, 34-35).¹

4.1.1 From union voluntarism to state involvement

Although unemployment insurance is today without a doubt considered one of the major institutions of the modern welfare state, in the late 19th century unemployment was a novel phenomenon in the emerging industrial societies. It only started to be considered a social problem on a larger scale during and after the First World War (Whiteside, 2014). In Sweden, for instance, the first government investigation where a shortage of work was recognized as a social problem was conducted in 1894-1895. However, the conventional ways of dealing with the problem at the local level at that time, such as poor relief, self-help and private placement agencies were considered sufficient. In other words, there was very limited interest in possibly introducing public unemployment relief at the national level (Edling, 2010, 130-131).

The Swedish state started to take on a much more active role in relation to labor market policy beginning at the turn of the 20th century and there were attempts to put a publicly organized or financed unemployment insurance scheme on the reform agenda. However, the state authority for labor market policy during the war – the National Unemployment Commission (*Statens Arbetslöshetskommission, AK*) – mainly dealt with

¹In 1934, there were 48 unions covering 667,761 members (Edebalk, 1996, 108).

the provision of relief work, not unemployment benefits. The cash benefits for participating in the relief work camps were explicitly set lower than what was regulated in collective agreements, while also entailing harsh means-testing and disciplinary measures (Rothstein, 1998, 298). This approach not only strained the local municipalities with a heavy administrative burden but also resulted in fierce industrial disputes (Edling, 2006, 120-126).

Towards the late 1920s, unemployment was becoming a salient and contested issue in Swedish politics and some politicians in the Social Democratic Party started considering getting involved in the unemployment insurance schemes operated by the unions (Edling, 2006, 121). In spite of this, the path to state involvement in unemployment insurance programs was long and muddled by a large number of conflicting interests, which is why unemployment insurance remained an exclusively private arrangement operated by unions for nearly 40 years. The labor movement was initially negative towards the state's provision of social protection, as it saw such benefits as weakening and splitting the labor movement (Wennemo, 2014, 97). While Sweden was the first country to introduce an obligatory old-age pension system for all citizens in 1913 (*ibid.*, 99), it was not until the 1930s that the state started recognizing the union-operated unemployment insurance funds, thereby subsidizing and regulating them (i.e., adopting the Ghent system). This is to be contrasted with the case of Norway and Denmark, where public unemployment protection schemes on a national level were introduced already in 1906 and 1907, respectively (Carroll, 1999, 127).

Up until the 1930s, the unemployment insurance schemes operated by unions were characterized by short benefit duration, a low income replacement rate and low coverage rate compared to the unemployment insurance schemes in other countries having introduced compulsory state-run systems. As an illustration, most insurance funds provided benefits amounting to less than 50 percent of the workers' previous income (Edebalk, 1996, 123-125). It was becoming increasingly clear that voluntary unemployment insurance could not serve as comprehensive protection for all unemployed individuals. For instance, 17 out of 41 blue-collar unions belonging to LO did not have insurance funds, all of which were unions covering occupational groups that were either difficult to organize or exhibited very heterogeneous labor market characteristics with varying unemployment risks among their members. However, since the unions' unemployment insurance funds were officially recognized by the state in 1934, and as state subsidies for financing these benefits gradually increased during the post-war period, the coverage rate as well as the income replacement rate of the benefits increased dramatically (Edebalk, 1996, 113-117).

4.1.2 Turning the Ghent system into a statutory program

Before it became clear that the state would make a substantial financial contribution to the insurance funds, the reaction from the existing insurance funds was not particularly enthusiastic following the launch of the Ghent system in 1934. In 1940, for instance, only 13 insurance funds were registered and the others did not want to lose their sovereign territory (Edebalk, 1996, 125). For instance, the unions did not want to lose their influence over defining what was to be considered an adequate job for an unemployed person (Wennemo, 2014, 216). Besides, there were practical reasons for why the unions retained their administrative role over unemployment insurance funds. There were neither reliable statistics on the unemployment rate over different labor market sectors nor public employment services that could help the unemployed find jobs or verify that they were actually involuntarily out of work. The labor unions with their specific knowledge regarding respective labor market sectors thus had a clear advantage in terms of organizational resources in administrating the unemployment insurance funds (Edebalk, 1996, 110-113).

For the unions to have a more active and committed role in the further development of the Ghent system, it was also important that it was possible for them to be engaged in governing the unemployment protection policy. For instance, in 1946 the National Unemployment Commission was replaced with a new state authority for labor market policy-making, the Swedish National Labor Market Board (*Arbetsmarknadsstyrelsen, AMS*). In AMS, more corporatist and unionist interests could be represented than what was possible in AK (Carroll, 2005, 72). Around the same time, the Swedish Federation of Unemployment Insurance Funds (*Arbetslöshetskassornas Samorganisation, SO*) was created and started representing the collective interests of the insurance funds and lobbying for an expansion of the Ghent system (Edebalk, 1996, 148).

Gradually, especially after the changes introduced in 1941 and 1953 rendering unemployment insurance much more generous and more favorable for the unions with a higher level of state subsidy, the Ghent system gained much broader acceptance (Rothstein, 1998, 303). The growing white-collar workers' movement had a positive attitude towards the development of the Ghent system, while the agricultural constituency, which had strongly opposed the state's involvement in unemployment protection, became less influential (Edebalk, 1996, 147-149). Towards the end of 1954, all industry workers' unions had insurance funds, even including groups with generally higher unemployment risks. Forty-four unemployment insurance funds were recognized by the state and thereby included in the Ghent system, covering 1.2 million workers corresponding to 80 percent of all LO members (*ibid.*, 146). Since the 1970s, especially among female workers, membership in the insurance funds increased as well (Korpi, 1995, 112).

The next four decades, characterized by full employment and extensive active labor market policy (Anderson, 1998, 258), may be seen as the golden era for development of

the Ghent system. Between 1950 and 1990, the income replacement rate of the earnings-related unemployment insurance benefits increased from around 40 to 90 percent and the benefit period also increased from 26 to 60 weeks. This was a result of an increase in the state's contribution. In 1974, a basic flat-rate benefit scheme (*Kontant arbetsmarknadsstöd, KAS*) was introduced, which was not based on fund membership (Åmark, 2005, 111), and the means-testing for this benefit scheme was abolished in 1984 (Carroll, 2005, 72). This development meant that the Ghent system *de facto* came to operate as a statutory program for all unemployed individuals, since even unemployed individuals without fund membership received the basic benefits as long as they fulfilled the work requirements (Edling, 2006, 137; SOU, S 2010:04, 20). These changes not only took place in terms of benefit generosity and coverage but also in terms of eligibility criteria. For instance, in 1987 the waiting period of five days was abolished and the unemployed could be re-qualified for another period of unemployment benefits by participating in labor market programs (Korpi, 1995, 30-33, 118-119). Indexation of the benefits to wage increases was in place from 1989 (Anderson, 1998, 268), although it did not last for long due to the 1992 economic crisis (Rathgeb, 2018, 10).

The main characteristic of the Ghent system is the extensive role played by the union-linked insurance funds in the administration and payment of unemployment benefits. As membership in the insurance funds is voluntary, there is always a risk that the coverage cannot become as comprehensive as in obligatory unemployment insurance programs (Carroll, 2005, 84). However, the strong state subsidy and regulatory commitments in the Swedish Ghent system enabled both the establishment of high compensation levels as well as low membership fees for everyone insured regardless of unemployment risks, thereby achieving a virtually universal coverage (Goul Andersen, 2012, 172-173; Korpi, 1995, 112). Even though it was never articulated explicitly, the Ghent system evolved into an organic part of the solidaristic wage policy under the Rehn-Meidner model² where a commitment to full employment and generous unemployment benefits combined with an active labor market policy promoted a restructuring of the labor market (Edebalk, 1996, 148-149).

4.1.3 The Ghent effect and its survival

One of the influential figures of the Social Democratic Party in the development of the Swedish welfare institutions, Gustav Möller³, consistently advocated that unemployment

²The Rehn-Meidner model is a unique framework for economic policy-making developed by two trade union economists, Gösta Rehn and Rudolf Meidner, in the early 1950s. They advocated an active labor market policy, a wage policy of solidarity and a restrictive macroeconomic policy to combine full employment with fair wages, price stability and high economic growth. The model dominated the economic policy-making of the Social Democratic government between the 1950s and early 1970s and is considered one of the main cornerstones of the Swedish model (Erixon, 2010).

³Party secretary of the Social Democratic Party during the period of 1916-1940.

insurance could best be managed by voluntary funds (Wennemo, 2014, 221). In fact, he considered the unions' organizational strength, which would be reinforced by being in charge of the administration of the unemployment insurance system, far more important than the actual contents of the insurance scheme that was legislated in 1934. As the conservative parties opposed the idea of the Ghent system and only the Liberal Party could be persuaded to collaborate in order to legislate a public unemployment insurance program, the Social Democratic minority government accepted a range of compromises in actual benefit generosity and entitlement rules in exchange for supporting the union-operated insurance funds rather than a compulsory one (Rothstein, 1998, 300-302).

Up until 1974, unemployment insurance benefits were in practice exclusively available for union members, providing a clear incentive for workers to become members of unions and their insurance funds. This was due to the fact that although it was legally possible for any individual to become a member of a union-run insurance fund, the unions made it expensive and difficult for non-union members to join them (*ibid.*, 303). As dual membership of both unions and their insurance funds has been the most common pattern, the high union density in countries using the Ghent system has been known as the "Ghent effect". The countries using the Ghent system have stood out with a unique level of resilience in their high unionization compared to many other Western democracies (Rothstein, 1986, 1992; Western, 1997; Scruggs, 2002; Lind, 2007; Clasen and Viebrock, 2008; van Rie, Marx and Horemans, 2011; Høgedal, 2014). Since the Ghent system is related to a relatively strong position of unions vis-à-vis employers and the state, it is also understood as an important element of the Swedish model of industrial relations where many areas of labor market policies are governed by collective agreements between employers' organizations and unions rather than by labor laws (Kettunen, 2012, 30-32). In other words, there is a strong incentive for unions to continue having the role of an important stakeholder with regard to the Ghent system and advocate for its survival.

However, the strong stake of unions in the Ghent system has also meant that employers and conservative political forces have looked upon the Ghent system as one of the central sources of Social Democratic hegemony (Anderson, 1998, 259; Gordon, 2017, 11). This institutional feature has thus frequently been challenged throughout the history of the Ghent system and there have been continuous contention and struggles in negotiating the responsibilities over unemployment protection between the state and the labor unions. Time and again, the conservative parties with support from employers' organizations have put forward proposals for establishing a state-run obligatory unemployment insurance program, most recently in 2007 (SOU, 2008:83) (see Edebalk, 2012, for a more detailed account). Commonly, these proposals question the efficiency of having multiple union-run insurance funds, instead advocating that a single state agency should administrate the insurance program.

In 1992 and in the midst of an economic recession with a soaring unemployment rate, the idea of an obligatory unemployment insurance program came closest to being implemented. This was when union members were still obligated to become members in the unions' insurance funds and the gross replacement rate of the unemployment benefits was at an all time high at 90 percent. As the unemployment rate increased, the non-universal character of the Ghent system faced more critics and the conservative government led by Carl Bildt initiated an investigatory commission for introducing an obligatory unemployment insurance scheme, without involving any Social Democrats or union representatives (Anderson, 1998, 271, 278-279). The institutional reform proposed by the commission was aimed at launching four regional insurance funds run by the state in parallel to the existing insurance funds (Prop., 1993/94:80). The state-run funds were to have a competitive advantage over the union-linked funds, as there was going to be no membership fees for the state-run funds, thus in the long run effectively replacing the Ghent system with a state-run unemployment insurance program (Anderson, 1998, 293). The Social Democrats as well as the unions mobilized a strong opposition against the proposal. For instance, the Social Democrats demanded a withdrawal of the plan to introduce a state-run unemployment insurance fund as an exchange for negotiating crisis packages with the conservative coalition government (Anderson, 1998, 256, 279). Despite the opposition, the legislation was passed with the support of the right-wing populist party New Democracy (*Ny Demokrati*) in June 1994 (*ibid.*, 294). However, as soon as the Social Democratic government was back in office later that year, the short-lived plan regarding a state-run unemployment insurance fund was abolished (Bandau, 2017, 14-17; Gordon, 2017, 11).

The unions have wanted to retain their sovereignty in running the insurance funds while demanding a high level of commitment from the state in terms of financing that could sustain the generous unemployment benefits. The Social Democratic party, with its close link to the unions, has by and large responded to this demand, as exemplified by the case of reversing the conservatives' attempt to establish an obligatory unemployment insurance program (see also Rothstein, 1998). At times, however, it implemented certain institutional adjustments in order to ensure a more comprehensive coverage; for instance, by introducing the basic benefit program KAS (*Kontant arbetsmarknadsundersstöd*) in the mid-1970s and later on in 1996 the *Alfa* fund for unemployed individuals without insurance fund membership (Edebalk, 2012, 15-20). Moreover, in the aftermath of the economic crisis during the late 1990s, the Social Democrats were willing to implement benefit cuts and tougher eligibility criteria despite opposition from the unions (Timonen, 2003, 95-96). Committed to the restoration of a balance in public finance, the Social Democrats now emphasized unemployment insurance as temporary support for unemployed individuals to return to the regular labor market rather than as a long-term

source of income. In concrete terms, this new orientation meant that they, against union preferences, pushed for cutting benefit levels and the time limit for benefit reciprocity (Anderson, 1998, 263, 300-302).

The link between the unions and their insurance funds has become much weaker in recent years. On average, during the 1990s less than 10 percent of insurance fund members were not union members, whereas the corresponding figure in 2010 was about 19 percent (Kjellberg, 2010/2014b, 13). However, up until today there are no competing insurance funds for earnings-related unemployment insurance benefits that are not linked to unions in Sweden. This is to be compared to the other two Nordic countries using the Ghent system (Finland and Denmark), where the main challenge in recent years has been related to a shift from union-led insurance funds to alternative forms of fund membership (Høgedahl and Kongshøj, 2017; Kjellberg and Lyhne Ibsen, 2016; Christiansen, 2017; Bandau, 2017).

4.1.4 Conditioned universalism

The historical evolution of the Swedish Ghent system shows how its generous benefit level as well as its comprehensive coverage originally stem from voluntary arrangements instituted by the labor unions. The initial engagement of the unions in the provision of unemployment insurance benefits was entirely in the interest of their own members – crudely put, “anti-universalist” (Jensen and van Kersbergen, 2018, 70) – far from the aim of achieving the widest risk pooling possible. The launching of the Ghent system itself in 1934 certainly did not automatically guarantee the establishment of an unemployment benefit system for all.

The universalist ideal could only be fulfilled after a series of changes where the state took on more and more responsibility in financing the benefit payment and in leveling the financial capacities among the unemployment insurance funds bearing different degrees of unemployment risks. The Ghent system also had to be complemented by a basic benefit system for those who did not fulfill the membership requirement for the insurance funds in order to achieve a more comprehensive coverage and *de facto* operate as statutory protection for the unemployed. One should, furthermore, not forget the role of the Swedish Unemployment Insurance Board⁴ in regulating and supervising the Ghent system. IAF not only issues regulations and directives from the government but also audits and investigates the application of regulations. Furthermore, IAF has a mandate to propose and decide upon the withdrawal of state subsidies to funds that do not comply with regulations, to inform the Public Employment Service and the government regarding the incomplete or incorrect application or administration of legally binding rules, etc.

⁴*Inspektionen för Arbetslöshetsförsäkringen (IAF)*. IAF replaced the Swedish National Labor Market Board (*Arbetsmarknadsstyrelsen, AMS*) in 2004.

The particular hybrid governing structure of the Ghent system plays an important role in the outcomes of unemployment protection (Carroll, 1999). Already when the Ghent system was launched in 1934, it was possible to discern which occupations and sectors unions were less likely to run unemployment insurance funds. Although this issue has been tackled as the state's financial and regulatory commitment became stronger, the Ghent system is still inherently more sensitive to changes in its characteristic; that is, whether it is more universal and decommodifying or less universal and commodifying depending on the changing state subsidy level (see Goul Andersen, 2012). The vulnerability of workers with higher unemployment risks, for instance, was fully exposed when the state's financial commitment decreased and the rules regarding membership fees were changed between 2007 and 2014, as shown in the following section.

It is therefore important to highlight the central role of the state's regulations and financial commitments in achieving universal coverage of voluntary state-subsidized insurance schemes, as this role is widely acknowledged in the literature of the mixed economy of welfare (Seeleib-Kaiser, 2008; Powell, 2007; Bridgen and Meyer, 2009). Moreover, it is equally important to recognize that the state's support for retaining the Ghent system and making it into a legitimate public pillar covering all workers largely hinged upon the strong foothold of the Social Democratic Party during the postwar period in Sweden, as well as the specific Swedish labor market context characterized by several decades of low unemployment in a growing economy. The high unemployment level in the aftermath of the economic crisis during the 1990s led to disagreements between the Social Democrats and the unions when it came to the generosity and qualifying conditions of the unemployment benefits (Timonen, 2003, 96), even though the Social Democratic Party is still to this day a prominent supporter of the Ghent system guarding the role of union-linked insurance funds.

4.2 Three decades of retrenchment

If the Ghent system as the public pillar of the Swedish unemployment benefit system was at its peak in terms of coverage and benefit generosity at the very beginning of the 1990s, the last three decades have been characterized by several waves of retrenchment reforms. Beginning in the 1980s, the cash benefit systems for the unemployed in the form of unemployment insurance and unemployment assistance have in many European welfare states become restricted and linked to increasing demands related to active job search (Clasen, 2000; Clasen, Kvist and van Oorschot, 2001; Goul Andersen, 2005; Rueda, 2015; Knotz, 2018). This trend is embedded in a wider historical context where efforts of welfare states to achieve full employment have increasingly been challenged and circumscribed. While unemployment used to be addressed using a range of exit strategies,

where the states deliberately reduced the labor supply by encouraging early retirement schemes or other various forms of incapacity and sickness benefits for redundant workers (Ebbinghaus, 2006), starting in the 1980s unemployment protection has increasingly been a site of cost-containment reforms (Rueda, 2015; Ferragina, Seeleib-Kaiser and Tomlinson, 2013). The Swedish Ghent system does not deviate much from this general trend in terms of declining generosity of unemployment benefits and stricter eligibility for accesses to benefits, as shown below.

What makes the retrenchment of the Swedish public unemployment insurance program specifically spectacular, however, are the effects of the reforms undertaken by the center-right coalition government the Alliance (*Alliansen*) between 2006 and 2008, which not only had a negative impact on unemployment insurance fund membership but also on union membership development. The changes in the financing structure of the unemployment insurance program, which lowered the attractiveness of being a member, led to a significant loss of insurance coverage, especially for groups exposed to a higher risk of unemployment. This is due to the hybrid character of the Ghent system, in that its wide coverage is dependent on voluntary membership in insurance funds, which in turn is sensitive to the level of state subsidy.

In the remainder of this chapter, the retrenchment of the Ghent system that began in the early 1990s is analyzed in three distinctive aspects: i) decreasing generosity due to the eroding replacement rate; ii) changes in the risk-pooling principle and financing structure leading to more privatization of risk protection and a decline in coverage; and iii) a growing number of unemployed individuals who are not qualified to receive public unemployment insurance benefits today, which may be seen as the cumulative outcomes of different changes the Swedish Ghent system has gone through as well as the development of the labor market context.

4.2.1 Decline in generosity of unemployment insurance benefits

During the economic crisis of 1990-1994, the expenditure related to unemployment insurance benefits soared as the unemployment rate in Sweden increased from just over 2 percent to 9 percent (Timonen, 2003, 85). As a part of budgetary consolidation measures to cut budget deficits, which represented more than 10 percent of the GDP, the Swedish welfare state saw a range of retrenchment reforms in the social insurance systems, including unemployment insurance (Timonen, 2003; Bergmark and Palme, 2003; Anderson, 2001; Sjöberg, 2011). This marks the first wave of retrenchment in the public unemployment insurance program.

In 1993, as an agreement between the conservative coalition government led by Carl Bildt and the Social Democrats in the opposition, the benefit level (i.e., income replacement rate) was lowered from 90 to 80 percent and the indexation rule was abolished.

Table 4.1: Changes in public unemployment insurance benefit level

Time period	Benefit level	Maximum daily benefit (SEK)	Basic daily benefit (SEK)
1988-1992	90%	425-564	149-198
1993-1995	80%	564	245
1996	75%	564	230
1997-2000	80%	580	240
2001	80%	680, 580*	270
2002-2006	80%	730, 680*	320
2007-2014	80%, 70%	680	320
2015-	80%, 70%	910, 760*	320

Source: The Swedish Unemployment Insurance Board (IAF).

Note: Asterisks indicate the maximum benefit level from the 101st day of unemployment.

Moreover, membership fees were increased and the waiting period of 5 days that was abolished in the 1980s was reintroduced (Timonen, 2003, 95; Gordon, 2017, 11). When the unemployment rate reached its highest level in 1996, the Social Democrats temporarily lowered the replacement level to 75 percent between January 1996 and September 1997 despite strong protests from the unions (Timonen, 2003, 95-96). Since the replacement rate was restored in 1997 to 80 percent of previous earnings, the gross replacement rate has remained at the same level at least for the first 200 days of unemployment up until today. In other words, the benefit level in terms of the formal income replacement rate has been remarkably stable since the late 1990s, even though since 2007 it has been reduced to 70 percent for those who are unemployed longer than 200 days (Table 4.1).

Instead, the main reason for the declining generosity of unemployment insurance benefits has been the decoupling of benefit level from wage development, followed by several extended periods of non-decision by the governments from both the right and left in adjusting the maximum daily benefits (often referred to as “benefit ceiling” or “cap”). As shown in Table 4.1, since 1993 when the indexation rule was abandoned (Anderson, 1998, 275), there have only been four occasions where the maximum daily benefits have been adjusted. Some of these adjustments were only temporary. The maximum daily benefit level remained at the amount decided upon in 2002 (SEK 680) until 2015, as the higher benefit ceiling for the first 100 days at SEK 730 introduced in 2001 was ripped off in 2007, at the same time as the replacement rate was lowered to 70 percent for those who are unemployed for more than 200 days (Prop., 2006/07:15). In the most recent adjustment that took place in 2014 and came into effect in September 2015, the maximum daily benefits were raised by over 33 percent to SEK 910 for the first hundred days, whereas the basic, flat-rate daily benefits were not raised (Promemoria, 2014). The general picture, in other words, is that the effective income replacement rate for the unemployed whose previous income is higher than the benefit ceiling has deteriorated

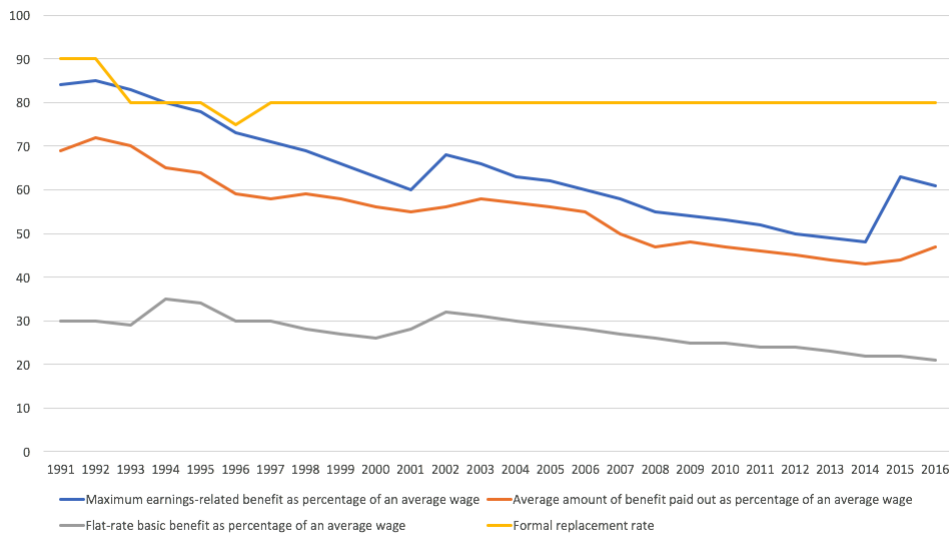


Figure 4.1: Changes in the formal replacement rate, maximum and minimum benefit levels and the average of actual benefit level paid out in relation to the average wage each year, 1991-2016

Source: Benefit level from the Swedish Unemployment Insurance Board (IAF) and average wage for each year from Statistics Sweden (SCB).

Note: Data on daily benefit payments from IAF were used for calculating monthly benefit level, which was then divided by the average wage of each year in order to estimate the replacement rate as a percentage of the average wage.

almost constantly with the exception of minor, temporary increases when the ceiling was raised in 2002 and 2015 (see Figure 4.1). In 2014, when the decision to raise the maximum daily benefits was made, the ceiling in the unemployment insurance benefits was lower than the lowest decile in the wage distribution, while it in 1992 was higher than the median wage (ISF, 2014, 12).

Not only has there been no systematic or periodic readjustment of the maximum benefit level compared to the other Swedish social insurance programs, the unemployment insurance also has the lowest benefit ceiling. In terms of the sickness insurance, for instance, the maximum level of income insured corresponds to 7.5 price base amounts⁵. This was about SEK 28,000 in 2017, which is 11 percent higher than in the unemployment insurance. When it comes to compensation for parental leave, the reference income for deciding on the ceiling is set at a much higher level – 10 price base amounts, which in 2017 represented about SEK 37,000 – almost 50 percent higher than in the unemployment

⁵ *Prisbasbelopp* in Swedish. According to the rules in *Socialförsäkringsbalk* (SFS, 2010:110), reference income levels used for a range of transfer and insurance programs are decided on a yearly basis, taking the consumer price index into consideration.

insurance.

It is clear that these features paved the way for the degradation of the benefit generosity. As discovered by Green-Pedersen et al. (2012), not indexing or changing indexation rules for unemployment benefits is a less-noticed but popular way of retrenchment, found in diverse institutional contexts across different welfare-state regimes and political colors of the governments involved. Even though the Social Democratic government raised the ceiling by 33 percent in 2015, there was little discussion concerning reintroducing indexation for the benefit ceiling. This implies that as the years pass, the relative level of maximum benefits will gradually and continuously decrease again.

Figure 4.1 on the preceding page is an attempt to grasp the effects of this “politics of indexation” (Weaver, 1988) over time. The yellow line illustrates the gross replacement rate, which has been stable at 80 percent since 1997. The blue line illustrates the maximum benefit amount as a share of the average wage, showing a consistent decrease, with the exception of 2002 and 2015, when the benefit ceiling was raised. An unemployed person earning the average wage in 2014 who fulfilled the eligibility criteria for the earnings-related benefits could at most receive 48 percent of his/her previous income from the public unemployment insurance program. In 1994, the unemployment insurance benefits could compensate for 80 percent of previous earnings of an average wage worker. The red line illustrates the actual amount of unemployment benefits paid out. The gap between the formal replacement rate and the maximum benefit level, as well as the average benefit amount paid out, has widened greatly between the late 1990s up until 2014. The only two occasions where the maximum benefit level was significantly higher than the average benefit level were in 2002 and 2015, the years when the benefit ceiling was raised. The basic flat-rate benefits, which are paid out for those who fulfill the work requirements but not the membership requirements, has steadily decreased from 32 percent of the average wage in 2002, when the last raise took place, to 21 percent of the average wage in 2016 (grey line).

The reduced generosity of unemployment insurance benefits in terms of income replacement rate may also be grasped by measuring the share of the workforce whose income is above the maximum benefit level. In Figure 4.2 on the following page, we see that the share of workers with an income above the ceiling in the public and private sectors and for both men and women increased between 2000 and 2009. While 87 percent of white-collar men working in the private sector already in 2000 had an income above the ceiling, over 90 percent of male and female public sector and private sector white-collar workers had incomes above the ceiling in 2009. When it comes to private sector blue-collar workers, the share of workers with an income above the ceiling is relatively smaller compared to the white-collar workers, yet the absolute majority (85 percent) had incomes above the ceiling in 2009. Even among female private sector blue-collar workers,

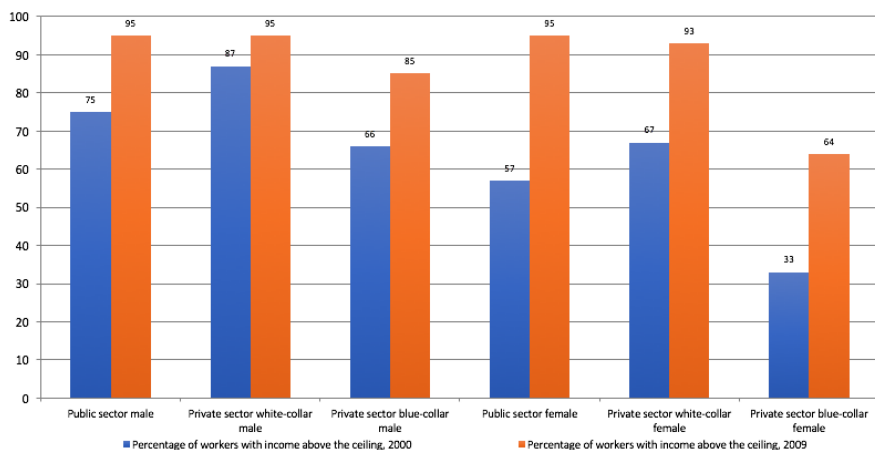


Figure 4.2: Share of workers with income level above the ceiling of unemployment benefit payments in 2000 and 2009

Source: Lindquist (2011, 34).

whose average wage is lower compared to the other sectors, the share of workers with an income level above the ceiling in the unemployment insurance program doubled from 33 to 64 percent between 2000 and 2009.

In 2012, only 11 percent of the unemployed benefit claimants who had worked full-time received 80 percent of their previous incomes, while the corresponding figure in 2002 was 75 percent. The term “under-insured”⁶ is used for indicating the 89 percent of the benefit claimants receiving less than 80 percent of their previous income (SO, 2012, 7-9). Even with the recent rise of the benefit ceiling in 2015, the average wages among private sector blue-collar workers, for both males and females, were already above the benefit ceiling in 2017 (SCB, 2017b). This means that the majority of wage-earners are unable to secure the formal replacement rate of 80 percent of previous income by receiving unemployment insurance benefits.

The tax deduction for income introduced by the conservative coalition government in 2007 also effectively rendered the replacement rate of unemployment insurance benefit lower, as the income tax credit was only applied to earned income but not to the taxable transfer incomes, such as unemployment insurance benefits (Kjellberg, 2010/2014b, 7). Although the gross replacement rate of earnings-related unemployment insurance benefits remained rather stable, the lack of benefit indexation and several extended periods of non-decision by the government in adjusting the benefit ceiling effectively undermined the generosity of the benefits, turning the earnings-related benefits into *de facto* flat-rate

⁶ *underförsäkrade* in Swedish.

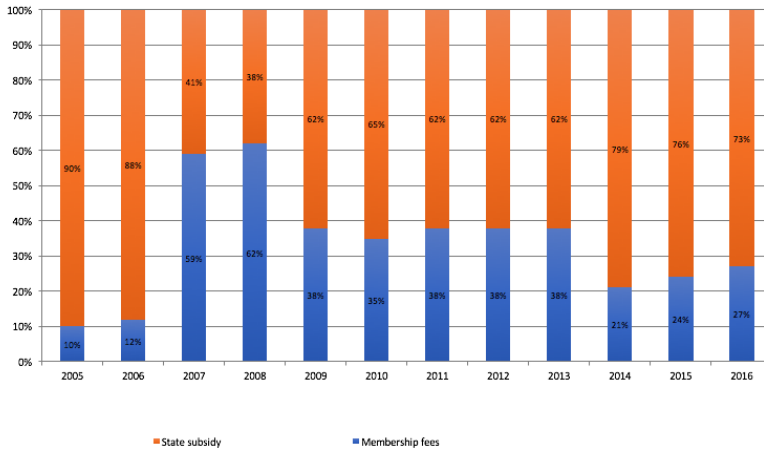


Figure 4.3: Share of state subsidy and membership fees as sources of finance for unemployment benefit payments, 2005-2016

Source: IAF (2013a, 5). Figures for 2012-2016, own calculation of data from the Swedish Unemployment Insurance Board (IAF).

benefits for the majority of wage earners.

4.2.2 Changes in risk-pooling principle and subsequent decrease in coverage

The changes in the generosity of the public pillar in terms of decreasing the effective income replacement level and stricter eligibility have taken place more or less consistently since the 1990s, regardless of the ideological orientation of the governments in power. The Social Democratic governments did not completely reverse the benefit cuts made by a right-wing coalition during the 1990s (Gordon, 2017, 6), which allowed for the continued erosion of the earnings-relatedness of unemployment insurance benefits. However, what has significantly weakened the Ghent system in the recent decade are the changes introduced by the center-right Alliance government in 2006, increasing as well as differentiating the unemployment insurance fee levels (Prop., 2006/07:15). As a result of these changes, both the insurance funds and the unions saw a historical decline in their membership base, albeit mostly concentrated to blue-collar unions.

Strengthening actuarial principle and group insurance character

The administration of unemployment insurance funds and fees to the state are financed by the membership fees paid on a monthly basis. Since the introduction of the increased fees that insurance funds pay to the state in January 2007 (Prop., 2006/07:15), the state

subsidy level drastically decreased. The increased fees for the funds was due to a raised “financing fee” (*finansieringsavgift*), which depends on the total number of members in an insurance fund and the average level of earnings-related insurance benefit payments in a given fund. This change resulted in the state subsidy being cut by more than half as a share of unemployment benefit payments, from 90 percent in 2005 to 38 percent in 2008 (Figure 4.3 on the previous page).

In 2008, the financing fee was replaced by an “unemployment fee” (*arbetslöshetsavgift*), calculated based on the earnings-related benefit payments in a given insurance fund and the total number of members who are not unemployed (IAF, 2013a, 5). This change in the fee structure led to a moderate decrease in total fees from the insurance funds to the state (Prop., 2008/09:1, 24-25). Although the level of state subsidy in financing the unemployment insurance benefits was restored somewhat in 2009, the state subsidy remained at around 62-65 percent until 2013. In 2014, the unemployment fee was abolished, which explains the decrease of membership fees as a share of unemployment benefits paid out during the last couple of years.

Apart from these changes in the fee structure, which led to a lower level of state subsidies, the state’s financial contribution to the unemployment insurance program was substantially lowered as the tax deduction for the insurance fund membership fee was abolished starting in 2007 (Prop., 2006/07:1, 140). Previously, 40 percent of unemployment insurance fund membership fees and 25 percent of union membership fees were subjected to tax deduction. Hence, the financing burden of the unemployment insurance scheme was partly transferred from the state to individuals.

Another important aspect of this change, however, was the fact that the increased financial burden on the unemployment insurance funds was unequally distributed due to the differentiation of membership fees across insurance funds, which aimed to tighten the relationship between the risk of unemployment in different sectors and the membership fees for the unemployment insurance funds. By abolishing the redistribution mechanism of resources among the insurance funds through the “leveling fee”⁷ (Prop. 2006/07:15), the effect of the tighter link between insurance membership fees and the sectoral unemployment rate achieved by the unemployment fee was further strengthened (IAF, 2013a; Kjellberg, 2011, 74).

As a result, the difference in membership fees between different unemployment insurance funds increased from a maximum of SEK 36 in 2006 to SEK 359 in 2013. Figure 4.4 shows changes in membership fees for nine selected unemployment insurance funds representing different sectors and occupations at five different points in time between 2006 and 2016.⁸

⁷ *Utjämningsavgift* in Swedish. Different authors use different English terms such as “balancing fee” (Bandau, 2017, 19) or “equalization fund” (Gordon, 2017, 13).

⁸The fees here are only applicable to employed members.

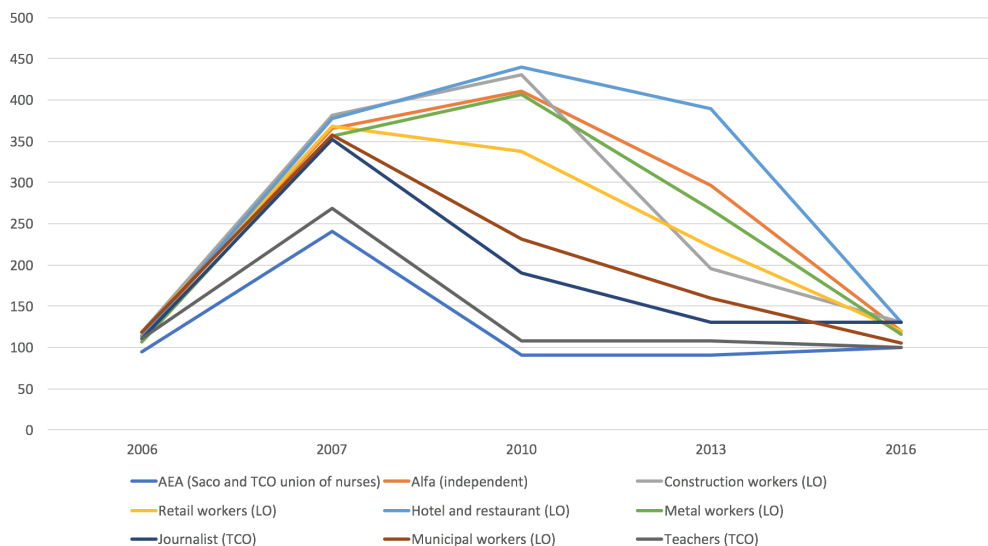


Figure 4.4: Changes in membership fees for selected unemployment insurance funds, 2006-2016

Source: ASTAT from the Swedish Unemployment Insurance Board (IAF).

While all insurance fund membership fees were similar at the low level between SEK 90 and SEK 116 per month in 2006, since 2007 the diverging trend between the funds is highly noticeable. We notice three groups among these selected insurance funds in terms of changes in membership fees after 2007. First, AEA (*Akademikers a-kassa*) is largely a fund for the SACO union member organizations⁹, which represent academics and professionals with university degrees. Together, with the fund of the Teachers' union, they have regained the low level of the membership fee by 2010 after a temporary increase in 2007. These are funds whose members have a very low risk of unemployment. The second group consists of funds whose members have relatively high unemployment rates in general and are also especially vulnerable during economic downturns (construction, metal, retail and hotel and restaurant workers). Their membership fees increased by more than 200 percent from 2006 to 2007 and the fee levels were even higher in 2010, as they were hit hard by the increase in unemployment during the global financial crisis starting in 2008. The third group includes funds whose members have a relatively high unemployment rate but that are less affected by economic downturns (municipal workers and journalists). Although their membership fee increased to a level similar to that of the second group, by 2010 their membership fee had recovered somewhat. The one with the most significant increase in the membership fee is the fund for hotel and restaurant

⁹Swedish Confederation of Professional Associations, *Sveriges akademikers centralorganisation*.

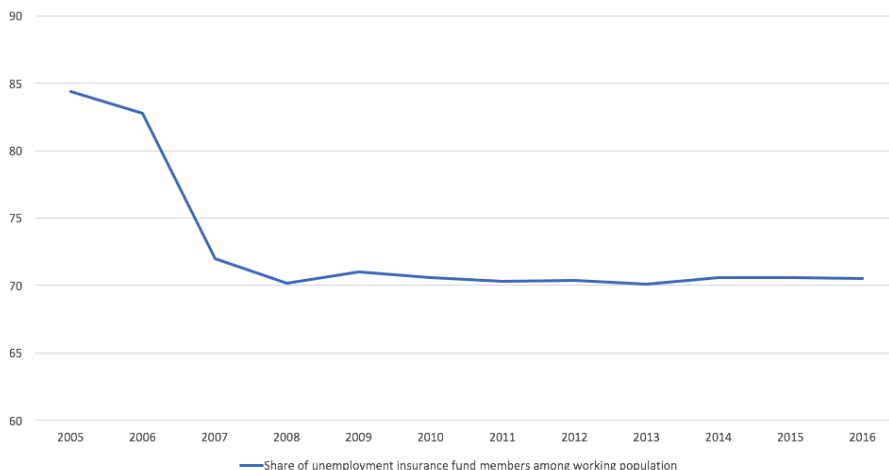


Figure 4.5: Changes in the share of unemployment insurance fund members among working population, 2005 and 2016

Source: Kjellberg (2017b, 63-4).

workers, with a nearly four times higher fee level in 2013 compared to 2006. The independent unemployment insurance fund *Alfa* also saw a steep increase in its membership fee and remained at the high level until 2013 (for more details see Kjellberg, 2011).

The Alliance government abolished differentiated membership fees for unemployment insurance funds beginning in January 2014 (Prop., 2013/14:1, 20-21). Seven years had passed since the unemployment fees were introduced, and the intended policy effect on wage moderation (Ds, 2007:47, 33) had not been observed. Contrary to the intention behind the reform (i.e., differentiated unemployment insurance fee levels were to have an effect on wage moderation and higher employment), the collective bargaining process related to wage negotiation did not turn out to be affected. Instead, the result was a historically high record of decreases in union membership and a large number of people who were left uninsured with regard to the earnings-related part of the unemployment benefits (see below). By reversing its own policy, it was expected that some of the unemployment insurance funds that had lost a large number of members due to increased membership fees were to regain some of the loss of the past years. The fee levels have subsequently converged again, ranging between SEK 100 and SEK 130 in 2016. So far, only a moderate level of increase in membership for some insurance funds has been observed (Kjellberg, 2017b).

Table 4.2: Changes in unemployment insurance fund membership, 2005-2011

Unemployment insurance funds	Changes in membership between 2005 and 2011	
	In numbers	As proportion
AEA (for university graduates)	+46,526	+8%
Alfa (independent)	+1,902	+2%
Teachers	-6,188	-3%
Construction workers	-11,960	-10%
Municipal workers	-71,556	-12%
Retail workers	-28,059	-15%
Metal workers	-63,285	-17%
Journalists	-2,807	-18%
Hotel and restaurant workers	-23,761	-32%
Total (30 funds in total)	-408,466	-11%

Source: IAF (2013a, 12).

Historical decline in union and insurance fund membership

The changes in the risk-pooling principles, the increase in insurance membership fees as well as the abolition of tax deductions for both union and insurance fund membership fees led to a historical decline in union and unemployment insurance fund membership between 2007 and 2009 (Kjellberg, 2011, 2010/2014a). As shown in Figure 4.5 on the facing page, the share of unemployment insurance fund members among the working population dropped significantly after 2006 from 82 percent to 70 percent in 2008. The 2015 increase in maximum benefit level does not seem to have had any visible effect on this coverage rate as the figure remains at about the same, around 70 percent, in 2016. This is partly due to the fact that the total working population has increased at a greater pace than the increase in number of insurance fund members (Kjellberg, 2017b, 65).

The relative scope of the decline in insurance membership was closely related to the change in membership fees. Table 4.2 confirms that the scope of the rise in membership fees seems to have had an effect on the decrease in number of members (cf. Figure 4.4 on page 75). The insurance funds whose membership fees increased the most include those for hotel and restaurant workers (32 percent decrease between 2005 and 2011), journalists (-18 percent), metal workers (-17 percent), retail workers (-15 percent), municipal workers (-12 percent) and construction workers (-10 percent) (IAF, 2013a, 12). In other words, they represent the sectors and occupational groups facing a relatively higher risk of unemployment as well as being more vulnerable during economic downturns in terms of fluctuations in the level of unemployment.

The Swedish Ghent system has thus been significantly transformed in terms of its scope of risk protection for the unemployed. Although no major statutory reform of

the unemployment insurance program has been implemented, the abolition of the solidaristic feature of the fee structure and the differentiation of contributions reflecting the unemployment levels among the members in each fund led to a radical decrease in the coverage of earnings-related unemployment benefits. The hardest hit by this change were blue-collar workers. Just as the initially voluntary insurance schemes run by the unions gradually gained the characteristics of a statutory public pillar, during the recent years the Swedish Ghent system gained the characteristics of a private group insurance system. Even though the unemployment fee was abolished in 2014, the practice where the financing burdens among the different insurance funds were equalized via the use of leveling fees and benefits (*utjämningsavgift/utjämningsbidrag*) has not been restored.¹⁰

An explicit attack on the Ghent system – and its revival?

Up until 2006, the rules determining the financial flow between the state and the insurance funds ensured that the membership fees for the insurance funds were more or less equal and kept low, thereby promoting the widest coverage possible. However, changes in the fee structure led to a historic large decline in membership in both unemployment insurance funds and unions. Recent studies have interpreted this retrenchment in the Ghent system as a result of an explicit attack on the strength of the unions. Gordon (2017), for instance, argues that since the right-wing political parties and the employers' organizations perceive the union-linked unemployment insurance funds as the core basis for Sweden's high union density, the Ghent system became the main target in the context of reducing Social Democratic hegemony (Immergut, 2002, 235-236). Similarly, Bandau (2014, 2017) argues that the Ghent system represents an exceptional resource for union power and that the Alliance government was highly aware of the expected impact on union membership of their reforms in the public unemployment insurance program. He especially contrasts this successful undermining of the Ghent system caused by the reforms in the fee structure to the failed attempt to launch an obligatory unemployment insurance program during the early 1990s, which was also led by a conservative coalition government (see 4.1.3 in this chapter).

While union influence has been challenged via changes in the Ghent system in neighboring countries like Denmark and Finland, Sweden is a case where not only the union density associated with the Ghent system but also the very coverage of the public unemployment insurance program has decreased significantly. This is because the Ghent systems in Denmark and Finland faced a challenge of having to compete with insurance funds not linked to unions (Kjellberg and Lyhne Ibsen, 2016; Høgedahl and Kongshøj, 2017; Bandau, 2017), whereas in Sweden changes in the membership fee structure entailed an actual increase in the number of people opting out of insurance funds and union

¹⁰Communication with IAF, June 2018.

membership altogether.

Since the Social Democratic Party together with the Green Party formed a minority government in 2014, several changes have taken place, which to some extent reverse the trend of retrenchment in the public unemployment insurance program. For instance, starting in September 2015, the maximum daily benefits were raised from SEK 680 to SEK 910 for the first hundred days (Promemoria, 2014; Prop., 2014/15:99). These changes imply that the level of state subsidy is once again increasing and that the effective generosity of benefits is to some extent restored for those with a previous income above the benefit ceiling. Another recent change that took place regarding the rules regulating the benefit period concerns part-time unemployed individuals. Since the change in 2007, the benefits could be paid out for a maximum of 75 days for part-time unemployed individuals. This restriction was replaced with 60 weeks starting in 2017 (Prop., 2016/17:1). Most recently, in 2017, the Social Democratic Party and the Left Party agreed to reintroduce the right of tax deduction for union membership fees starting in July 2018 (Prop., 2017/18:1), which was abolished by the Alliance government a decade ago.

Overall, there have certainly been some tangible changes and efforts from the Social Democratic government to restore the level of generosity as well as inclusiveness of unemployment benefit provision in recent years, confirming once again how the Social Democratic government has been responsive to the unions' interest and demands with regard to the unemployment insurance program. A question remains, however, to what extent these attempts are to reverse some of the reforms that significantly weakened the Swedish Ghent system.

4.2.3 Falling benefit reciprocity rate

In the preceding section, I analyzed how and to what extent the coverage of earnings-related unemployment insurance benefits decreased over the last decade. However, merely looking at the coverage rate in terms of number of members in the unemployment insurance funds as a share of the working population may only provide a partial picture of the actual role of unemployment insurance. Benefit reciprocity data, on the other hand, may indicate to what extent those who are actually unemployed have access to a given benefit scheme. In the rest of this chapter, I show how public unemployment insurance benefits became increasingly difficult to access for unemployed individuals over the years, which may be interpreted as the cumulative outcome of the retrenchment that has taken place in the public pillar of the Swedish unemployment benefit provision system.

In its monthly statistics, the Swedish Public Employment Service publishes how many unemployed individuals were registered each month, where the number of all registered unemployed individuals equals the sum of openly unemployed individuals (*öppet arbetslösa*) and job seekers participating in activation programs (*sökande i program med*

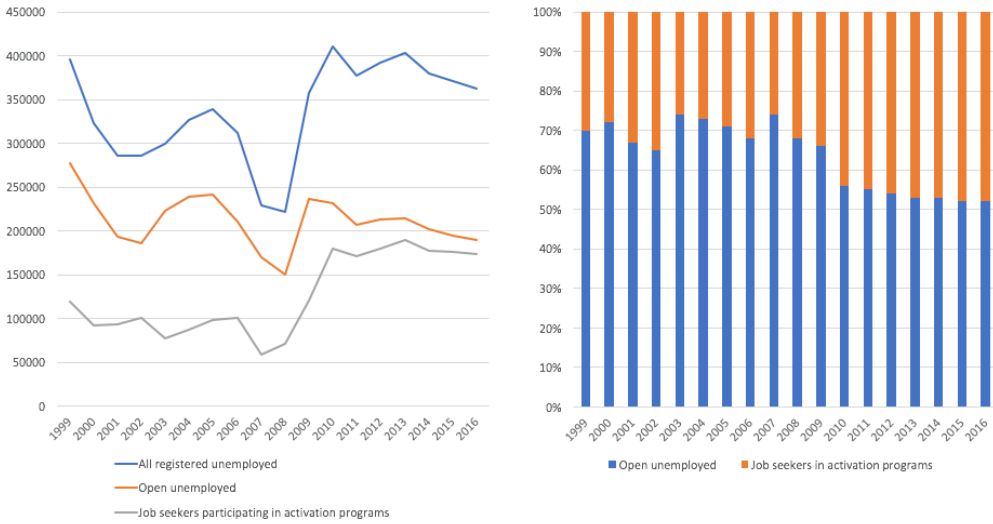


Figure 4.6: Number of registered unemployed individuals openly unemployed and in activation programs (left) and as a share of all registered unemployed individuals (right), 1999-2016

Source: Public Employment Service. Earlier statistics on job-seekers available on website.

Note: Average number for each year was calculated based on the figures for each month.

aktivitetsstöd). The category openly unemployed includes people actively looking for jobs and ready to take on employment immediately, while the other category includes people who have been unemployed for extended periods of time and thus participate in various activation programs, while receiving activity grants from the Social Insurance Agency (*Försäkringskassan*) instead of unemployment insurance benefits. This group also includes unemployed individuals not entitled to receive benefits to begin with.

In the left-hand graph in Figure 4.6, we see changes in the average number of all registered unemployed individuals as well as the number for the two categories between 1999 and 2016. Apart from the number of all registered unemployed individuals going up between 2008 and 2010 during the global financial crisis, since the mid-2000s the average number of unemployed individuals who are openly unemployed and the average of unemployed individuals in activation programs with activity grants have converged. Accordingly, the share of benefit recipients of unemployment insurance among all registered unemployed individuals went down, while the share of unemployed individuals receiving activity grants from the Social Insurance Agency has gone up. In 1999, 83 percent of all unemployed individuals received earnings-related unemployment benefits. This number decreased to 72 percent in 2006 and merely 23 percent in 2016. Instead, what we see is an increase in unemployed individuals participating in activation programs

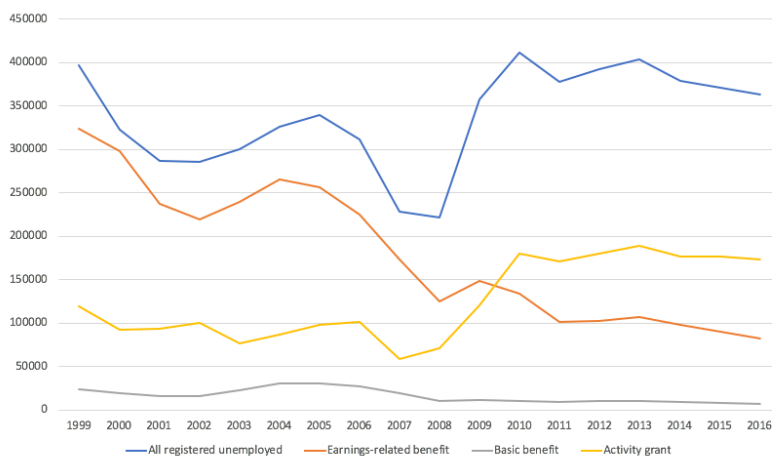


Figure 4.7: Number of unemployed individuals receiving earnings-related and basic insurance benefits and activity grants, 1999-2016

Source: ASTAT from the Swedish Unemployment Insurance Board (IAF) and Public Employment Service, earlier statistics on job seekers.

Note: Average number for each year was calculated based on the figures for each month.

receiving activity grants from the Social Insurance Agency, from 32 to 48 percent of all registered unemployed individuals during the same period. While the majority of unemployed individuals were openly unemployed until 2007 (around 70 percent), the group of unemployed individuals in activation programs receiving activity grants from the Social Insurance Agency is now almost as large as the ones openly unemployed. The former group amounts to 48 percent of all registered unemployed individuals and the latter to 52 percent in 2016 (see the right-hand graph in Figure 4.6 on the facing page).

Another striking trend during the last decade is that the number of benefit recipients of the public unemployment insurance program has declined rapidly. In Figure 4.7, we see that despite the steep increase in number of unemployed individuals during 2008-2010, the number of unemployed individuals who received earnings-related or basic benefits did not increase accordingly. The number of unemployed individuals who received earnings-related benefits in 2016 decreased by 50 percent compared to 2007 and by 75 percent if compared to the figure in 1999 (red line). The decline has taken place mainly among recipients of earnings-related benefits rather than among recipients of basic benefits. The number of unemployed individuals receiving activity grants, on the other hand, has increased substantially since 2008 (yellow line).

The decline in benefit reciprocity among the unemployed, especially with regard to earnings-related benefits, is partly explained by the significant decrease in number of

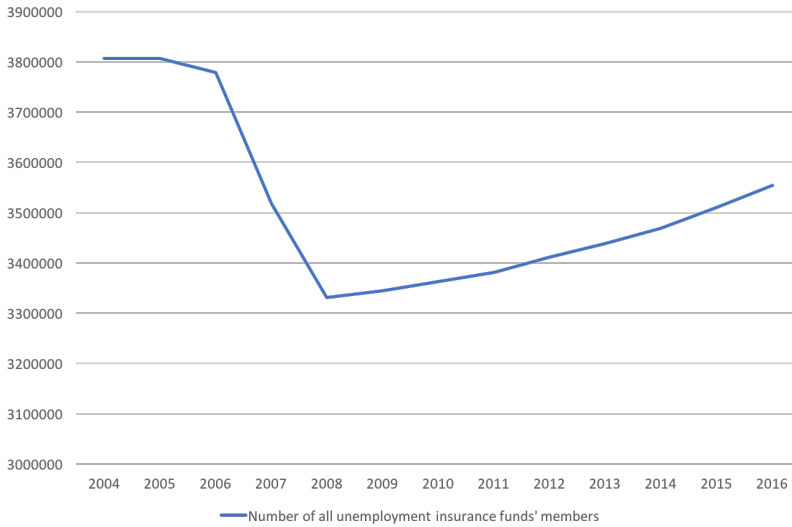


Figure 4.8: Number of members of all unemployment insurance funds, 2004-2016.

Source: ASTAT from the Swedish Unemployment Insurance Board (IAF).

members in unemployment insurance funds between 2006 and 2008 (Figure 4.8). The share of unemployed individuals not belonging to an insurance fund among the entire workforce (employed and unemployed) in Sweden since 2005 has increased greatly. While 15.6 percent of the entire workforce did not have unemployment insurance membership in 2005, this share was twice as large in 2008, as 29.8 percent of the entire workforce did not belong to an insurance fund. Since then, the share of the workforce not belonging to an unemployment insurance fund has remained more or less the same at between 29 and 30 percent until 2016 (Kjellberg, 2017b, 62-67). Thus, even though the number of insurance fund members has increased in absolute term during the last years, as seen in Figure 4.8, seen in light of an increased workforce, this development does not qualify as a recovery.

Another factor that may explain the falling benefit reciprocity rate of the unemployment insurance program include toughened eligibility criteria for receiving the benefits. The basic requirements for the unemployed, which is to register oneself at the employment office and being engaged in active job search, and the insurance fund membership for receiving earnings-related benefits remain the same. However, not only was the waiting period introduced in 1993 (5 days) increased to 7 days in 2008, the work prerequisite became stricter as the reference period for the calculation of benefit level has been extended from 6 to 12 months. Moreover, the possibility to become qualified for basic benefits through a period of studying (2007) as well as the possibility to become eligible

through participation in active labor market policy programs were removed (2001). The benefit period for part-time unemployed individuals was also reduced from 150 to 75 days in 2007. The reduction in benefit duration for those who voluntarily quit employment was increased from 25 to 45 days, and since 2007 all benefit claimants are supposed to look for jobs all over Sweden and in all professions in order to be eligible for benefits. A refusal to accept suitable jobs can lead to sanctions, such as reduced benefits or suspended benefit payments for certain periods (Sjöberg, 2011; Bengtsson and Berglund, 2012; Kjellberg, 2017b, 77). These changes are in line with a general tendency in Europe since the 1990s, where unemployment benefit provision became more conditioned upon activation measures and stricter eligibility criteria (Clasen, 2000; Gallie, 2002; Goul Andersen, 2005; Rueda, 2015; Knotz, 2016).

Additional factors contributing to the falling benefit reciprocity rate include changes in labor market characteristics among the unemployed. Those who try to enter the labor market for the first time as well as job-seekers born outside the Nordic countries make up an ever larger share of unemployed individuals in Sweden in recent years (IAF, 2009). Since 2008, for instance, the share of groups categorized as particularly vulnerable in the labor market among everyone unemployed became twice as large. These groups include people with lower education, those born outside of Europe, elderly people (55-64 years old) and people with disabilities with reduced work capacity (Arbetsförmedlingen, 2014). These groups have a hard time fulfilling the work requirements for the unemployment insurance benefits. They are also to a much lesser extent likely to become members of unemployment insurance funds and thus lack eligibility for receiving earnings-related unemployment benefits. The increasing presence of vulnerable groups in the labor market among the unemployed thus represents another piece of explanation accounting for the rapidly falling benefit reciprocity rate and the increasing number of unemployed individuals participating in activation programs and receiving activity grants from the Social Insurance Agency, as shown in Figure 4.6 on page 80 and Figure 4.7 on page 81.

The decrease in unemployment insurance fund membership in the aftermath of the reforms by the Alliance government, gradually but continuously tightened eligibility criteria and rapidly changing characteristics of unemployment and the unemployed are all crucial but partial elements explaining the outcome of the Swedish public unemployment insurance program in terms of its falling benefit reciprocity rate. A new government investigation launched in the spring of 2018 is looking into this matter, probing possible changes that may lead to an increase in the benefit reciprocity rate (Dir., 2018:8). The judgments concerning exactly which aspects of the public unemployment insurance program are to be scrutinized and eventually re-calibrated should take into account the complex interplay between regulations governing benefit eligibility and generosity, their impact on membership basis of the unemployment insurance funds as well as labor market

developments.

4.3 Concluding remark

Up until the beginning of the 1990s, the Swedish Ghent system developed into a generous public unemployment insurance program despite retaining a hybrid governance structure. During the last three decades, however, both benefit generosity and reciprocity rate have declined. We can identify three reasons for this retrenchment. First, since the economic crisis of the 1990s, both the conservative parties and the Social Democrats implemented benefit cuts, toughened up eligibility criteria and let the gradual erosion of benefit generosity occur by not raising the ceiling. The acute need for restoring the public budget balance legitimized these changes in the context of a general reorientation of the economic and labor market policy framework emphasizing price stability, fiscal balance and stricter benefit conditionalities for the working population. Second, the reforms under the Alliance government in the mid-2000s with further benefit cuts and toughened eligibility, as well as a retreat of the state's financial contribution, significantly undermined the Ghent system, reducing the coverage of the earnings-related benefits greatly and negatively affecting union density, especially among blue-collar workers. Finally, changes in the labor market and characteristics among the unemployed may also account for the significant decrease in the benefit reciprocity rate. An ever larger share of unemployed individuals today are poorly protected by the Ghent system, which requires an extended period of work record and insurance fund membership.

Until today, the Social Democratic Party – the long-time ally and defender of the Ghent system where unions and their insurance funds have a powerful position in shaping the unemployment insurance system – advocates for unemployment insurance benefits that may guarantee 80 percent of the previous income for at least 80 percent of the working population under the slogan 80/80 (Sjöberg, 2011, 223). However, as shown in this chapter, the reality is now far too distant from this political rhetoric promoting a generous and comprehensive unemployment benefit provision. Wennemo (2014, 220) pointed out that the unemployment insurance system constitutes an “Achilles’ heel” of the Swedish welfare state, as it has failed to provide comprehensive risk protection and as the most vulnerable population is increasingly excluded.

While the close affiliation between union and insurance fund membership has been one of the main reasons for the high level of union density, the increasing difficulties among some groups of unemployed individuals in terms of receiving any help may put a strain on the unions’ strategic position in relation to the functioning of the unemployment insurance system. The initial argument that valued union-linked insurance funds for their sector-specific knowledge regarding the characteristics of unemployment as well as what

is to be deemed a suitable job for an unemployed person has also lost leverage today, as the unemployed are expected to search for jobs in all parts of the labor market (both in terms of professions and geographic areas) from the day one. The legitimacy and popular support for the public unemployment insurance system retaining a voluntary membership regime might be at risk if the insurance benefits continue to be inaccessible for a large share of unemployed individuals.

Chapter 5

Silent institutionalization of complementary benefits

While the benefit generosity of the public unemployment insurance program has been deteriorating since the 1990s, complementary benefits for the unemployed have greatly expanded in kind and coverage. Yet, this development has received scarce attention thus far. The aim of this chapter is to provide a comprehensive overview over the emergence and development of complementary benefits for the unemployed in terms of types of benefits, governance arrangements and coverage, based on previous studies as well as first-hand data collected in 2017.

The first section deals with bilateral arrangements between employers and union organizations providing complementary cash benefits as well as employment services to the unemployed, which emerged already in the 1970s and continues to expand up until this day. The second section is concerned with complementary income insurance schemes provided by private insurance companies, which started in the late 1990s and have expanded rapidly during the last fifteen years. The majority of these complementary income insurance schemes are provided as a part of membership-based group insurance by labor unions. The analysis of these complementary benefits points to a high degree of institutionalization and coverage in spite of the absence of state involvement. However, both the occupational and private pillars show clear limits in relation to protecting those in the weakest positions in the labor market.

5.1 Occupational pillar: Development of Employment Transitional Agreements

Swedish industrial relations have been characterized by the principle of self-regulation by the labor market partners via voluntary collective agreements (Kjellberg, 2017c). Employers' organizations and labor unions have been in charge of governing a range of important labor market issues, such as wage bargaining, industrial disputes, negotiation of fringe benefits, up-skilling and education provision, etc., with no or limited state intervention or legislation, based on the premise that both parts are committed to prioritizing and finding collaborative solutions for achieving continued economic growth and industrial competitiveness (Christiansen et al., 2006; Swensen, 2002; Katzenstein, 1985; Jensen and van Kersbergen, 2018). Sweden has had a far-reaching collective agreement coverage until today: 100 percent in the public sector and around 83 percent in the private sector (Kjellberg, 2017b, 18). This has been the case despite the fact that there is no legally binding regulation stipulating the operation or scope of collective agreements, as in many other countries (Jansson et al., 2016, 21), and despite the fact that corporatist features in major institutions and policy-making process have weakened considerably (Rothstein and Bergström, 1999; Lindvall and Sebring, 2005).

While collective wage bargaining has become decentralized since the 1990s, other aspects such as occupational welfare and work environment issues are still primarily dealt with at the sectoral or industry level of collective bargaining (Jansson et al., 2016, 21). Accordingly, Swedish occupational welfare provision is characterized by far-reaching, relatively uniform and centralized arrangements providing additional social protection for workers on top of the statutory programs (Greve, 2018; Jansson et al., 2016; Sebardt, 2005). Through collective negotiation and administration, a handful of actors provide complementary benefits for wage earners in the case of old age, workplace accidents, sickness, unemployment, parental leave and so on. The main actors here typically include the main organizations for employers and employees as listed in Table 5.1 on the facing page.

Basically, the three labor union confederations represented by the Swedish Trade Union Confederation (*Landsorganisation, LO*), the Swedish Confederation of Professional Employees (*Tjänstemännens centralorganisation, TCO*) and the Swedish Confederation of Professional Associations (*Sveriges akademikers centralorganisation, SACO*) negotiate with the three main employers' organizations represented by the Confederation of Swedish Enterprise (*Svenskt Näringsliv, SN*)¹, the Swedish Agency for Government Employers (*Arbetsgivarverket*) and the Swedish Association of Local Authorities and Regions (*Sveriges Kommuner och Landsting, SKL*). With regard to certain issues, different

¹Formerly the Swedish Employers' Association (*Svenska Arbetsgivarföreningen SAF*).

Table 5.1: Main collective actors in the Swedish labor market, 2017

	Name	Number of member organizations	Connected to
Employees' organizations	Swedish Trade Union Confederation (<i>Land-sorganisation, LO</i>)	14 (1.5 million members)	
	Swedish Confederation of Professional Employees (<i>Tjänstemännens centralorganisation, TCO</i>)	14 (1.4 million members)	PTK, OFR
	Swedish Confederation of Professional Associations (<i>Sveriges akademikers centralorganisation, SACO</i>)	23 (680,000 members)	PTK, OFR
Employers' organizations	Confederation of Swedish Enterprise (<i>Svenskt Näringsliv, SN</i>)	49 (60,000 member companies with over 1.6 million employees)	
	Swedish Agency for Government Employers (<i>Arbetsgivarverket</i>)	250 (government authorities with 250,000 employees)	
	Swedish Association of Local Authorities and Regions (<i>Sveriges Kommuner och Landsting, SKL</i>)	310 (local and regional authorities with 1 million employees)	

Source: Websites of each organization.

unions have created special collaborative negotiation councils, such as the Federation of Salaried Employees in Industry and Services (*Privattjänstemannakartellen, PTK*) for private sector white-collar employees and the Public Employees' Negotiation Council (*Offentliganställdas Förhandlingsråd, OFR*) for public sector employees. In the following, we focus on bilateral agreements between these actors providing economic benefits and employment services for the unemployed.

5.1.1 Social protection through industrial relations: Pioneers and followers

The main function of the benefits provided via collective agreements is to complement the statutory benefits provided by social insurance schemes, as all social insurance schemes have maximum ceilings in terms of the amount of earnings-related benefits one may receive. The occupational pillar in unemployment benefit provision is no exception. The Swedish labor market partners have autonomously developed a unique set of collective agreements over the last fifty years in order to manage redundancy. As early as in the 1970s, the union confederations and employers' organizations established cross-industrial agreements, which may generally be referred to as Employment Transitional Agreements (ETAs).² As of 2012, when over a million local and regional government employees be-

²In Swedish, they are often called *trygghetsavtal* or *omställningsavtal*. There is yet no widely accepted single term for indicating these collective agreements. For the English translation, I use the term Employment Transitional Agreements used by several Swedish researchers having published recently on the topic, such as Jansson et al. (2016, 2018).

came covered by the Transition Fund (*Omställningsfonden*), one can say that all major labor market sectors are covered by ETAs. Internationally, it is rather uncommon to find such comprehensive coverage of occupational welfare in the area of unemployment protection (Walter, 2015; Jansson et al., 2016) and this may be understood in light of the strong Swedish tradition of bilateral self-regulation and conflict management between employers and workers via collective agreements (Elvander, 2002).

The early initiatives for the provision of occupational welfare via collective agreements came from unions representing white-collar workers, mainly represented by the Swedish Confederation of Professional Employees during the 1970s and 1980s. They found the publicly operated social insurance provision somewhat inadequate for the needs of white-collar workers and that the Public Employment Service did not meet the needs of their unemployed members (Martinson, 2005, 7). They found it important to be able to guarantee a generous level of income compensation even if one earns more than the ceiling in social insurance schemes. Apart from complementary benefits and support for retraining and education for those affected by layoffs, the transitional agreements also include support for businesses undergoing restructuring in terms of personal planning and re-localization (Walter, 2015, 121).

The first collective agreement aimed at supporting the unemployed emerged in 1972, *Trygghetsrådet TRS*.³ When it was established, the agreement was made between the organization representing state-owned companies (*Statsföretagens förhandlingsorganisation, SFO*) and a few unions representing white-collar workers. While white-collar workers had hardly been subjected to redundancies due to work shortage before, beginning in the late 1960s this became an issue that labor market partners decided to address through collective agreements (SOU, 2002:59, 37-38). Later on during the 1990s, many employers' organizations that used to belong to SFO moved to the Swedish Employers Association, which is why the agreement now mostly only covers employees in culture and non-profit sectors (see Chapter 2 in Walter, 2015).

In 1974, the Employment Security Council (*Trygghetsrådet, TRR*) was established for white-collar private sector workers. The idea was initially proposed by TCO already in 1969 and severance payment was launched in 1969 under the name of *Avgångsersättning* (AGE) (Lindberg, 2015, 169). In the aftermath of the recession at the beginning of the 1970s, with a rising number of unemployed individuals, the Swedish Employers Association accepted the idea of establishing an Employment Transition Agreement. This led to an insurance arrangement where 0.25 percent of the salary of white-collar workers was to be set aside for measures helping companies relocate redundant workers as soon as possible as well as to finance severance payments for the unemployed (Arvedson, 2004, 27-28).

³No English translation available.

From the 1990s and onwards, redundancy has become a more common event than before, thereby increasing the need for more systematic and structured responses from labor market actors. This is reflected in the expansion of ETAs in the last couple of decades. For blue-collar workers, there were severance payments in place already in the 1960s for workers affected by structural changes or business closures. This was paid for one week upon unemployment, which corresponded to the qualifying days for the public unemployment insurance benefits (Edebalk, 2012, 4). Apart from this severance payment, the Swedish Trade Union Confederation representing blue-collar workers has until recently been quite reluctant in committing to bilateral agreements complementing the public unemployment insurance benefits or the Public Employment Service. In 2004, however, LO also started to perceive the support for their unemployed members from the Public Employment Service as unsatisfactory and started providing complementary transitional services within the framework of the Employment Transition Fund (*Trygghetsfonden, TSL*) (Walter, 2015, 120).

Redundancy in the public sector has historically been much lower than in the private sector. The state and local governments have had much stronger responsibilities in staff administration so that the issue of work shortage could be solved by relocation within the public sector. However, as more and more public authorities transformed into companies and as the economic crisis in the 1990s resulted in harsh restraints on the public sector, the state took an initiative in relation to increasing flexibility in employment protection (see Chapter 4 Walter, 2015). This led to the establishment of the ETA and Job Security Foundation (*Trygghetsstiftelsen*) in 1990, which is by far the most generous agreement providing extensive economic benefits for the unemployed. For local and regional government employees as well, a new comprehensive employment transitional agreement was introduced in 2012, replacing the previous collective agreement AGF-KL, which provided some economic benefits for those affected by work shortages and restructuring of the workplace. Another reason for the expansion of ETAs is that the monopoly of employment services by the Public Employment Service was abolished in 1993 (SFS, 1993:440). A whole new industry of private employment service agents has increased ever since, including multi-national recruiting companies, manpower companies, coaching and consulting companies, etc. (Bäckström, 2006; Cronert, 2015).

The Employment Transition Agreements have thus been established by initiatives from both unions and employers' organizations. They have had similar concerns yet with different sectoral backgrounds. The white-collar and professional unions were the pioneers in this development as they were the first to see the need for compensatory benefits for their members upon the restructuring of workplaces. However, as the benefit generosity of the public unemployment benefits has increasingly been weakened for a growing number of people, even including blue-collar workers, the occupational pillar

Table 5.2: Main Employment Transitional Agreements in the Swedish labor market, 2017

Sectors	Main organizations	Employment ments	Transitional	Agree-	Year of intro- duction	Coverage	Average number of beneficiaries per year
State employees	Arbetsgivarverket, OFR-S, SACO-S, Seko	Job Security	Foundation	(Tryg- ghetsstiftelsen)	1990/2014	250,000	2,500
Local and regional govern- ment employees	OFR, Kommunal, SKL, Pacta.	The Transition Fund (Omställnings- fonden KOM-KL)			2012	1,100,000	1,200
Private sec- tor blue-collar workers	SN, LO	Employment	Transition	Fund	2004	900,000	21,000
Private sector white-collar workers	SN, PTK	Employment	Security	Council	1974/1998	850,000	15,000
		(Trygghetsrådet, TRR)					

Source: Websites of each Employment Transitional Agreement. For average number of beneficiaries: (Walter, 2015, 121).

in unemployment benefit provision has by now come to cover the entire labor market, marked by a significant increase in coverage during the last couple of decades.

5.1.2 Similar institutional features, yet varying eligibility criteria and benefit generosity

The Employment Transitional Agreements cover most workers in the Swedish labor market as of 2017 (See Table 5.2). Within the framework of these agreements, there are non-profit foundations and councils, owned and managed by actors from both sides of the labor market. The common goal of the ETAs is to support and facilitate a successful transition of the unemployed to new employment (or full-time education) both via economic compensation complementing the public unemployment benefits and via employment services complementing the support provided by the Public Employment Service. The following is a short description of the economic compensation provided by the main ETAs.

For the state sector, the Job Security Foundation (*Trygghetsstiftelsen*) founded in 1990 covers about 250,000 state employees. For those covered by this agreement, there are complementary benefits topping up the public unemployment benefits over the ceiling, up to 80 percent of the previous salary during the first 200 days and 70 percent during the following 100 days. In order to receive these benefit, permanent employment prior to unemployment is required for full compensation. Fewer days of payment are offered for those with temporary employment, depending on length of employment (new element since 2014).

For employees working at local and regional government bodies, there is the Transi-

tion Fund (*Omställningsfonden, KOM-KL*). It came about most recently, in 2012, but is nonetheless the largest in terms of coverage, covering 1.1 million employees. For those covered by this agreement, there are complementary benefits topping up the public unemployment benefits over the ceiling, up to 80 percent of the previous salary for the first 200 days and then 70 percent for the following 100 days. These benefits require permanent employment for the last four years out of five years of consecutive employment.

For private sector blue-collar workers, the Employment Transition Fund (*Trygghetsfonden, TSL*) was founded in 2004 and it covers 900,000 employees. A lump sum severance payment AGB (*Avgångsbidrag*) is provided for those covered by this agreement, amounting to between SEK 34,000 and SEK 50,000 depending on age. Basic eligibility criteria for these benefits include being above the age of 40 and having been employed for at least 50 months during the last five years before unemployment.

For private sector white-collar workers, the Employment Security Council (*Trygghetsrådet, TRR*) was founded in 1974 and covers 850,000 employees. For those covered by this agreement, complementary unemployment benefits topping up the public unemployment benefits over the ceiling is provided, up to 70 percent of the previous salary for a six-month period and 50 percent thereafter. One has to be over the age of 40 to receive this compensation, and the benefit level and period vary depending on age and previous salary.

Apart from these four major ETAs, there are seven additional similar arrangements covering specific labor market sectors, but these are smaller in scope in terms of coverage. These include the culture and non-profit sector, real estate, banking and other financial services, the cooperative sector and the church, all founded between the early 1970s and the 2000s (Walter, 2015, 25).⁴

Even though these different ETAs developed independently of each other without any formal coordination by major actors or the state (Jansson et al. 2018, 61; Walter, 2015, 126-127), the governance arrangements as well as the range of benefits and services provided are very similar. What is common for all of these is that they are run through collectively owned and managed non-profit foundations by both employers' and union organizations. The financing of these arrangements is carried out through the employers paying a percentage of the sum of wages for each worker, converging at about 0.3 percent of total wage cost. Most agreements generally target the unemployed who previously had a rather well-established position in the labor market; in other words, having enjoyed permanent employment or temporary employment for an extensive period of time. All ETAs are only relevant for those who lost their job due to work shortage.

Some differences, however, may be found in terms of more detailed eligibility criteria

⁴Trygghetsrådet TRS (1972), Trygghetsrådet Fastigo TRF (1973), Trygghetsrådet Fastigo TRL (1983), Trygghetsfonden BAO (1984), Handelstrygghetsavtal KFO (1984), KFS-företagens Trygghetsfond (1988), Svenska kyrkans trygghetsråd KTR (2005).

and level of benefits provided. The number of years a person must have been employed, for instance, differs across ETAs, with state sector workers having the shortest qualifying period. When it comes to complementary benefits topping up the payment from the public unemployment insurance program, public sector workers are again entitled to the highest level of generosity, since up to 80 percent of their previous income can be compensated above the ceiling in the public unemployment insurance benefit program. Private sector white-collar workers have similar benefits but only up to 70 percent of the previous income level, and private sector blue-collar workers are only entitled to a lump sum payment (AGB). The lower age threshold qualifying for the benefits is only present in agreements covering private sector workers. Therefore, one could say that the state has played an important role by establishing the most generous ETAs for public sector workers, even though it has not intervened in the establishment or governing of ETAs for the other sectors by using regulatory means.

There are also organizational differences in the delivery of services. For instance, while TRR, the agreement for private sector white-collar employees, has over 40 regional offices with around 250 directly employed in-house counselors covering a large geographic area, TSL, the agreement covering private sector blue-collar workers, only has a centralized office in Stockholm with a small number of staff, operating by contracting out a range of employment services to external private companies from which the unemployed can choose (Walter, 2015, 120). In the latter case, there is a myriad of organizational actors involved, including insurance companies, outplacement services, staffing agencies, consulting agencies, etc., which provide services for the transition period of the unemployed (Bäckström, 2005, 2006; Sebardt, 2005).

The expansion of the Employment Transition Agreements has been possible due to the significant strength and organizational capacities of the labor market partners with their centralized umbrella organizations that have been active in the provision of a range of occupational benefits for a long time (Jansson et al., 2018; Trampusch, 2013). Moreover, the growing number of private actors in the field of employment service delivery enable ETAs to offer diverse support for the unemployed,⁵ especially in the case of TSL. This layering of occupational schemes covering most workers in Sweden certainly demonstrates a potential of comprehensive risk protection via bilateral agreements between the labor market partners compared to, for instance, firm-level occupational welfare provision, which may result in a much more varying degree of protection.

Nevertheless, the limits of solidarity appear to be clear. At a closer look, the generosity and eligibility criteria in relation to the benefits provided by the ETAs differ across different labor market sectors, as pointed out above. This also means that knowledge of

⁵In fact, during the last decade, this service industry consisting of various forms of staffing agencies and recruitment companies has expanded by four times its size in terms of number of employees (Cronert, 2015, 63).

this occupational pillar of unemployment benefit provision among workers is most likely to be partial, as one would have an understanding of the specific sector in which one works, but not about the other sectors (Lindquist and Wadensjö, 2011, 196-197). As in the Swedish occupational pension provision, the main cleavage can be found between the agreement covering private sector blue-collar workers and the other major schemes, the former being a latecomer as well as less comprehensive and generous than the schemes covering the rest of the working population in the public sector and private white-collar workers (compare, for instance, with pension provision in Jansson et al., 2018).

5.1.3 Low visibility and awareness despite long tradition

It has been nearly thirty years since Edebalk and Wadensjö (1990) pointed out the importance of benefits provided within the framework of collective agreements. They stressed that the debate on the social insurance system neglected the occupational pillar, in spite of its extensive scope as well as its important interplay with the public insurance system.

The social insurance system is currently an object for studies and discussions. Hence, it is important to pay attention to the role of insurance schemes via collective agreements. Changes in social insurance programs may lead to labor market partners making changes in the insurance schemes via collective agreements, in order to counteract or reinforce the effects of changes in the public system (Edebalk and Wadensjö, 1990, 267-268).⁶

Their point is just as relevant today. Despite the fact that the Employment Transitional Agreements now cover nearly the entire labor market, the general knowledge about this occupational pillar in unemployment protection is very low among workers (Svärdman, 2016) as well as among politicians and experts in the field (Lindquist and Wadensjö, 2005, 235). The discussion so far regarding the unemployment protection system is disproportionately centered on public unemployment insurance, considering the fact that the public unemployment insurance benefits alone can barely achieve the stated political goal of unemployment benefit provision; namely, to compensate 80 percent of the previous income for the majority of the workforce.⁷ Even after the Social Democratic government raised the maximum benefit ceiling in 2015, about 70 percent of the unemployed still have less than 80 percent of their previous income compensated by the public unemployment insurance benefits (SO, 2017).

One possible explanation for the low level of visibility and awareness regarding the occupational pillar of Swedish unemployment benefit provision is that the actual number

⁶My own translation.

⁷For instance, the Social Democratic Party has used a slogan of “80 percent should get 80 percent of their previous income.”

of benefit recipients is rather low. While the coverage rate of the collective agreements remains comparably high in Sweden for both the public and the private sector, due to eligibility criteria (e.g., age, permanent employment for a certain number of years, etc.) not all unemployed individuals covered by these agreements have access to these benefits in practice. This is in contrast to, for instance, the Swedish occupational pension provision, where the benefits from occupational pensions now amount to, on average, over 20 percent of individual retirement incomes (Jansson et al., 2018, 63), which is why the political presence as well as awareness among the public is relatively high.

The case of ETAs is fundamentally different as a minority of the working population experiences unemployment and the number of beneficiaries of the complementary benefits provided by the ETAs only amounts to a tiny fraction of the whole working population. Around 40,000 individuals per year receive support from the ETAs according to figures from 2015, which corresponds to 1.3 percent of all workers at workplaces with collective agreement coverage (Walter, 2015, 121). The exact number of people in this group receiving economic benefits (AGB or AGE) is not available. One explanation for the low number of beneficiaries of this occupational pillar of unemployment benefit provision according to Andrén (2015, 59) is that counseling and other forms of support provided by the Employment Transitional Agreements are very effective to the extent that many who would have been benefit recipients of the complementary benefits from those agreements get a new job even before the end of the termination period for their employment (*uppsägningsperiod*).

Another way of explaining the low level of visibility and awareness regarding the complementary benefits provided by ETAs could be that these are understood more as a way of managing potential conflicts between the labor market partners upon redundancy rather than as a part of the unemployment benefit provision system. In a way, the legislation on employment protection in Sweden provides incentives for the labor market partners to collaborate with each other. The Swedish Employment Protection Act (SFS, 1982:80, 22§), for instance, stipulates that in the case of redundancy, companies have to fire their employees on the basis of a list of seniority (*turordningslista*), meaning that the most recently hired person should be fired first. However, due to the semi-dispositional character of this rule, it is possible for companies to get around this rule by striking bilateral agreements with the unions (Kjellberg, 2017c, 377). The supports available via ETAs for workers who get fired are in this context often used as a way of smoothing out otherwise difficult negotiations upon redundancy due to work shortage (Walter, 2015, 112).

Moreover, on average only about half of the costs within the framework of ETAs go to economic support for the unemployed (Cronert, 2015, 98) and the rest goes to financing employment services such as personal coaching, job-seeking activities, recruit-

ment services as well as services for assisting managers and union representatives upon redundancy as previously mentioned (Walter, 2015, 121). Hence, it is to some extent understandable that the general public awareness of ETAs and particularly the economic compensation provided within the framework of these agreements is not as high compared to the public unemployment insurance program.

Lastly, the idea of the support provided via ETAs is that it is managed by the labor market partners and that individuals are automatically covered and entitled to support if they fulfill the eligibility requirements, rather than actively having to seek support. This is in contrast to the public unemployment insurance program or the complementary income insurance schemes analyzed in the following section, for which individuals actively have to make a choice to become members of insurance funds and unions. This might also explain the low level of awareness regarding this occupational pillar of the Swedish unemployment benefit provision system.

5.2 Private pillar: Emergence of complementary income insurance

If the occupational pillar consisting of the Employment Transition Agreements has evolved slowly since the 1970s, the complementary income insurance schemes⁸ explored in the remainder of this chapter have expanded rather swiftly over the last fifteen years. The development of this third pillar is shaping the new terrain of the Swedish unemployment benefit provision system today as it reinforces the Ghent logic due to its union-led development at the same time as it introduces a more consumerist understanding of the income protection system for the unemployed. An extensive overview of the existing complementary income insurance schemes as of 2017 is provided in the following, concerning benefit types, eligibility criteria, coverage and main actors involved.

5.2.1 Rapid establishment of private-collective schemes

As the level of earnings-related benefits from the public unemployment insurance program has continued to deteriorate since the 1990s (see Chapter 4, section 4.2.1.), a large share of workers have become unable to fully insure against income loss upon unemployment merely by becoming a member of an unemployment insurance fund. Therefore, complementary income insurance schemes started to emerge providing full compensation of the lost income even above the benefit ceiling in the public unemployment insurance program. However, full compensation is here limited up to 80 percent of the previous

⁸ *Inkomstförsäkringar* in Swedish.

income for the first 200 days and 70 percent for the rest of the period, which corresponds to the levels regulated by the law on unemployment insurance (SFS, 1997:238, 26§).

The complementary income insurance schemes are not to be confused with the benefits provided via the bilateral agreements between the labor market partners, Employment Transition Agreements (ETAs). Even though some ETAs, especially covering public sector workers, provide very similar types of benefits as complementary income insurance schemes,⁹ the latter differ in that only private insurance companies and unions are involved in the provision and that individual workers actively have to engage in a contractual relationship with insurance providers.

However, the major expansion of the complementary income insurance market in terms of coverage has been driven by initiatives of labor unions in the form of group insurance schemes, which is why the contractual relationship between insurance companies and individual workers to a great extent is mediated by unions. Starting in the early 2000s, unions organizing professionals with university degrees (affiliated to SACO), soon followed by unions for white-collar workers (TCO), started introducing group-based income insurance for their members, either in cooperation with insurance companies or by launching their own mutual insurance companies. The blue-collar unions (LO) caught up with this trend starting in the late 2000s. Most of them have their complementary income insurance plan included in their membership package, which means that individual members do not have to sign a separate contract with insurance providers once they become union members. Many, but not all, additionally provide voluntary schemes individual members may choose to purchase, which guarantees complementary benefit payments for longer periods or a higher level of income for which to receive compensation.

The expansion of group-based complementary income insurance schemes by unions has only been documented to a limited extent, but there are some available figures for certain points in time showing its rapid increase in terms of changes in the number of unions providing complementary income insurance. In 2004, merely 8 unions had premiums for their complementary income insurance included in their membership fees. The figure increased to 32 already in 2009 (Lindquist and Wadensjö, 2011, 43) and to 35 as of 2017 (my own calculation, see the following tables in the chapter).

Another way to estimate the extent of the establishment of complementary income insurance has been to calculate the coverage rate for the three major union umbrella organizations. A review of existing complementary income insurance schemes conducted in 2012 by an investigatory service of the parliament estimated that around 92 percent of all SACO members and 97 percent of all TCO members were covered by complementary

⁹For instance, *Avgångsersättning* in *Trygghetsstiftelsen* and *Omställningsfonden* entail complementary benefits compensating income loss above the ceiling in the public unemployment insurance program up to 80 percent for the first 200 days and 70 percent for the following 100 days. See section 5.1.2. in this chapter.

income insurance, while coverage among LO union members was much lower at around 68 percent (Dnr, 2012:454). In 2017, the coverage for SACO members was the same as in 2012 at 97 percent, a slight increase for TCO members to 99 percent and a slight decrease for LO members at 67 percent.¹⁰ This results in an estimation of 2.4 million people in Sweden covered by union membership-based complementary income insurance schemes in 2017, corresponding to roughly half the entire population in the active labor force.¹¹

The rapid expansion of this third pillar of the unemployment benefit provision system has to some extent taken place below the radar of the wider public, which is why there has not been much public debate on this extra layer of the Swedish unemployment protection system (Andrén, 2015, 58-59). There is no government intervention in relation to these schemes other than that the law on unemployment insurance benefits regulates the maximum level of income replacement rate (SFS, 1997:238, 26§). Moreover, the complementary income insurance benefits are not subject to taxation (SOU, 2015:21, 787).¹² In the following, I provide an overview of the existing complementary income insurance schemes mediated by unions as of June 2017.

Swedish Confederation of Professional Employees (*Tjänstemännens centralorganisation, TCO*)

Out of the 13 unions belonging to the Swedish Confederation of Professional Employees, 8 provided complementary income insurance schemes for their members in 2017, all launched between 2005 and 2010 (See Table 5.3 on the following page).¹³ The qualification period is uniformly 12 months for all 8 unions, meaning that the unemployed should have been a member of the union for at least a year. Another common feature is that all of the complementary income insurance schemes provided by the unions require that beneficiaries receive the maximum level of the earnings-related benefits from the public unemployment insurance program. A common way of dealing with this is that the premium for the complementary income insurance benefits is included in the union membership fees only for members with a monthly income over SEK 25,025 – which

¹⁰The coverage is here calculated in relation to union members belonging to the active workforce, excluding, for instance, retirees and students. As complementary income insurance is not available for this population, the precise coverage of the schemes is calculated only in relation to the members belonging to the active workforce. The share of inactive members varies and it is higher among the unions affiliated to SACO (on average 24 percent) and TCO (21 percent), which have many student members, compared to LO unions (16 percent) (all figures for 2017). The figures for 2017 represent from my own calculation of available information from all unions providing complementary income insurance benefits as well as communications with the secretariats of SACO, TCO and LO.

¹¹In 2017, 5.3 million individuals were in the active labor force according to Labor Force Surveys by Statistics Sweden.

¹²To see the related court decision from 2007: <https://lagen.nu/dom/ra/2007:25>

¹³In the tables in this section, I chose to write the Swedish names of the unions first, followed by the translation in English in parentheses, as some unions lack an English translation of their name.

Table 5.3: Complementary income insurance schemes for TCO unions, 2017

Union	Introduction	Qualification period	Benefits included in membership	in-member insurance scheme	Supplementary insurance	Insurance company	Number of active members
Fackförbundet ST (The Union of Civil Servants)	2010	12 months	150 days up to SEK 80,000 as ceiling	150 additional days	Bliva	66,923	
Finansförbundet (The Union of Financial Sector)	2007	12 months	120 days up to SEK 80,000 as ceiling	180 additional days up to SEK 100,000 as ceiling	Bliva	26,365	
FTF (The Union of Insurance Employees)	2005	12 months	120 days up to SEK 80,000 as ceiling	180 additional days	Bliva	13,110	
Försvarsförbundet (The Union of Civilian Employees)	2008	12 months	100 days up to SEK 60,000 as ceiling	120 additional days	Bliva	11,484	
Lärarförbundet (The Swedish Teachers' union)	2009	12 months	200 days up to SEK 60,000 as ceiling		Lärarförsäkringar	168,378	
Polisförbundet (The Union of Swedish Policemen)	2009	12 months	150 days up to SEK 60,000 as ceiling		Förenade liv	576	
Sveriges yrkesmusikerförbund Syntf (The Swedish Federation of Professional Musicians)						1,394	
Teaterförbundet (The Swedish Union of Theatrical Employees)						6,322	
TULL-KUST (The Swedish Union of Customs' and Coastguards Officers)	2008	12 months	150 days up to SEK 60,000 as ceiling	50 additional days up to SEK 150,000 as ceiling	Unionen Medlemsförsäkring	1,794	
Unionen						538,845	
Vision (The Swedish Union of Local Government Officers)	2005	12 months	180 days up to SEK 100,000 as ceiling	100 additional days up to SEK 100,000 as ceiling	Bliva	137,082	
Vårdförbundet (The Swedish Association of Health Professionals)	2008	12 months	200 days up to SEK 60,000 as ceiling		Folksam	91,272	
Total						1,085,136	

Source: Websites of each union and communication with TCO secretariat.

is the maximum amount of monthly income compensated in the public unemployment insurance program.

Most TCO unions providing income insurance collaborate with *Bliwa*, a mutual insurance company founded primarily to provide complementary income insurance for unemployed individuals in 2004. The Swedish Teachers' Union (*Läraryrket*) provides its income insurance via its own insurance company *Läraryrsförsäkringar. Unionen*, the biggest union in terms of membership in TCO (Markusson, 2017), also provides its insurance via its own insurance company.

There is certainly some variation across different unions. For instance, when it comes to benefit period, this varies between 100 to 200 days. Members of the Swedish Union of Journalists (*Journalistförbundet*) may, for instance, receive the complementary income insurance benefits up to 100 days, whereas members of the Swedish Association of Health Professionals (*Vårdförbundet*) may receive the benefits up to 200 days. Additionally, many of them provide supplementary insurance schemes for an additional premium, which guarantees a longer benefit period. For instance, by being a member of the Union of Civil Servants (*Fackförbundet ST*), one may receive the complementary income insurance benefits for the first 150 days, with the possibility of signing up for a supplementary insurance scheme guaranteeing 150 additional days for an extra monthly premium of SEK 42. Six out of the eight unions providing complementary income insurance for their members have variations of this model, some of them covering the entire benefit period of the public unemployment insurance benefits (300 days).

This means that regardless of whether or not one's previous income exceeds the ceiling in the public unemployment insurance, one may receive full income compensation (80 percent of previous income). The level of maximum income that may be compensated for varies among the unions as well. The maximum level of insured income varies between SEK 60,000 and SEK 100,000 per month, with the Swedish Union of Local and Government Officers (*Vision*) having the highest ceiling. Similar to the supplementary schemes guaranteeing a longer benefit period, there are supplementary schemes guaranteeing a higher level of maximum monthly income to be compensated for, for example in the case of the Union of Insurance Employees (*FTF*). For a monthly premium of SEK 82, their members can sign up for a supplementary scheme guaranteeing a higher level of income to be compensated – up to SEK 100,000 – compared to their complementary income insurance scheme included in the union membership, which offers coverage up to a monthly income of SEK 80,000.

To illustrate the different levels of compensation for lost income upon unemployment, let us consider a fictitious case of Anna, who belongs to the the Union of Local Government Officers *Vision* (See Figure 5.1 on the next page). Anna earned SEK 34,000 per month prior to unemployment and has been a member of *Vision* for more than a year.

Day 1 - 100	Public unemployment benefit 14565 sek/month	Income insurance benefit 4870 sek/month	Income insurance included in union membership
Day 101- 180	Public unemployment benefit 12388 sek/month	Income insurance benefit 7047 sek/month	
Day 181- 200	Public unemployment benefit 12388 sek/month	Income insurance benefit 7047 sek/month	Additional voluntary income insurance
Day 201- 280	Public unemployment benefit 12388 sek/month	Income insurance benefit 4770 sek/month	

Figure 5.1: Illustration of benefit level with complementary income insurance benefits

With the complementary income insurance included in her union membership, Anna may receive SEK 4,870 more per month during the first 100 days of her unemployment on top of the public unemployment insurance benefits (after tax) at around SEK 14,000. Between 100 and 180 days, the amount of the complementary income insurance benefits increases to SEK 7,047 per month, as the ceiling in the public unemployment benefits goes down already from the 101th day of unemployment while the income insurance still guarantees 80 percent of Anna's previous income until the first 180 days of unemployment.¹⁴ In case Anna voluntarily signs up for the supplementary insurance, which guarantees 100 additional days of complementary benefits for an extra monthly premium of SEK 75, the total amount of the benefits up to the first 200 days of unemployment will remain the same at about SEK 19,000 per month, before it goes down somewhat from day 201 when the maximum income compensation level regulated in the law on unemployment insurance is reduced to 70 percent (SFS, 1997:238, 26§).

The TCO unions that do not provide income insurance may be categorized into two groups. The first group includes unions organizing professionals with virtually no risk of unemployment, such as police officers (The Union of Swedish Policemen), customs and coastguard officers (The Swedish Union of Customs and Coastguards Officers) and military officers (The Union of Civilian Employees). Presumably, there is no demand for complementary income insurance schemes for their members. The second group includes unions organizing musicians and theater employees, representing professions such as artists characterized by rather unconventional patterns of wage-work participation. For these unions, it is likely that they are unable to provide a viable insurance solution.

¹⁴Since September 2015, the maximum level of daily benefits from the public unemployment insurance is SEK 910 for the first 100 days and SEK 760 between days 101 and 300.



Figure 5.2: Advertisement for membership recruitment, *Unionen*

Source: Website of *Unionen* (left), Photo taken by me (right)

However, the Swedish Union of Theatrical Employees (*Teaterförbundet*), for instance, has an agreement with the Swedish Teachers' Union (*Lärarförbundet*), which enables their members to be eligible for the complementary income insurance provided by the Teachers' Union.

Many unions today actively promote their complementary income insurance, and it is often listed first among the benefits of being a member. *Unionen*, the largest white-collar union in Sweden (640,000 members) in the private sector that has greatly expanded its membership base during the last ten years, stands out in its marketing strategy in membership recruitment practices involving advertising its complementary income insurance. The left image of Figure 5.2¹⁵, for instance, is a link to join as a new member on their website, listing their income insurance as the main benefit. It says:

From the public unemployment insurance (a-kassan), you only get a maximum of SEK 11,000. As a member, our income insurance is included up to SEK 60,000 [the maximum amount of insured salary]. We pay your membership fee for three months, meaning that you save up to SEK 675.¹⁶

The ways in which the complementary income insurance is advertised and promoted as a means of recruiting more members as above shows how income loss upon unemployment is reconstructed as an insurable risk. Of course, the framing of income loss upon unemployment as an insurable risk for which individuals have to make an active decision is not entirely new in Sweden, as the income-related benefits from the public unemployment insurance program are conditioned upon individual insurance fund membership.

¹⁵The image on the right is an advertisement in the form of a poster attached to a local bus in the city of Malmö, and the text on the poster was presented in the introduction chapter.

¹⁶My own translation.

Table 5.4: Complementary income insurance schemes for SACO unions, 2017

Union	Introduction	Qualification period	Benefits included in membership	Supplementary insurance scheme	Insurance company	Number of active members
Akademikerförbundet SSR	2005	18 months	140 days up to SEK 100,000 as ceiling	160 additional days, with SEK 80,000 as ceiling	Folksam	54,963
Civilekonomerna	2004	12 months, 18 months for additional days	120 days up to SEK 80,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Försäkrings AB	28,654
DKI (Union for graduates working in culture and communications)	2007	12 months, 18 months for additional days	120 days up to SEK 100,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Försäkrings AB	18,376
Fysioterapeuterna (Swedish Association of Physiotherapists)	2010	12 months, 18 months for additional days	120 days up to SEK 50,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Försäkrings AB	10,991
Jusck (Graduates in law, business administration and economics)	2005	12 months, 18 months for additional days	120 days up to SEK 100,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Försäkrings AB	66,038
Kyrkans Akademikerförbund (The Church's Graduate Association)	2007	12 months	200 days		Förenade liv	4,099
Lärarnas Riksförbund (National Union of Teachers in Sweden)	2009	12 months	200 days up to SEK 60,000 as ceiling		Lärarförsäkringar	62,028
Naturvetarna (Swedish Association of Professional Scientists)	2009	12 months, 18 months for additional days	150 days up to SEK 100,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Folksam	30,246
Officerförbundet (Swedish Association of Military Officers)	2003	12 months, 18 months for additional days	120 days up to SEK 50,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Folksam	14,430
Saco-förbundet (Traffic och Järnväg (The Saco Transport and Railway Association))	2003	12 months, 18 months for additional days	120 days up to SEK 50,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Försäkrings AB	3,308
Sjöbefälsföringen (Maritime Officers' Association)	2003	18 months	Not included in membership but voluntary, 100, 150 or 200 days		Accept	3,459
SRAT (Specialists and managers in health, communication and management)	2007	12 months, 18 months for additional days	120 days up to SEK 80,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Försäkrings AB	13,103
Sveriges Arbetsterapeuter (Swedish Association of Occupational Therapists)	2009	12 months, 18 months for additional days	120 days up to SEK 50,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Folksam	8,522
Sveriges Arkitekter (Swedish Association of Architects)	2009	12 months, 18 months for additional days	120 days up to SEK 60,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Folksam	9,169
Sveriges Farmaceuter (Swedish Pharmacists Association)	2004	12 months, 18 months for additional days	120 days up to SEK 80,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Försäkrings AB	5,502
Sveriges Ingenjörer (The Swedish Association of Graduate Engineers)	2003	12 months, 18 months for additional days	150 days up to SEK 100,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Försäkrings AB	122,453
Sveriges läkarförbund (Swedish Medical Association)	2012	12 months, 18 months for additional days	120 days up to SEK 100,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Folksam	37,177
Sveriges Psykologförbund (Swedish Psychological Association)	2011	12 months, 18 months for additional days	120 days up to SEK 50,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Folksam	8,907
Sveriges Reservofficersförbund (The Reserve Officer's Association)	2009	12 months	150 days up to SEK 70,000 as ceiling		If	5,384
Sveriges Skolläraförbund (The Swedish Association of School Principals and Directors of Education)	2015	12 months, 18 months for additional days	120 days up to SEK 80,000 as ceiling	180 additional days, with SEK 80,000 as ceiling	Saco Folksam	5,386
Sveriges Tandläkarförbund (The Swedish Dental Association)	2015	12 months	150 days up to SEK 80,000 as ceiling	190 additional days, with SEK 80,000 as ceiling	Saco Folksam	18,716
Sveriges universitetslärare och forskare (Swedish Association of University Teachers)	2016	12 months	120 days up to SEK 60,000 as ceiling	180 additional days	Saco Folksam	2,589
Sveriges Veterinärförbund (The Swedish Veterinary Association (SVF))	2016	12 months	120 days up to SEK 60,000 as ceiling		Försäkrings AB	535,225
					Total	

Source: Websites of each union and communication with SACO secretariat.

Swedish Confederation of Professional Associations (*Sveriges akademikers centralorganisation, SACO*)

Similar to the TCO unions, virtually all SACO unions have introduced complementary income insurance schemes as part of their membership package, starting as early as in 2003 (see Table 5.4 on the preceding page). Only the unions organizing military officers, reserve officers and maritime officers do not provide income insurance as a part of membership. Considering that the unemployment rate among workers with university degrees is generally low, one could question the extent of the establishment of complementary income insurance among the SACO members. On the other hand, as the average income level among highly educated workers is higher, the continuously declining effective income replacement rate in the public unemployment insurance program does provide great incentives for the SACO unions to offer their members the possibility of additional income protection. As an illustration, the following text from the SACO website appeals to their members with higher managerial positions concerning their potential need for complementary income insurance.

Do you believe that you get 80 percent of your salary from the public unemployment insurance if you become unemployed? If so, you're probably wrong. The majority of university graduates get much less than that. Even if the ceiling in the public unemployment insurance were to be raised, there are many graduates who don't get 80 percent of their salary when they become unemployed [...] The higher your income, the more you have to lose. Especially for those of our members who are managers with a high income. A sudden organizational change at work could thus lead to a significantly much worse economic situation when you lose your job.¹⁷

Since 2015, the majority of income insurance schemes from the SACO unions are provided by *Saco Folksam Försäkrings AB*, a company collectively owned by the SACO unions and the insurance company *Folksam*. Before that, it was a company called *SACO Salusansvar AB*, founded in 2000 before launching the complementary income insurance schemes (Ds, 1999:58, 60). Apart from *Saco Folksam Försäkring AB*, *Folksam*, *Förenade liv*, *If* and *Läraryrsförsäkringar* are also included as providers of the complementary income insurance schemes of SACO unions. In fact, *Läraryrsförsäkringar* is not an insurance company but only mediates the relationship between their customers and several insurance companies. For its complementary income insurance, *Folksam* is the actual insurance provider. As a matter of fact, except for the insurance company *If* that provides complementary income insurance for members of the Swedish Association of School Principals and Directors of Education (*Sveriges Skolledarförbund*), all the other companies listed

¹⁷My own translation from the SACO website. Accessed June 2017.

here belong to the mutual insurance company *Folksam*, which is also a sole insurance provider for the LO unions (see below). As a result, *Folksam*, with its close ties to the union movement (Lindström, 2009), seems to be the single most important insurance provider for group-based complementary income insurance schemes mediated by unions.

The qualification period is in most cases 12 months for the complementary income insurance included in the union membership, while the additional supplementary benefit, which is a voluntary part, often requires being a member for at least 18 months. The maximum level of insured income varies between SEK 50,000 and SEK 100,000 per month. As is the case with many TCO unions, most SACO unions provide a combination of the complementary income insurance benefits included in the membership guaranteeing benefits for the first 120 days with supplementary benefits for the remaining 180 days for an additional premium. Other, similar combinations include 140 days plus 160 additional days or 150 days plus 150 additional days. The premium for the supplementary benefits varies among the unions and it is either determined on an individual basis or with several intervals depending on income level.

The time span for the SACO unions in launching income insurance provision is much greater compared to those of LO or TCO, the first being the Swedish Association of Graduate Engineers (*Sveriges Ingegör*) in 2003 and the latest being the Swedish Veterinary Association (*Sveriges Veterinärförbund*), launched in 2016. Among the latecomers, a number of unions organizing professions in the health care sector seem to be present, such as the Swedish Dental Association (*Sveriges Tandläkarförbund*) (2015), the Swedish Medical Association (*Sveriges läkarförbund*) (2012) and the Swedish Association of Physiotherapists (*Fysioterapeuterna*) (2010).

Another union having recently introduced complementary income insurance is the Swedish Association of University Teachers (*Sveriges universitetslärare och forskare, SULF*) (2015). Although the majority of the complementary income insurance schemes have highly similar benefit schemes, the unions try to emphasize the exclusivity of their product that is only available for their own members, as this becomes an important element in attracting new members. The following quote from SULF illustrates the marketing strategy used in order to emphasize the specific aspects that sets it apart from other income insurance schemes.

For you SULF members, the income insurance is included in your membership.[...] SULF's income insurance is one of the best products in the market. The insurance is specially designed for the challenges faced by SULF members in their academic career. In other income insurance schemes, the periods of scholarships or full-time PhD studies without employment may become a problem, but we consider them a time period that may be excluded from the calculation of paid work so that you are better able to get the benefit. We

also maximize your possibilities to combine the support from the Job Security Foundation (*Trygghetsstiftelsen*) with SULF's income insurance. If you, for instance, are entitled to 44 benefit days from the Job Security Foundation then you can thereafter fill in all 150 days from SULF's income insurance. From July 1, 2017, career coaching is also included if you become unemployed and receive income insurance.¹⁸

Here, they not only emphasize the particularities of their income insurance scheme, they also point out how they carefully consider the combined protection provided by the income insurance and the benefits provided by the transitional agreement operated by the Job Security Foundation for state employees (*Trygghetsstiftelsen*) (see above in this chapter, section 5.1.2.). Furthermore, they package the insurance together with extra career coaching services, which may be seen as a newly emerging marketing strategy.

Apart from the publicly available information regarding the complementary income insurance benefits on the websites of different unions, it is not uncommon to hear income insurance advertisements on the radio or in podcast broadcasting. For instance *Jusek*, a union organizing graduates with degrees in law, business administration and economics, advertises its income insurance in a podcast called *Lilla drevet*, a podcast about news and politics sponsored by *Aftonbladet*, a nationwide Swedish evening tabloid newspaper, and *Jusek*. The complementary income insurance schemes are also advertised and sold via telemarketing¹⁹ and are also frequently mentioned in economic and financial advice for private individuals and described as a necessary insurance in order to cope with income loss upon unemployment.²⁰ Similarly, there are companies providing consulting services for individuals in comparing different group-based and individual private complementary insurance products upon unemployment.²¹ These developments point to how the new market for complementary income insurance has been established with great plurality in terms of actors and marketing strategies.

Swedish Trade Union Confederation (*Landsorganisation, LO*)

Being a latecomer in the provision of complementary income insurance, it is among LO member unions where we find the lowest coverage of this third pillar at around 67 percent (see Table 5.5 on the following page). Similar to the occupational pillar, the development of this private pillar indicates that additional collective risk protection is the most developed for those facing the least risk (i.e., unions for white-collar and professional workers with higher educational backgrounds).

¹⁸My own translation from the SULF website. Accessed June 2017.

¹⁹A newspaper article about private income insurance companies targeting members of the Swedish Municipal Workers' Union (*Kommunal*) for telemarketing of income insurance: Gustafsson (2007)

²⁰Related newspaper articles as examples: Arnell (2015); Olson (2013)

²¹For instance: <https://www.inkomstforsakring.se/>

Table 5.5: Complementary income insurance schemes for LO unions, 2017

Union	Introduction	Qualification period	Benefits included in member-ship	Supplementary insurance scheme	Insurance company	Number of active members
Byggnadsarbetareförbundet (Swedish Building Workers Union)	2008, ended in 2010	12 months	100 days, no ceiling		Folksam	78,321
Elektrikerförbundet (Swedish Electricians' Union)	2008	12 months	100 days, no ceiling		Folksam	19,307
Fastighetsanställdas Förbund (Swedish Building Maintenance Workers Union)						27,042
GS Facket för Skogs-, Trä- och Grafisk bransch (The Union of Forestry, Wood and Graphical Workers)	2011	12 months	200 days up to SEK 35,000 as ceiling		Folksam	39,944
Handelsanställdas förbund (The Commercial Employees' Union)	2007	12 months	100 days, no ceiling	Supplementary insurance for 200-300 days	Folksam	124,338
Hotell- och restaurangfacket (Swedish Hotel and Restaurant Workers' Union)						27,887
Industrifacket Metall (Metal Workers' Union)						247,140
Kommunalarbetareförbundet (Swedish Municipal Workers' Union)	2008	12 months	100 days, no ceiling		Folksam	507,487
Livsmedelsarbetareförbundet (Swedish Food Workers' Union)	2007	12 months	200 days, no ceiling		Folksam	24,420
Musikerförbundet (Swedish Musicians' Union)						2,317
Målarerförbundet (Swedish Painters' Union)	2009, ended in 2010					11,063
Pappersindustriarbetareförbundet (Swedish Paper Workers' Union)						14,282
Seo,Service- och kommunikationsfacket (The Union for Service and Communications Employees)	2007	12 months	100 days, no ceiling		Folksam	73,116
Transportarbetareförbundet (Swedish Transport Workers' Union)	2007	12 months	100 days, no ceiling		Folksam	51,726
					Total	1,248,390

Source: Websites of each union and communication with LO secretariat.

While some of the TCO and SACO unions saw the opportunity to boost their membership recruitment through this new entitlement based exclusively on union membership,²² some others, especially among the blue-collar unions, considered this development undesirable, as they ideologically opposed the idea of state-subsidized public unemployment benefits turning into a basic protection at a low level while leaving room for complementary benefits through private initiatives (Davidsson, 2014). For this reason, a brief background story preceding the launch of complementary income insurance schemes among LO unions deserves some attention before we look into the current schemes.

As the income replacement function of the public unemployment insurance benefits increasingly weakened even for blue-collar workers due to the ceiling not having been raised since 2002, the blue-collar unions started to see the provision of complementary income insurance as something unavoidable. When it became clear in 2006 that the center-right government's reform agenda did not include raising the maximum benefit level of the public unemployment insurance but rather lowering it, the central LO secretariat started to investigate the possibilities for introducing complementary unemployment insurance and started negotiating with the insurance company *Folksam*. LO first looked into the possibility of launching an insurance scheme covering all LO union members. By pooling the risk of unemployment across different sectors, such a complementary income insurance scheme would have had a more solidaristic character, albeit only among blue-collar unions. However, the varying scope of unemployment rates across different sectors and occupations represented by LO unions was seen as an obstacle for such a broad risk pooling. Having a shared insurance for all LO union members would mean that groups with a low risk of unemployment with lower salary, such as public sector workers, would have to subsidize groups with a higher risk of unemployment with higher incomes, such as construction workers and electricians (Davidsson, 2014). As a result, the goal to establish a complementary income insurance scheme for all LO union members was not realized (Andersson, 2007*a,b*).

Instead, each LO union was to decide whether or not to introduce complementary insurance for their members within the framework agreement signed between LO and Folksam. The framework agreement included rules regarding premium payment, financing, claim procedure, benefit level, qualification rules, etc. In April 2007, 8 unions introduced complementary income insurance.²³ These group insurance schemes largely follow the framework agreement but include slightly different ways of financing as well as different maximum benefit levels (Vedin, 2014). In 2017, 7 out of 14 LO unions provided

²²See, for instance, Bromander (2017) for the role of income insurance in membership increase among the TCO unions.

²³The Swedish Building Workers Union (*Byggnads*), the Swedish Electricians' Union (*Elektrikerna*), the Commercial Employees' Union (*Handels*), the Swedish Municipal Workers' Union (*Kommunal*), the Swedish Food Workers' Union (*Liv*), the Swedish Painters' Union (*Målarna*), the Union for Service and Communications Employees (*SEKO*) and the Swedish Transport Workers Union (*Transport*).

complementary income insurance for their members (See Table 5.5 on page 108). The union for construction workers (*Byggnads*) and the Swedish Painter's Union (*Svenska Målareförbundet*) had to abolish their complementary income insurance in 2010 since it was not financially sustainable in the face of increased unemployment among their members during the economic recession (Dnr, 2012:454). For *Byggnads*, for instance, the share of their insurance fund members receiving income-related benefits from the public unemployment insurance program was as high as 16 percent in 2009,²⁴ the year before they decided to abolish the complementary income insurance provision.

For those providing complementary income insurance schemes for their members, the qualification period is again uniformly 12 months, whereas there are slight variations in the benefit period, between 100 and 200 days. In contrast to TCO and SACO unions, only one union (The Commercial Employees' Union (*Handels*)) provides the option of supplementary insurance guaranteeing a longer benefit period for an extra premium. *Handels* is also the only LO union whose complementary income insurance has a benefit ceiling for an insurable monthly income at SEK 35,000. The others have no ceiling and this is presumably because the average wage level among the potential unemployed members is sufficiently low and hence there is no need for setting an explicit ceiling.

The views of some LO unions with regard to this new pillar of complementary income insurance are rather ambivalent up until today. They took the role of complementary benefit provision reluctantly, as many of the LO unions initially ideologically opposed introducing such complementary income insurance schemes as previously mentioned. They argue that the public unemployment insurance should improve in terms of coverage and income compensation to the extent that complementary benefits would not be needed at all.²⁵ A parallel example of this ambivalent position towards complementary income insurance among the unions may be found among unions providing private group-based health care insurance for their members. In the case of private health care insurance primarily providing quicker access to health care services run by private actors, some unions have expressed concerns that these group-based private health care insurance plans enable differentiated access to health care and undermine the principle of equal health care service according to needs (Lapidus and Andersson, 2016, 90).

The term multi-pillarization has not been specifically applied to the case of the Swedish unemployment benefit provision system so far, and it is by no means straightforward how the complementary income insurance schemes provided by the unions are to be categorized. I choose to categorize them as a part of the private pillar, yet differentiated from the personal private schemes discussed in the following section. In contrast to my choice, in a recent comparative study conceptually and empirically attempting to update

²⁴ASTAT from the Swedish Unemployment Insurance Board (IAF)

²⁵Related newspaper articles: Junttila (2006); Gunnarsson (2010)

the understanding of occupational welfare in Europe, the authors include union-operated schemes as a part of, for instance, occupational welfare, as they define occupational welfare as “the sum of benefits and services provided by social partners – employers and trade unions (by themselves or with the participation of others) – to employees over and beyond the public benefits, on the basis of an employment contract” (Natali et al., 2018, 13). This categorization is plausible in one way as the degree of risk privatization is limited to the group level rather than the individual level, and also because the role of social partners is central in their definition of occupational welfare.

However, I find discussing the union-provided complementary income insurance schemes as part of the private pillar more compelling for two reasons. First, unlike the statutory coverage of Employment Transitional Agreements, when it comes to complementary income insurance schemes, individual workers have to actively make a choice to become a member of a union. Therefore it is not strictly based on an employment contract. Second, in practice the union-provided complementary income insurance schemes function as a direct bridge towards the private third-tier pillar, which represents the maximum degree of marketization and individualization of risk protection. The members can very easily choose to opt in for supplementary benefits guaranteeing a prolonged period of benefit payments or a higher benefit ceiling without having to look for other private insurance schemes elsewhere.

5.2.2 Private-personal schemes

The insurance providers collaborating with unions for the provision of group-based complementary income insurance schemes are mostly large and established actors, having a close link to the union movement or directly owned by the unions as described above. However, there are also a few, smaller commercial insurance companies that provide complementary income insurance schemes to individuals without labor union membership. Although the main expansion of the complementary income insurance market in terms of coverage is due to the union-mediated income insurance schemes, it is nevertheless interesting to examine the small actors in this market targeting individuals without union membership or even those who are small-size company owners. In fact, their insurance products are the ones exhibiting the highest degree of risk-privatization and marketization of unemployment protection, as the premium levels are determined at the individual level.

The first complementary income insurance was launched in 1998 by a commercial insurance company *Accept*, without any union involvement (Edebalk, 2012, 25). At the time, it was the only private income insurance offered in the market (Ds, 1999:58, 60). *Accept* is still today one of a very small number of commercial insurance companies offering complementary income insurance. Regardless of union membership, any individual

can purchase their income insurance plan with which one may top up the benefits from the public unemployment insurance program up to 300 days. The premium level takes into account employment contract terms, public unemployment insurance fund membership, educational and income level. The following text from their website illustrates how financial difficulties upon unemployment are turned into an insurable risk.

The pros of buying income insurance from *Accept* include that you get better conditions for dealing with your economic situation upon unemployment, that you can choose a longer period of benefit payments so that you can lower your financial stress.²⁶

For those already belonging to unions that provide complementary income insurance, *Accept* provides another insurance product that makes the benefit period of the complementary income insurance payment longer, as most complementary income insurance schemes included in union membership only cover the first 100 to 200 days (see the tables in the preceding section). Individuals can also choose to insure the level of maximum income to be compensated, in case one earn more than the income ceiling covered by the complementary income insurance via union membership (*Accept's* website, accessed June 2017). In other words, they not only aim to attract individuals without union membership but also offer higher or longer benefits for those who wish to reinforce their income protection beyond the complementary protection offered via union membership.

There are also a few relatively newer actors. For instance, *Jobbgarant* is a private company offering complementary income insurance as well as job-search and legal services upon unemployment. Anyone between the ages of 18 and 60 with at least 12 months of employment can purchase their income insurance plans, and the qualification period is longer at 18 months for those wishing to cover their previous salary over SEK 80,000 per month. They provide three different income insurance plans of different lengths (3, 6, 12 months) of benefit payments individuals can choose from, while the premium level differs across the three alternatives. Moreover, the premium level differs depending on which unemployment insurance fund one belongs to. For instance, for a person with a previous monthly income of SEK 35,000, the monthly premium for insuring six months of complementary benefits is SEK 300 if one belongs to the insurance fund for metal workers, while for a member of the insurance fund for university graduates, the premium is much lower at SEK 129 (*Jobbgarant's* website, accessed June 2017). Hence, individuals' pending unemployment risk seems to be estimated by using their public insurance fund membership as a proxy. The way the complementary income insurance is promoted is similar to that of the union-mediated schemes (i.e., exploiting the fact that public unemployment insurance benefits cannot provide full compensation for lost income upon

²⁶My own translation from the website of *Accept*. Accessed June 2017.

unemployment).

There is no doubt that your economy gets hit hard when you lose your job. If you have a mortgage or a student loan, then the situation becomes even more critical. If you have a salary over SEK 20,900, then you need to complement your public unemployment insurance with an income insurance in order to get 80 percent of your net salary, in case you are unfortunate to lose your job.²⁷

Another example is *Solidar*, a private insurance company selling complementary income insurance plans explicitly targeting people without union membership. With a 9-month qualification period, which is the shortest compared to all other schemes reviewed, one can insure a monthly income of up to SEK 60,000 for 300 days of payment (*Solidar's* website, accessed June 2017).

It is indeed difficult to estimate to what extent these private, personal complementary income insurance schemes provided by a few commercial insurance companies have been established. According to the statistics provided by Insurance Sweden (*Svensk Försäkring*) regarding premium intakes for complementary income insurance plans among insurance providers, the larger insurance companies providing group-based complementary income insurance schemes for union members, such as *Folksam*, *Bliwa* and *Unionen* together take up about 80 percent of all premium intakes in the market.²⁸ *Accept* seems to be the only actor continuously having provided complementary income insurance for individuals without union membership, yet its premium intake for its complementary income insurance, for example, amounted to ten percent of that of *Unionen* in 2017. Considering the high level of premiums for the insurance plans offered by these actors for individuals, it is rather unlikely that the number of workers signing up for these personal schemes on top of complementary income insurance via union membership will be substantial. Unless an individual has a strong preference against becoming a member of a union, it seems unlikely that any individual actively looking for complementary income insurance would choose these actors over group-based schemes provided by unions with a much lower premium level (also see Dnr, 2008:1689, 6).

Based on the overviews over the existing complementary income insurance schemes, we can say that the establishment of the third pillar in unemployment benefit provision has been possible in Sweden due to the fact that the intermediary role of the unions enabled sufficiently large risk pools and limited the principle of a pure actuarial relationship between individuals' unemployment risk and premium level. The premium for

²⁷My own translation from the website of *Jobbgarant*.

²⁸Branch statistics for insurance from Insurance Sweden (*Svensk Försäkring*). "Premieinkomst för skadeförsäkring fördelade efter försäkringsgren. Inkomstförsäkring och avgångsbidragförsäkring" (Tabell 20).

complementary income insurance benefits is usually paid by the individual union members whose income are above the ceiling in the public unemployment insurance program. The premium level differs across different labor unions, and it is determined by taking into account: i) the share of members of a given union whose income is above the ceiling in the public unemployment insurance, ii) the average rate of unemployment among the members, iii) the average length of unemployment among the members.²⁹ This enables lower administrative costs compared to having to manage insurance plans at the individual level and a certain degree of risk pooling so that the insurance companies can manage cyclical fluctuations in unemployment levels and their expenditure for the benefits (Eriksson and Segerfeldt, 2011).

The private-personal schemes seem to perform a similar risk assessment by taking into account the union and/or public unemployment insurance fund membership of individual customers when calculating premium levels, as described above. However, this may entail much larger uncertainty and the personal schemes can never achieve the same size of the risk pool as the group-based schemes, which rely on the large union collectives. Therefore, in order for private unemployment protection to become a reality, more social insurance-like features were needed, which Rasmussen (2014, 80) refers to as the “paradox of privatization” in his comparative study of private unemployment insurance in Sweden and Denmark.

5.2.3 Feedback effect of the new pillar

Hacker (2002) discussed the growing private welfare provision in the United States and its feedback effect; once entrenched, the private provision of social benefits can lead to the formation of vested interests, embedded institutions and public expectations in a manner similar to public social programs, thus forming a rigid institutional arrangement that may be difficult to reverse or change (*ibid.*, 26). This insight is highly relevant in the case of the third pillar in Swedish unemployment benefit provision, which has been established during the last fifteen years, covering the vast majority of union members. A question then is in which ways this emergence and establishment of a new pillar might have shaped the interests and expectations of related actors in relation to the public unemployment insurance program, which is arguably important in forming political pressure on the government’s willingness to reform it.

For instance, as long as complementary income insurance is used as a powerful membership recruitment tool for some unions, the unions’ collective demand to raise the benefit ceiling in the public unemployment insurance program or, alternatively, to introduce an indexation rule according to wage or price development is likely to stay moderate. The recent increase in the ceiling in September 2015 did lead to some changes in some of the

²⁹An interview with *Folksam* June 3, 2014.

complementary income insurance schemes. Some unions lowered their premium level and some abolished the ceiling for complementary benefits.³⁰ While these kinds of changes are described as improving the benefits for being a union member, it seems rather unlikely that the unions would welcome any change of the public unemployment insurance scheme that would practically render the complementary income insurance schemes unnecessary. For instance, according to Gordon (2017, 15-16), SACO did not openly protest the reforms initiated by the Alliance government in 2006-2008, which differed from LO and TCO. He further notes that even though TCO remains publicly committed to the goal of restoring the generosity of the earnings-related unemployment benefits in the public pillar, many of their member organizations have successfully utilized complementary income insurance as a membership recruitment tool.

One interesting case illustrating the feedback effect of the establishment of complementary income insurance is the latest change of the Employment Transition Agreement for state sector employees. While the previous agreement was applicable to all state employees who had worked for a year or more, in 2014 a change was made in the agreement restricting the provision of complementary benefits (*Avgångsersättning, AGE*) only to employees with a permanent employment contract. It was in connection with this major retrenchment of the occupational pillar of the unemployment benefit provision for state employees that the Swedish Association of University Teachers and Researchers (*SULF*) introduced its complementary income insurance scheme in 2015.

I [the spokesperson of SULF, Mats Ericson] am very glad that our members get an affordable and beneficial income insurance included in their membership. Previously, our members received satisfactory support upon unemployment through the Employment Transitional Agreement (*Trygghetsstiftelsen*). However, with the new transitional agreement that will come into effect on January 1, 2015, the conditions have been made worse, especially for employees with temporary contracts. We thus found that the time has come for us to introduce complementary income insurance for our members.³¹

In this excerpt from a SULF newsletter, we see how the complementary protection provided for the unemployed previously through a financial commitment by the state as an employer is replaced with union-mediated complementary protection, which in turn is to be financed by raising membership fees. Hence, this is a clear case of the responsibility for financing second tier earnings-related unemployment benefit provision being transferred from the occupational to the private pillar for a specific sub-group facing higher unemployment risks within a sector. A question here is whether the result

³⁰For instance, the case of *Handels: Julius* (2015)

³¹My own translation from SULF's newsletter on November 20, 2014.

of the negotiation over the new Employment Transitional Agreement would have been different had it not been possible to introduce a complementary income insurance scheme.

Moreover, if unemployment insurance is to achieve other policy goals, the development of extensive complementary pillars calls into question whether it is still meaningful to only discuss the construct of the public unemployment insurance program when politicians and interest organizations publicly debate the effect of more or less generous unemployment insurance benefits on the basis of wage development or unemployment level. One could also raise a question regarding the division of labor between state authorities, such as the Public Employment Service, and commercial actors involved in the provision of complementary income insurance. Is it justified that insurance companies rely on the administrative capacity of the Public Employment Service in regulating access to benefits as well as compliance with the requirement of job-search activities?

Although there is a range of questions regarding the interrelatedness between the different pillars and questions such as the ones above, which are important in the goals and rationales governing the unemployment protection regime as a whole, there seems to have been very little discussion or efforts to understand possible feedback effects of administrative or legal implications of the development of complementary benefits for the unemployed. Earlier, in 2004, the Swedish Unemployment Insurance Board (*Inspektionen för arbetslöshetsförsäkringen, IAF*) came to a conclusion that complementary income insurance schemes, regardless of whether they are based on union membership or on an individual basis, do not pose any problematic legal issues within the framework of the law on unemployment benefit, as the conditions for eligibility for all complementary income insurance schemes include that an unemployed person is to be eligible for the public unemployment insurance benefits in the first place (IAF, 2004).

Ever since that time, complementary benefits for the unemployed have expanded in coverage and kinds as shown above. The recent parliamentary investigation on the future of the unemployment insurance program (SOU, 2015:21, 843) emphasized that the eligibility rules for the public unemployment insurance program should determine which individuals may have access to complementary benefits and that the total level of benefits an individual could receive from the different benefit systems should not go beyond the maximum income replacement level regulated in the law on unemployment insurance (SFS, 1997:238, 26§). The IAF has recently carried out an impact analysis of the coordination between different benefits unemployed individuals could receive, but the analysis was limited only to the relationship between the first and the second pillars (IAF, 2013*b*). To my knowledge, there have been no systematic studies looking into the practices related to the coordination between actors working with benefit payments from the second pillar, consisting of the various Employment Transitional Agreements, and insurance providers dealing with the third pillar, consisting of various group- and

individual-based complementary income insurance benefits.

5.3 Concluding remark

The extensive institutionalization of the occupational pillar in unemployment protection indicates how industrial relations in Sweden contribute to an extended ambition for outcome universalism, in the sense that through the occupational pillar, a generous income protection is to be provided even for the mid- and high-income earners whose previous earning is well over the ceiling in the public unemployment insurance program. This goal seems to be shared by the highly well-organized and engaged labor market partners and has driven the development of this complementary pillar in the absence of state intervention or regulation, although its actual role in relation to the unemployed appears limited.

When it comes to the private pillar, the group-based complementary income insurance schemes provided by the unions that today cover more than half of the workers have been developed extensively without much public debate or scholarly attention. In contrast to the benefits provided by the Employment Transition Agreements having developed over a long period of time via negotiations between employers and unions, the union-provided complementary income insurance schemes developed swiftly over the last fifteen years, especially since 2007 when blue-collar unions started joining the trend.

Hence, what we see is a change towards a multi-pillar system of unemployment benefit provision consisting of the public unemployment insurance program, the occupational arrangement providing complementary benefits via Employment Transition Agreements and the private complementary income insurance schemes run on collective and individual bases. These complementary pillars developed and expanded as the retrenchment of the public unemployment insurance program exacerbated during the last two decades, illustrating a clear example of a passive privatization process.

While the similarities among the different complementary income insurance schemes are striking, there is a clear tendency that this additional pillar of unemployment benefit provision has been developed the most extensively for the group of workers facing the least unemployment risk. The Ghent logic therefore continues, but for this pillar there is no state intervention rendering the insurance coverage more equal among the different occupational groups, which results in a lesser extent of collectivization of risk and a greater resemblance to the logic of commercial insurance.

As a collective intermediary between the state and individuals, the role of labor unions as a distinctive collective actor shaping the Swedish multi-pillar system of unemployment benefit provision turns out to be key in understanding the development of unemployment protection. Although the labor unions act as a collective intermediary limiting the extent

of risk privatization to the individual level, the idea of having access to different sets of unemployment protection depending on individual choices regarding unions or private insurance companies indicates a clear element of individualization. In this way, the notion of being entitled to some forms of economic compensation upon unemployment becomes weaker while the idea of having to choose among different alternatives of complementary welfare provision in the market – albeit to a great extent mediated by the unions – becomes important. The responsibility for risk protection upon unemployment, in other words, has partially been transferred from the quasi-statutory, public unemployment insurance program to individuals.

The political debate solely focusing on the function of the first pillar, where the right to unemployment benefits for as many workers as possible is still discussed in terms of a political goal, seems to be at odds with the promotion of complementary income insurance reviewed in this chapter, where it appears as if income loss upon unemployment is something individuals may address with more and better insurance solutions. In other words, we are expected to have two different ways of approaching individuals' relationship to unemployment protection. One related problem is that there is a risk of an unequal distribution of knowledge regarding the system. The outcome of risk protection in today's multi-pillar system of unemployment benefit provision to some extent depends upon to what extent individuals are informed regarding how the different benefit schemes work and how they are related to each other. In this respect, it is reasonable to cast a doubt on whether the complexity of the benefit system is well-understood by the general public as well as those who are particularly at risk of unemployment.

Chapter 6

The retail sector as a site of precarious labor

In order to understand the functioning of a risk protection system such as unemployment benefit provision, it is important to consider the interplay between the institutional features and the specific labor market characteristics of a given working population. In this chapter, I introduce previous studies addressing precarious employment as a new social risk in post-industrial capitalist welfare states and how intensified labor market segmentation could be reflected in a dualizing tendency in social protection systems. The discussion is relevant for the development of the Swedish labor market where non-standard forms of employment increased during the last couple of decades and are unequally distributed among the working population. This background is essential when considering the development as well as the outcome of the multi-pillar system of unemployment benefit provision in light of a more fragmented labor market structure. It furthermore serves as an important context of the benefit reciprocity study targeting Swedish retail sector workers presented in the following two chapters. The last section of the chapter provides more concrete descriptions regarding the labor market characteristics of the Swedish retail sector.

6.1 Precarious employment as a new social risk

It is widely acknowledged that the development of post-war Western welfare states, especially that of social insurance schemes, was built in such a way as to principally protect male breadwinners engaged in standard employment from income loss due to unemployment, sickness, workplace accidents, old-age pension, etc. Since the beginning of the 21st century, however, a new set of risks and risk groups have been identified in de-

industrializing economies. These new social risks include precarious employment, long-term unemployment, involuntary part-time employment and being working poor (Bonoli, 2007; Buschoff and Protsch, 2008). In de-industrializing economies, the industrial sector requiring specific skill experiences declines, while the service sector increases in size. This development results in one end of the service sector relying on high-level general skills, such as in financial intermediation or professional services, while the other end of the service sector relies on low-level general skills, such as in retail, food, restaurant and hospitality services (Seeleib-Kaiser, Saunders and Naczyk, 2011, 93-94).

As the process of skill polarization continues with the expansion of the service sector, there is a risk that an increasing number of low-skilled workers become marginalized in knowledge-driven post-industrial economies (Gallie, 2002). Especially in developed countries, the demand for unskilled labor is decreasing while there is a growing premium attached to marketable and technology-relevant skills. Hence, there is a rise in unemployment among the unskilled labor force and the wage gap caused by a heightened relative premium of skills (Esping-Andersen, 2006; Pierson, 2006). If, during post-war industrialism, low- and high-skilled workers were complements in production processes and therefore had a shared unemployment risk, today the risk inequality between the two groups is on the rise (Rehm, 2011*b*).

For the lower strata of the workforce in the labor market, unemployment is no longer frictional or cyclical but more structural and continuously present (Clasen and Clegg, 2011), and many are stuck in unstable atypical forms of employment (Fudge and Strauss, 2013). Welfare states thus face a problem of the working poor. Atypical forms of unstable service jobs with low wages and less opportunity for skill development cause gradual social exclusion of vulnerable populations. Engaging in employment itself no longer leads to economic stability when there is an increasing number of jobs unable to guarantee decent, stable incomes including social security benefits as well as the opportunity to develop one's skill further to improve employability (Esping-Andersen, 1999; Bonoli, 2007).

Reflecting this concern, there has been a scholarly and political focus on the problem of in-work poverty and its relation to rising precarious employment. Studies tend to point out that there is much variation in patterns regarding the relationship between non-standard employment and in-work poverty, not least across different institutional settings but also among different types of non-standard employment (Koch and Fritz, 2013). Not all non-standard employment forms are by definition precarious. What constitutes non-standard employment changes over time is to be understood with caution, as it might mean different things in different contexts. Commonly, the term non-standard employment includes part-time work, on-call employment, temporary help agencies, short-term and contingent work and dependent self-employment (Kalleberg, 2000). Generally, temporary employment is more strongly associated with precarious living conditions and risk

of poverty compared to part-time employment. In the case of part-time employment, the vulnerability faced by workers rather depends on whether or not one works part-time by choice (Koch and Fritz, 2013, 230-234). Moreover, household characteristics and the ways in which access to social protection systems are constructed that might affect the entitlement of workers engaged in non-standard employment are as important as the direct effects of non-standard employment on people's earnings or employment histories (Horemans, Marx and Nolan, 2016, 3).

Despite the complexity of this phenomenon, numerous empirical studies have shown how workers in non-standard employment are more likely to be at risk of poverty and becoming unemployed, as well as disadvantaged in terms of access to unemployment benefits (Schwander and Häusermann, 2013; Berton, Richiardi and Sacchi, 2012; Leschke, 2008; Buschoff and Protsch, 2008). They are often defined as labor market outsiders, excluded from stable, secure, full-time employment, with few occupational benefits and an absence of collective representation. If this description used to be exclusively reserved for the periphery of the labor market (e.g., female and ethnic minority workers), today it has increasingly been more normalized (Fudge and Strauss, 2013) and relevant for many countries across different continents (Usami, 2010).

Across Europe, especially since the global financial crisis of 2007-2008, part-time and temporary employment has increased. While temporary employees were the first to lose their jobs in the initial phase of the crisis, gradually new jobs were mostly created on a temporary basis (Leschke, 2012). Part-time employment increased during the whole period of the crisis, yet involuntary part-time employment, which is highly associated with in-work poverty, increased in particular in countries hit hard by the crisis (Horemans, Marx and Nolan, 2016). For instance, a recent empirical study looking into the transitional trajectories of poverty among the British population finds that for many workless households, getting employed does not necessarily lift them out of poverty, instead becoming working poor (Hick and Lanau, 2018).

It has also been shown empirically that there is a structural reinforcement of outsidership among workers at the periphery of the labor market. In other words, previous experiences of poverty and precarious employment strongly persist over time, impacting the recurrence of poverty and outsidership even after controlling for individuals' human capital or skill levels (Tomlinson and Walker, 2012). Similar empirical findings of long-term effects of unemployment on reduced post-unemployment earnings (Gangl, 2006) and sustained job insecurity (Ostry et al., 2001) support the understanding of a labor market segmentation that is structurally reinforced. Especially in the context of the Nordic welfare states, where wage inequality is comparatively limited, the lack of stable employment and underemployment is the main reason for income poverty among the working-age population (Halleröd, Ekbrand and Bengtsson, 2015).

6.2 Social protection dualization

Scholars have argued that labor market segmentation and inequalities in the working lives of insiders and outsiders in post-industrial economies are reinforced at the realm of welfare provision, which tends to consolidate the inequalities found in the labor market by institutionally cementing this duality even in the institutional architecture of welfare provision. In other words, the dualistic structure in the labor market segmentation is reflected in the institutional structure of welfare provision (Palier and Thelen, 2010, 2012; Davidsson and Naczyk, 2009; Seeleib-Kaiser, Saunders and Naczyk, 2011; Kvist and Greve, 2011).

Seeleib-Kaiser, Saunders and Naczyk (2011) define social protection dualization as “a widening, deepening or the creation of new social protection dualism between insiders and outsiders.” Insiders are here defined as individuals who either have access to comprehensive public and/or statutory social protection or those whose public and/or statutory entitlements are complemented or supplemented by private and/or occupational social protection to a level maintaining their living standards. In contrast, outsiders are defined as those who would have to rely on (largely means-tested) public provision, primarily intended to reduce poverty rather than maintain living standards (*ibid.*, 85).

As the standard employment relation was not only perceived as a normal status for male breadwinners but was also considered the foundation of the social insurance systems, many welfare programs we inherited from industrial capitalism face problems of growing atypical workers standing outside the social protection system. Bismarckian welfare states serve as a good example of this challenge. What characterized the Bismarckian welfare states (also frequently referred to as conservative regimes) is that their social insurance programs were based on a status-maintaining principle with an inherently dual institutional structure, distinguishing those who deserve earnings-related insurance benefits from those who are to rely on means-tested benefits. This dualistic feature, however, almost became insignificant during the post-war decades, as full employment was achieved with the majority of workers engaged in standard employment. During this period, the comprehensive coverage of statutory and occupational social protection was provided for the majority of workers. In the last few decades, however, welfare dualism has intensified, as public welfare programs retrenched and occupational schemes have also retreated, especially for workers at the periphery of the labor market, those with atypical forms of employment (Palier, 2010; Seeleib-Kaiser, Saunders and Naczyk, 2012; Seeleib-Kaiser, 2016).

The social protection dualization following the patterns of labor market segmentation comes as no surprise if we depart from the perspective looking upon the social protection provided by a welfare state as fundamentally linked to the characteristics and dispersion

of risks. Rehm (2016, 2011a) shows how the homogeneity of risk pools and commonality of experiences may affect social policy preferences of a wider population, leading to more or less generous social protection. A more equal distribution of unemployment risk, for instance, may lead to more generous and egalitarian protection of the unemployed. As the labor market dualization between insiders and outsiders intensifies as described above, one could say that the risk of unemployment is increasingly becoming heterogeneous between the two groups.

The interplay between relatively weaker labor market positions and unemployment protection is explored through my empirical study of benefit recipiency among unemployed retail workers in Sweden in the following two chapters. Hence, in the remainder of this chapter, I further contextualize the study by describing how the Swedish labor market is characterized by a dual structure between insiders and outsiders, the latter being disproportionately overrepresented among younger, female service sector workers in particular. The retail sector, and precisely its front-line sales workers, represents this more vulnerable and weaker group in the Swedish labor market today.

6.3 Non-standard employment in Sweden

Sweden has been no exception in the structural changes affecting the post-industrial labor market, characterized by increasing segmentation and polarized job growth. In 2015, Sweden was ranked 8 out of 34 European countries in terms of having a high share of temporary employees. What is more, the regulation of temporary employment is the most liberal among the Nordic countries (Berglund et al., 2017, 28). Compared to the other Nordic countries, in Sweden unemployed individuals to a much higher extent enter the labor market through temporary rather than permanent contracts and the transition rate from temporary to permanent employment contracts is low due to strict regulations on permanent employment contracts and loose regulations on temporary contracts (Svalund, 2013).

The norm for employment contracts in Sweden is still permanent employment, despite there having been a tendency during the last decades to liberalize the rules concerning employment forms by weakening managerial constraints on the use of fixed-term contracts (Thelen, 2014, 173-175). This means that permanent employment still serves as the framework within the labor law, collective bargaining and social security systems, despite the fact that about 15 percent of all employed have non-permanent forms of employment, and for certain sectors the figure hovers around 40 percent (for instance, the hotel and restaurant sector), as of 2016 (Larsson, 2017).

According to the Swedish Employment Protection Act (*Lag om anställningsskydd (1982:80)*), there are today two forms of employment: permanent employment with open-

ended contract (*tillsvidareanställning*) and fixed-term employment (*tidsbegränsad anställning*). Within the term fixed-term employment, a few different forms are included: general fixed-term employment, temporary replacement of absent workers (substitute), seasonal employment, probationary employment, pensioners aged 67. In addition to these, there are a few more employment forms not regulated in the Employment Protection Act but in collective agreements, such as employed by the hour and on-call employment.¹ What is worth noting is that among these different types of temporary employment, the numbers of employees working on an hourly basis and on-call employment are the ones having increased greatly during the last decade (Berglund et al., 2017, 38-39).

Sweden has come to establish a highly dualized job security framework compared to other OECD countries, as the governments have deregulated temporary employment contracts while restrictions on permanent contracts have remained largely intact (Rönnmar and Numhauser-Henning, 2012; Sebardt, 2005; Davidsson and Emmenegger, 2013). Most of the changes in the Swedish Employment Protection Act (SFS, 1982:80) have in fact concerned simplifying possibilities of using temporary employment (Berglund et al., 2017, 28). Davidsson and Emmenegger (2013), for instance, operationalize this phenomenon by quantifying the reform trends consisting of liberalizations of regulations of fixed-term contracts and temporary work agencies, combined with retaining the regulation of open-ended contracts. Among the 14 European countries included in their study, Sweden scores the highest in this measure of *two-tier labor market reforms*. Similarly, the changes in the OECD index score on the strictness of employment protection show that the protection for permanent employees in Sweden has not changed all that much since the 1970s, while the index score measuring the protection for temporary employees has dropped significantly and is now below the average among the OECD countries (Berglund et al., 2017, 29).

A series of liberalizations of regulations regarding the use of temporary employment over the last couple of decades have resulted in this dualization of the employment protection framework. In 1982, for instance, probationary employment was permitted. In 1997, a new possibility was introduced for employers to hire up to five temporary workers without any specific reasons (Agreed Temporary Employment, *överenskommen visstidsanställning* in Swedish). In 2007, there was another important legislative change that led to an increase in temporary employment. The Employment Protection Act from 2007 started to allow a new form of fixed-term employment called General Temporary Employment (*Allmän visstidsanställning*), for which employers are not obliged to state any specific reasons for the limited employment period (SFS, 2007:391). This new temporary form of employment replaced several other types of temporary employment and has been

¹The terms in Swedish in respective order: allmän visstidsanställning, vikariat, säsongsanställning, provanställning, pensionär som fyllt 67 år, anställning per timme efter överenskommet arbetstidsschema, behovsanställning.

on the increase during the last decade. Furthermore, although the introduction of General Temporary Employment was to offer protection for temporary workers by guaranteeing a right to permanent employment after 2 years of employment under the same employer within a 5-year period, in practice employers could use different temporary employment forms one after another so that many people remain in temporary employment for an extended period of time (Berglund et al., 2017, 29).

Apart from the increased possibility for employers to hire workers with temporary contracts, the share of employees working in Temporary Staffing Agencies (TSAs)² has constantly increased since private staffing agencies became legal in 1993 (SFS, 1993:440). The number of employees of TSAs increased by four times between 2003 and 2013 (Cronert, 2015, 63), amounting to approximately 1.7 percent of the labor force today (Bemanningsföretagen, 2017, 4). Compared to other European countries, Swedish regulations of this industry are relatively weak, as there is no regulation concerning when, how much and how long an employer can take in staff via staffing agencies. These issues are left up to the labor market partners (Håkansson and Isidorsson, 2017, 207).

The increase in non-standard employment in Sweden³ has been rather moderate when looking at the entire working population, as the share of non-standard employment among the employed increased from around 9 percent in 1990 to 15 percent in 2016. A closer look at the composition of non-standard employment, however, reveals that the increase in diverse forms of non-standard employment is disproportionately distributed in terms of class, age and gender. The share of non-standard employment is a lot higher among blue-collar workers (21 percent) compared to white-collar workers (about 12 percent). The comparison between genders shows that non-standard employment among female blue-collar workers (25 percent) mostly accounts for the difference between blue- and white-collar workers, while only 17 percent of male blue-collar workers engage in non-standard employment. For white-collar workers, the share of non-standard employment is low both for males (10 percent) and females (13 percent).

When it comes to blue-collar workers working in different sectors, the share of non-standard employment varies as well. For example, it is in the hotel and restaurant sector (43 percent) and the retail sector (30 percent) where we find the largest share of non-standard employment. Also, non-standard employment is a lot more common among young people aged 16-24 (53 percent) compared to other age groups. A similar pattern is found when looking at part-time employment. Thirty-three percent of blue-collar workers and 21 percent of white-collar workers are employed part-time. The highest share of part-time employment is found among blue-collar female workers (53 percent), compared to

² *Bemanningsföretag* in Swedish.

³ The following figures on the shares of non-standard and part-time employment come from Larsson (2017), which is based on the yearly Labor Force Survey (*Arbetsmarknadsundersökningarna* in Swedish.) conducted by Statistics Sweden. The figures are relevant for 2016.

17 percent among blue-collar male workers. Among white-collar workers, this share of part-time employment is 29 percent among female workers and 11 percent among male workers. Among younger adults aged 16-24, 52 percent are employed part-time, while the average share of part-time employment among older workers is around 20 percent.

This varying dispersion of non-standard employment and part-time employment across class, gender and age implies that the risk of unstable employment and related economic insecurity from income loss is distributed unequally. Moreover, several longitudinal studies show that the transition pattern from non-standard employment to standard employment differs between different sub-groups. Håkansson (2001), for instance, shows that non-standard employment for male, white-collar workers with a high educational background leads to standard employment to a larger extent compared to individuals with other demographic backgrounds. This longitudinal study shows that for many, temporary employment is reoccurring, often with intermittent periods of unemployment in-between. Månsson and Ottosson (2011) also empirically show how part-time unemployment (i.e., involuntary part-time employment) is a persistent status especially for women, as female part-time workers have a substantially lower chance of attaining full-time employment compared to their male counterparts. Most recently, Berglund et al. (2017) also show that the transition from temporary to permanent employment is less likely among female workers and individuals born outside of Europe.

To sum up, the dualized employment protection frameworks, the unequal distribution of non-standard and part-time employment and the low level of mobility from temporary to permanent employment contracts for certain groups in Sweden indicate the problem of labor market dualization and labor market outsiders. This raises an important question with regard to what extent the public unemployment insurance program, or the complementary benefits for the unemployed for that matter, cater to the needs of labor market groups facing a relatively widespread risk of unemployment and underemployment.

6.4 Characteristics of the Swedish retail sector

Retail is a subsection of the private service sector and generally refers to service work “focused on and organized around the sale of products in stores,” even though there is a myriad of subdivisions within the sector and different ways of setting boundaries as to where exactly the retail sector begins and ends (Coulter, 2014, 20-21). In the official Swedish Occupational Register by Statistics Sweden (SCB, 2016*b*), the retail sector is represented by several categories of occupations, such as salespeople at stores (divided into stores selling specialized goods and grocery stores), sales managers at stores and warehouse and distribution terminal workers. Front-line salespeople at stores are one of the occupational categories employing a large number of workers among both women and

men, but especially among women. In 2016, for instance, salespeople at stores (including both store types mentioned above) employed the second largest group of female workers in the Swedish labor market (115,690 individuals), second only to care service workers in the elderly care sector (127,600 individuals) (*ibid.*)

Globally, the retail sector is estimated to employ around 10 percent of the entire labor force in industrialized countries. Yet most retail workers generally only earn the minimum wage or the equivalent, meaning that even a full-time wage of a retail worker is below the poverty line or low-income cutoff in many countries. Moreover, it is also a common trend in the retail sector across these countries that part-time employment is dominant, which is why the retail sector is seen as a site of precarious work (Coulter, 2014, 1-2). Swedish retail workers comparably earn much more than their counterparts in, for instance, North America and the power of unions in the Swedish retail sector sticks out in terms of strength and influence, supported by well-functioning collective agreements between the union and the employers' organization (Coulter, 2014, 140-147). Nevertheless, as described in the following, the Swedish retail sector may be also characterized by expanding precariousness in recent years (Engstrand, 2011).

The retail sector is characterized by a relatively weak position of workers in relation to employers as there is strong downward pressure on labor costs and as the general skill level required is relatively lower. In 2015, the highest share (15.2 percent) of workers without high school education were employed in the retail sector (SCB, 2016a, 23).⁴ Personal and consumption-oriented services are highly standardized, which makes workers in this sector relatively easily replaceable, thus resulting in a high staff turnover rate at around 30 percent per year. Competition in this sector most frequently involves squeezing the labor cost (Berge, 2013). In other words, workers in the retail sector have a vulnerable position and this is reflected in the low level of average wage amounting to about 69 percent of the wages of industrial workers. Especially female workers in the retail sector have the lowest wage level, while this very sector represents the largest number of female blue-collar workers (Vedin, 2016).

Another characteristic of the retail sector indicative of the relatively vulnerable and weaker position of its workers is the high concentration of non-standard forms of employment. Both fixed-term employment and part-time employment are prevalent; for instance, about 28 percent of workers in the retail sector were employed by means of temporary contracts in 2015 (Larsson, 2015). The general trend during recent years has been that more insecure forms of temporary employment, such as on-call employment (so-called SMS-employment) became more common compared to relatively more secure forms, such as substitute employment or provisional employment. Some of the most

⁴However, the share of workers with more than high-school education in the retail sector has risen since 2006, from 23.9 percent to 30.8 percent in 2015 (SCB, 2016a, 30).

widespread temporary forms of employment in the retail sector may therefore entail the risk of inadequate protection in the social insurance system, since many entitlement rules are based on the norm of permanent and full-time employment. For instance, due to the widespread practice of overtime work, involuntary part-time work as well as having only a fraction of working hours scheduled in advance (so-called zero-contract as there is no guaranteed number of work hours to begin with), some retail workers have difficulties becoming eligible for unemployment insurance benefits (Berggren and Carlén, 2016; Boman and Strömbäck, 2014; Boman and Berge, 2013).

The retail sector is where part-time employment is the most prevalent in the entire Swedish labor market. This has been the case for decades and the high share of part-time employment in the retail sector has historically been seen as an inevitable feature given the opening hours of stores, including evenings, weekends and holidays. Part-time employment was encouraged using the argument that this creates employment opportunities for certain groups who would otherwise never enter the labor market. For instance, it was said that women with childcare responsibilities or students who want to earn an extra income with part-time employment can benefit from part-time jobs with flexible working hours (Engstrand, 2011, 211-212). Reflecting this, in 2015, 69 percent of all retail sector workers worked part-time (Larsson, 2015, 2). The part-time workers in the retail sector made up 16.5 percent of all workers working 20 or fewer hours per week in the entire labor market (SCB, 2016a, 39). This could partly be explained by the fact that younger workers are overrepresented in the retail sector; in 2015, for instance, 18.2 percent of all employed individuals between the ages of 15 and 24 worked in the retail sector (SCB, 2016a, 12). However, the widespread part-time employment within the retail sector is by no means restricted to younger workers and involuntary part-time employment has been on the increase, especially among blue-collar workers in general. The primary reason for working part-time among blue-collar workers is due to a lack of full-time positions, and this number has increased from 28 percent in 2006 to 36 percent in 2015, and most recently to 44 percent in 2017 (Larsson, 2015, 2017).

A recent practice pointing to the problem of involuntary part-time employment in the retail sector is lowering the number of working hours of employees upon reorganizing workplaces.⁵ As the Swedish Employment Protection Act (SFS, 1982:80, 22§) regulates and constrains employers' right to fire their employees, some employers in the service sector started to cut their employees' working hours. For instance, under the name of reorganizing the workplace, an employer may decide that workers with full-time contracts are to be offered part-time contracts, the alternative being to resign from one's position. In 2016, the Swedish Labour Court (*Arbetsdomstolen*) declared that this practice does not entail any violation of the Employment Protection Act. Since then, nearly a hundred

⁵ *Hyvling* in Swedish.

similar cases have been reported, mainly in the retail sector (Andersson, 2017). However, this issue is very controversial and blue-collar unions demand that the Employment Protection Act should not only protect workers' employment but also their right to working hours.⁶ In May 2017, the government launched an investigation looking into this matter (Dir., 2017:56).

Furthermore, there is a tendency that the low-wage retail sector is seen as an inevitable entry point for young people starting their working life as well as for people positioned the furthest away from the labor market. In line with this view, in the Swedish retail sector we find the highest number of individuals with various forms of subsidized employment or belonging to work training programs as a part of active labor market programs for the unemployed (Carlén and Berg, 2015, 9). Together with the restaurant, cleaning and taxi industries, retail is where we find many instances of subsidized employment even in a relative term (i.e., the number of employees with employers' subsidies as a share of all employed in the industry) (Arbetsförmedlingen, 2016). In recent years, the retail sector has also been one of the main target sectors where the government has subsidized lower employers' fees as a means of decreasing the unemployment rate, particularly among young people (Carlén and Boman, 2013). The employers' fees for hiring people below the age of 25 were almost halved during the period of 2006-2016, although this policy turned out to have questionable effects on the unemployment rate among young workers (Egebark and Kaunitz, 2013).

Workers in the retail sector are thus characterized by their relatively weak position in the labor market facing a pending risk of unemployment due to widespread temporary employment and involuntary part-time employment, as well as low salaries. The empirical study of benefit reciprocity presented in the following two chapters explores the role of the multi-pillar unemployment benefit system for this particular population.

Union of Commercial Employees, *Handels*

One important thing to note is that the characteristics of the retail sector and retail sector workers presented in this last section is mostly focused on front-line sales workers at stores, who are organized by a blue-collar union, the Union of Commercial Employees. Although its full Swedish name is *Handelsanställdas förbund*, its shorter name of *Handels* is widely used. From here and onwards, I simply use "Handels" to indicate the union and "Handels' insurance fund" to indicate the unemployment insurance fund affiliated to Handels. Handels is the third-largest blue-collar union with 157,000 members as of 2017. Handels and Handels' Unemployment Insurance Fund have played a crucial role in shaping the empirical study in terms of understanding how the current unemployment benefit system caters to the needs of unemployed retail workers.

⁶Decision made at the LO annual congress in 2016.

It is moreover worth noting the fact that while in other countries, including the neighboring Nordic ones, retail sector workers are usually organized in white-collar unions, the Swedish Handels belongs to LO. This is due to the historical development of union organization in the retail sector in Sweden. For Handels, initially workers delivering goods to retail stores *Svenska Varuutkörareförbundet* established the organization in 1906. As this was an occupational group dominated by male workers and the organization became a member of LO in 1910, the union for the retail sector in Sweden from an early time came to maintain a clear blue-collar identity, in contrast to Denmark and Norway where the retail unions have broadened their membership bases to office workers in the commerce sector (Kjellberg, 2008, 14-15). During the 1990s, there were negotiations between Handels and a TCO union organizing white-collar office workers in the retail and other service sectors (*Tjänstemannaförbundet HTF*). Yet such a merger between the unions representing blue-collar and white-collar workers in the sector was never materialized (*ibid.*, 7), which clearly reflects the socially segregated union organization pattern in Sweden (Kjellberg, 2017a, 248-249). White-collar workers in the Swedish retail sector are mostly organized by another TCO union, *Unionen*.⁷

Today, Handels' members predominantly work in the retail sector and this mainly includes those working as front-line sales clerks at retail stores, as cashiers, but also those working in warehouses and distribution centers for goods. What is worth noting is that front-line retail workers are mainly female (over 60 percent), while warehouse workers are mainly male (only about 20 percent of warehouse workers are female) (SCB, 2016b). The exact categorization of retail workers is by no means uniform across different countries and there exists no clear consensus concerning precisely where retail begins and ends, as pointed out above. Apart from retail store and warehouse workers, Handels organizes some other professional groups as well, such as florists and hairdressers.

⁷Until 2007, *Tjänstemannaförbundet HTF* organized retail sector white-collar workers. In 2008, HTF and another union *Sif* merged into *Unionen* (Kjellberg, 2008).

Chapter 7

Public unemployment benefits for unemployed retail workers

The Swedish public unemployment insurance program has been significantly retrenched in terms of benefit generosity and reciprocity rate over the last three decades (Chapter 4). At the same time, the problem of precarious work has increased and its implications on the dualization of the social protection system have been increasingly observed and discussed (Chapter 6). What do these parallel changes mean in practice for people who are actually in need of income protection upon unemployment and who are more likely to frequently find themselves in unemployment or underemployment? This chapter explores the actual outcome of the public unemployment insurance program for unemployed retail workers by analyzing register-based and survey-based benefit reciprocity data.

7.1 Unemployment protection gap

Share of public unemployment insurance benefit recipients among the unemployed registered at the Public Employment Service decreased greatly during the last decade (see Chapter 4, section 4.2.3.). This tendency is very pronounced among members of Handels' insurance fund as well, as shown in Figure 7.1. Since 2006, the number of benefit recipients dropped by more than fifty percent, resulting in only about 15,000 individuals receiving earnings-related unemployment benefits in 2016 compared to around 42,000 individuals in 2006. The number of benefit recipients receiving basic benefits¹ has been comparably more stable but has also decreased, from 2,700 to 1,100 recipients between

¹Basic benefits are paid out for those fulfilling the basic and work requirements but not the membership conditions. These are flat-rate benefits amounting to SEK 320 per day. See Appendix C for more details.

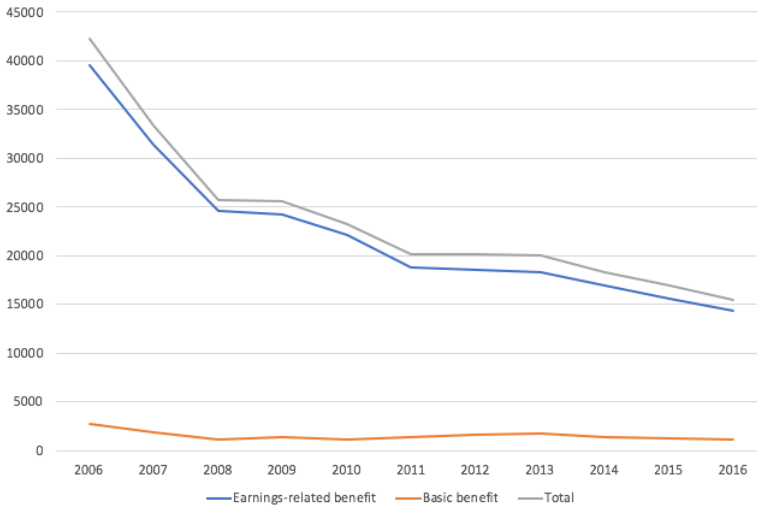


Figure 7.1: Number of benefit recipients belonging to Handels' insurance fund, 2006-2016

Source: ASTAT from the Swedish Unemployment Insurance Board (IAF).

Note: A person may be unemployed multiple times during one year and may thus be counted in the group of earnings-related benefit recipients and in the group of basic benefit recipients. Hence, the total number here is higher than the actual number of individuals receiving benefits per year. However, this difference is marginal, on average 500 individuals for the observed years.

2006 and 2016. The biggest drop in the number of benefit recipients took place between 2006 and 2008, the period during which the membership fees for Handels' insurance fund were tripled and the qualification rules for earnings-related benefits were tightened (see Chapter 4, section 4.2.2.). Accordingly, the share of unemployment benefit recipients among Handels' insurance fund members has dropped continuously between 2006 and 2016, from roughly one in five to one in ten members (Figure 7.2).

In order to understand the reasons for the decreasing number of benefit recipients among unemployed retail workers, we need to look at two parallel changes affecting benefit reciprocity. One concerns the general development in the labor market and unemployment trend, while the other concerns changes in membership development for Handels' insurance fund. As to the former, the decline in the number of benefit recipients may partly be explained by labor market developments where the unemployment rate has been declining during the last years. Since the hike in the unemployment rate between 2008 and 2010 in the aftermath of the global financial crisis (over 8 percent), the unemployment rate has continuously declined, especially since 2014, and it was below 7 percent by 2016 (SCB, 2017a). In fact, the number of registered unemployed individuals belonging to Handels' unemployment insurance fund has decreased since 2009, following

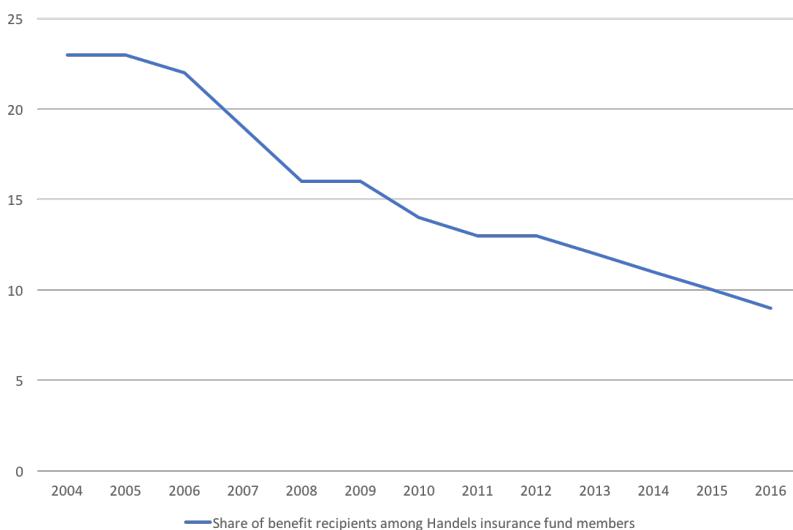


Figure 7.2: Share of benefit recipients among Handels’ insurance fund members, 2004-2016

Source: ASTAT from the Swedish Unemployment Insurance Board (IAF).

a short period of rapid increase in 2007-2008 during the recession (Arbetsförmedlingen, 2018). This period of decreasing registered unemployed individuals belonging to Handels’ insurance fund corresponds to the period of economic expansion for the retail sector, especially since 2012.²

However, the fact that the number of benefit recipients decreased even between 2008 and 2010 in the aftermath of the global financial crisis and recession raises a question concerning how to understand the impact of the changes in the public unemployment insurance program, especially the one regarding decreased fund membership, on the actual benefit recipiency rate. What is important to note here is that the decrease in the number of registered unemployed individuals belonging to Handels’ insurance fund by no means reflects the unemployment situation for the entire sector, as the ones unemployed who did not belong to Handels’ unemployment insurance fund are simply excluded.

The most dramatic decline in the number of benefit recipients belonging to Handels’ insurance fund took place between 2006 and 2008, and this was due to changes in the membership fee level for the fund (from SEK 117 to SEK 369 per month), which resulted in more than 25,000 fewer members. Since then, the membership fees have gradually been reduced back to SEK 120 in 2015 and the membership base has recovered to some extent by gaining approximately 17,000 new members between 2010 and 2016.³ One

²Konjunkturinstitutet (See, for instance, “Konjunkturbarometern” for the retail sector from 2018).

³The number of members of Handels’ insurance fund decreased from 178,590 to 151,663 between 2006 and 2008. In 2016, the fund had 169,224 members (A-STAT, IAF).

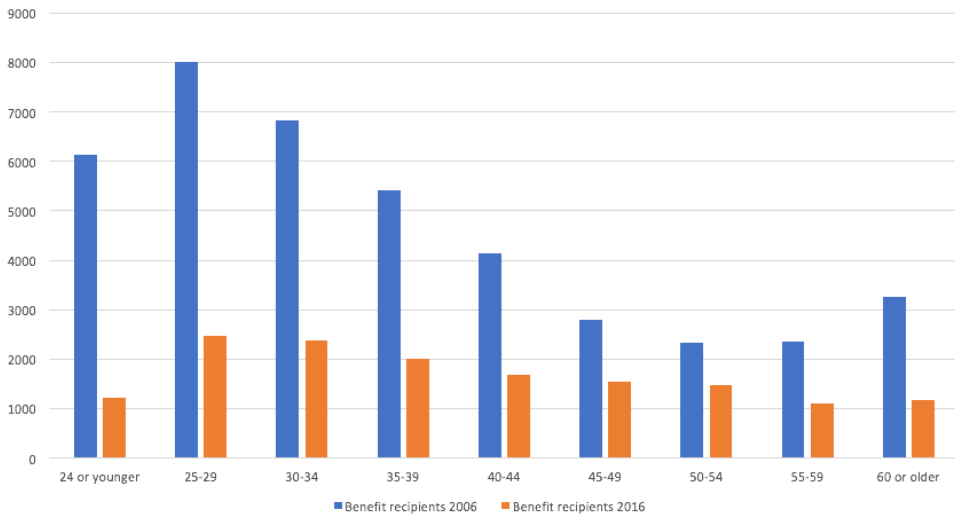


Figure 7.3: Decrease in benefit recipients belonging to Handels' insurance fund in different age groups 2006, 2016

Source: ASTAT from the Swedish Unemployment Insurance Board (IAF).

likely explanation for the continued decrease in the number of benefit recipients despite the gradual recovery of the membership base for Handels' insurance fund is that workers with a higher risk of unemployment were overrepresented among those canceling their membership between 2006 and 2008 and that the recent years of moderate recovery of the membership base did not manage to get this group back entirely. This would explain why the general level of the number of unemployed individuals belonging to Handels' insurance fund has stabilized at a lower level.

The decrease in the number of unemployment benefit recipients belonging to Handels' insurance fund was the most dramatic among young people (Figure 7.3). It is among people below the age of 24 where we see the largest decline, 80 percent during the last decade (from 6,145 individuals to 1,220). This is most likely an effect of the change in the rules that abolished the possibility of earning eligibility for the unemployment benefits through studies, but also that during and after the reform raising the unemployment fund fee level, young people were highly represented in the groups terminating their membership or refraining from joining the insurance funds (Kjellberg, 2010/2014a, 13-14). In the age groups 25-29, 30-34, 35-39 as well as over 60, the number of unemployment insurance benefit recipients decreased by more than 60 percent between 2006 and 2016.

More generally, the last decade has been characterized by a drastic change in terms of the groups represented among the unemployed. Since 2008, for instance, the share of

groups categorized as particularly vulnerable in the labor market among all unemployed individuals doubled in size. These include people with lower education, those born outside of Europe, elderly people (aged 55-64) and people with disabilities with reduced work capacity (Arbetsförmedlingen, 2014). In other words, while the labor market dualization has intensified and unemployment is increasingly concentrated to the so-called labor market outsiders, the changes in the public unemployment insurance program have reinforced the outsidersness of these groups as well. Not only did the cost of becoming a member of an insurance fund become higher due to raised membership fees, which disproportionately affects the decisions of low-wage earners, for those who are at the margin of the labor market characterized by precarious employment and fragmented work histories, the incentive to become a member of an insurance fund has further decreased as the work requirements became harder to fulfill. It is therefore reasonable to draw a conclusion that most likely, the huge membership loss of the insurance fund for retail workers in the aftermath of the raised membership fee in 2007 (15 percent loss) meant that many retail workers who were the most likely to become unemployed in the coming years gave up their membership or refrained from becoming members, which in turn explains the ever lower number of unemployment benefit recipients belonging to Handels' insurance fund.

7.2 Labor market characteristics of the benefit recipients

The remainder of the chapter focuses on the unemployed retail workers receiving public unemployment insurance benefits. The discussion above indicates that there are likely many unemployed retail workers who do not receive any benefits from the public unemployment insurance program. It is thus important to keep in mind that the population studied does not include the group consisting of those who do not qualify for the benefits to begin with. In this section, I focus on the labor market characteristics of the unemployed retail workers receiving public unemployment insurance benefits, first based on the register data from the Swedish Unemployment Insurance Board (IAF) and then on the survey data collected in the spring of 2015. The survey population consisted of the unemployed retail workers receiving public unemployment insurance benefits, belonging to Handels' unemployment insurance fund during 2014 (see Chapter 3, section 3.2.3., for details regarding the survey study).

The widespread and increasing part-time employment among unemployed retail workers is an important piece of contextual information to take into account when interpreting the trend and patterns in unemployment benefit reciprocity. As explained in Chapter 6 (section 6.4.), involuntary part-time employment is a widespread problem facing retail workers today. Data on the distribution of part-time employment among benefit recip-

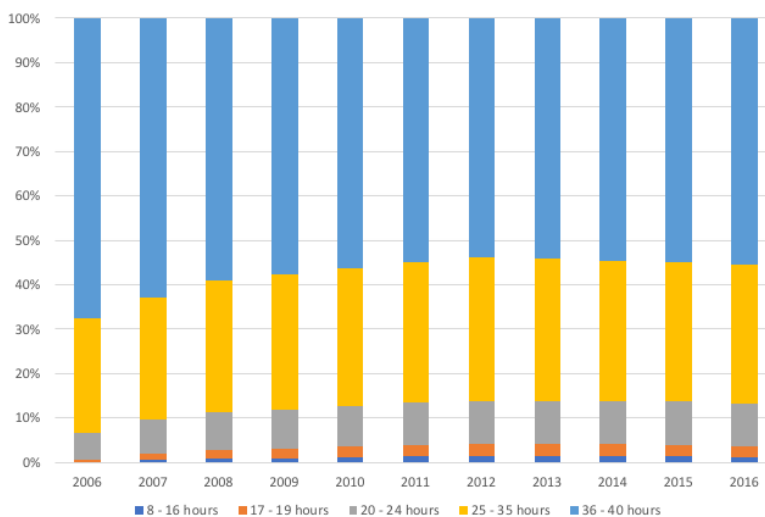


Figure 7.4: Distribution of normal working hours per week among benefit recipients belonging to Handels' insurance fund, 2006-2016

Source: ASTAT from the Swedish Unemployment Insurance Board (IAF).

ients allow us to see how the increase in part-time work in the retail sector is reflected among unemployment benefit recipients as well. Figure 7.4 illustrates the distribution of normal working hours per week among benefit recipients. The normal working hours indicate how many hours on average an unemployed person worked per week during a 12-month period prior to unemployment. The share of unemployed who had normal working hours amounting to full-time employment has decreased from 68 to 55 percent between 2006 and 2016.

The increase in the share of unemployed individuals working part-time is much more visible when we look at female benefit recipients (Figure 7.5 on the facing page). Over half of the unemployed female retail workers receiving public unemployment benefits in 2016 (54 percent) had fewer than 35 weekly working hours, while the corresponding number in 2006 was 40 percent. The share of unemployed females working fewer than 24 hours per week has also doubled from 8 to 16 percent between 2006 and 2016. The trend among male unemployed retail workers has basically looked the same, in that the share of unemployed benefit recipients working part-time has nearly doubled from 16 to 30 percent between 2006 and 2016. However, part-time unemployment is observed to be much less common among male unemployed individuals than among their female counterparts. The share of unemployed males working fewer than 24 hours per week tripled between 2006 and 2016 but still remains much lower at 9 percent compared to

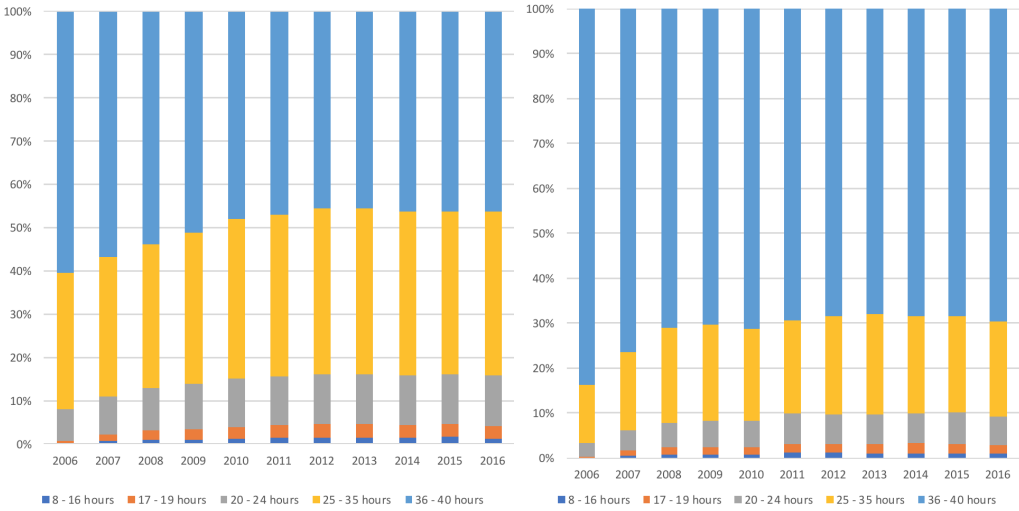


Figure 7.5: Distribution of normal working hours per week among female (left) and male (right) benefit recipients belonging to Handels' insurance fund, 2006-2016

Source: ASTAT from the Swedish Unemployment Insurance Board (IAF).

female unemployed individuals.

Part-time employment among public unemployment insurance benefit recipients as illustrated here is arguably only one part of the bigger picture, as it is likely that there are other unemployed retail workers whose normal working hours do not add up to fulfill the work requirement for receiving the benefits to begin with.⁴

The survey-based benefit reciprocity study provides us with more detailed information regarding other labor market characteristics among unemployed retail workers.⁵ It is important to once again point out that the survey population consisted of unemployed retail workers receiving public unemployment insurance benefits, and hence they are all supposed to have fulfilled the work requirements for receiving the benefits. Even so, the following description of the labor market characteristics among the survey respondents corresponds largely to the picture of the retail sector as a site of precarious work as discussed in the previous chapter.

The average monthly income prior to unemployment among the respondents is SEK 20,684 before taxation, which is about 15 percent lower than the average wage for blue-collar workers in 2013/14. Reflecting the widespread existence of contingent employment forms in the retail sector, 30.5 percent of all respondents replied that they had temporary

⁴80 hours per month for at least 6 months during the 12 months immediately preceding unemployment, alternatively 480 hours during 6 consecutive calendar months and at least 50 hours in every single one of those months.

⁵See pages 2-4 of the paper version of the survey (Appendix A) for the relevant questions and response alternatives. The basic demographic characteristics of the respondents are described in Chapter 3.

Table 7.1: Types of temporary employment

	Frequency	Percent
General fixed-term employment	48	13.9
Temporary replacement of absent workers	73	21.1
Probationary employment	31	9
Employed with hourly wage	128	37
Project-based employment	24	6.9
Others	31	9
Do not want to answer	1	0.3
Do not know	9	2.6
Missing	1	0.3
Total	346	100

Source: Own survey data, 2015.

Table 7.2: Reasons for unemployment

	Frequency	Percent
Lay-off	590	52
Temporary contract ended	242	21.3
Resigned voluntarily	204	18
Retained employment but was forced to reduce hours	17	1.5
Due to part-time unemployment rule	6	0.5
Others	18	1.6
Do not want to answer	21	1.9
Do not know	23	2
Missing	13	1.1
Total	1,134	100

Source: Own survey data, 2015.

employment before becoming unemployed. Among the female respondents, the share of temporary employment is slightly higher at 33.3 percent. Moreover, nearly half (49 percent) of those with temporary employment prior to unemployment replied that they had more than one temporary job during the last five years. What is important to point out is that 37 percent of everyone with temporary employment was employed with an hourly wage, which is notably the most precarious type of employment. This is followed by substitute employment (21.1 percent) and general fixed-term employment (13.9 percent), which are also the types of temporary employment common among the respondents (Table 7.1).

Another characteristic of the retail sector is that part-time employment is widespread. Accordingly, 34.7 percent of the respondents worked part-time before they became un-

Table 7.3: Length of unemployment

	Frequency	Percent
1-2 months	81	7.1
3-5 months	175	15.4
6-11 months	400	35.3
1-2 years	325	28.7
3 years or more	87	7.7
Do not want to answer	24	2.1
Do not know	41	3.6
Missing	1	0.1
Total	1,134	100.0

Source: Own survey data, 2015.

employed. Among the female respondents, this share is even higher at 44 percent. The average monthly income for those working part-time prior to unemployment was SEK 17,347, approximately 76 percent of those working full-time (SEK 22,660). If we look into the reasons for unemployment, it becomes clear that the widespread use of temporary employment is one of the chief reasons for retail workers becoming unemployed. While about half (52 percent) of the respondents became unemployed due to redundancy, 21.3 percent of the respondents became unemployed as their temporary contract ended (Table 7.2 on the facing page). The high staff turnover rate in the sector is reflected in the length of employment among the respondents. Approximately half of all respondents (52.7 percent) had stayed in their job for more than 3 years before becoming unemployed. Among the other half of the respondents, about a half of them had stayed in their job for 1-2 years while the other half had worked for less than one year. When it comes to length of unemployment, over 70 percent of the respondents had been unemployed for a duration considered long-term unemployment by the Public Employment Service: 35 percent between six months and a year and an additional 36.4 percent for more than a year (Table 7.3).

7.3 Income replacement (not) at work

The public unemployment insurance program consists of two parts: earnings-related benefits, conditioned upon belonging to an insurance fund for more than 12 months and the work requirements, and basic benefits, which may be paid out if one fulfills the work requirement but not the membership requirement (see Appendix C for more details). In this section, I discuss to what extent the goal of income replacement is achieved by public unemployment insurance benefits by presenting the benefit amounts received by

Table 7.4: Daily benefit amount from the public unemployment insurance program

	Frequency	Percent
SEK 320 or less	124	10.9
SEK 321-679	297	26.2
SEK 680	564	49.7
Do not want to know	11	1.0
Do not know	138	12.2
Total	1,134	100.0

Source: Own survey data, 2015.

the survey respondents and what kinds of economic consequences they were faced with.

Among 1,134 survey respondents, 50 percent (564 individuals) reported that they received SEK 680 in daily benefits, which was the maximum amount of earnings-related benefits from the public unemployment insurance program in 2014. 10.9 percent received basic level benefits (SEK 320) or less, and 26.2 percent somewhere in-between the basic and maximum level (Table 7.4.)⁶. Considering the labor market characteristics of the unemployed retail workers described in the previous section, the fact that half of all survey respondents received the maximum level of public unemployment insurance benefits itself speaks to the extent to which the public pillar of unemployment benefit system has weakened in terms of benefit generosity.

Among those receiving the maximum level of benefits, 86 percent (485 individuals) had a previous income above the benefit cap of SEK 18,700 (as of 2014). In other words, despite the relatively lower average income level among unemployed retail workers, for approximately 42 percent of the respondents, the earnings-related benefits from the public unemployment insurance program were in fact flat-rate benefits that did not guarantee 80 percent of their previous income. The maximum level of the public unemployment insurance benefits, which half of the respondents received, would have amounted to just above SEK 10,000 per month in 2014. This was in fact lower than the average level of the means-tested social assistance benefits provided by local governments in Sweden, although the exact amount of social assistance benefits may vary considerably in practice depending on the client's situation (SSR, 2014).

One way of capturing the actual outcome of the unemployment benefit system is to ask the unemployed person directly how much disposable income they had during unemployment. For this purpose, the respondents were asked to write down how much money they had per month, including all different kinds of benefits, assistance and contingent income from extra work during unemployment.⁷ On average, the respondents had a dis-

⁶See page 5 of the paper version of the survey (Appendix A).

⁷See page 10 of the paper version of the survey (Appendix A).

posable income amounting to about 55 percent of their previous income. An obvious question remains: So how did they manage their living expenses with merely half of their previous earnings?

Not surprisingly, unemployment left the respondents with various financial problems. For instance, 35.4 percent of the respondents could not pay their bills on time. 77.7 percent of the respondents answered that they had to cut down expenses such as going to the doctor, private pension savings, exercise and visiting the family. Among respondents who shared their economy with a partner (54.5 percent of all respondents, 618 individuals), 32.1 percent answered that their partner had to work extra in order to compensate for the income loss in the household. Overall, the majority of respondents (84.1 percent) felt that it was difficult to make ends meet during their unemployment. Nearly half of the respondents (46.4 percent) ended up with long-term consequences affecting their economy even today, such as debts.⁸

Another indicator used for measuring adequacy of income protection for the unemployed is the question of whether or not one has financial margins to cover unexpected expenses. According to EU-SILC data⁹, four out of ten European citizens lacked financial margins to cover unexpected expenses in 2014. For the Swedish population, the amount of cash applied to this question is SEK 10,000. While the corresponding number for the entire Swedish population was 18 percent (SCB, 2014), among the survey respondents consisting of retail sector workers who were unemployed in 2014, a staggering 65.9 percent lacked cash margins for facing unexpected expenses.¹⁰

One expectable consequence is that more and more unemployed individuals might turn to social assistance benefits provided by local municipalities (Socialstyrelsen, 2014; SSR, 2014). Between 2010 and 2015, unemployment remained the main reason for 45 percent of all social assistance claimants.¹¹ Such a tendency among unemployed young people is more the rule than the exception (Lorentzen et al., 2014). Between 2010 and 2015, for which the statistics are available, the share of social assistance claimants receiving unemployment insurance benefits that were not enough for managing their household economy increased from 12 to 19 percent.¹² Among the survey respondents, however, only 1.4 percent (16 individuals) answered that they received social assistance benefits. In other words, the supposedly last resort of the social protection system does not seem to be the main institutional assistance that unemployed retail workers turn to.

⁸See page 12 of the paper version of the survey (Appendix A).

⁹European Union Statistics on Income and Living Conditions.

¹⁰See page 10 of the paper version of the survey (Appendix A).

¹¹Causes for Claiming of Social Assistance 2015, Table 1. Statistics from National Board of Health and Welfare (*Socialstyrelsen*).

¹²Causes for Claiming of Social Assistance 2015, Table 2. Statistics from National Board of Health and Welfare (*Socialstyrelsen*).

7.4 Use of informal solutions

Let us keep in mind that the population of the survey study consists of unemployed retail workers receiving public unemployment insurance benefits. Hence, the picture we get from the survey data is not that of the most excluded from the unemployment benefit provision system; in other words, unemployed individuals without any access to the public unemployment insurance benefits (see Chapter 4, section 4.2.3.). For this group, it is likely that other forms of personal solutions are mobilized in order to deal with their income loss, as former Prime Minister Fredrik Reinfeldt (2006-2013) suggested in the following comment. In an interview with a Swedish daily newspaper in 2011, he was asked how unemployed people with no or limited rights to public unemployment insurance benefits should make a living:

[W]hat happens is that people find other bases for making a living if not through the unemployment insurance benefits. [...] One gets supports and help from parents, a partner or in other ways. At the end, there are other social protection systems protecting people.¹³

According to a survey conducted by the Swedish Federation of Unemployment Insurance Funds (SO) in 2014,¹⁴ around one third of respondents stated that they had to borrow money during their time of unemployment. This indicates that not a negligible share of the unemployed in Sweden today are forced to look for other personal solutions in dealing with income loss. The use of personal solutions in coping with income loss upon unemployment is a highly salient aspect even when we look into survey respondents who did have access to public unemployment insurance benefits. As shown above, the disposable income among unemployed retail workers on average only amounted to half their previous income and many were faced with severe consequences in their financial situation.

The survey respondents reported an extensive use of informal solutions in order to cope with income loss during unemployment. 50.3 percent of the respondents received financial help from family members and 33.3 percent borrowed money from family members or friends in order to pay for monthly expenses such as food, rent and other bills. Moreover, 24.1 percent of respondents took out temporary loans or credits while 34.8 percent had to sell personal belongings for the same purpose. 68.1 percent of the respondents used their savings.¹⁵ The following answers from the additional spaces for making comments give us an idea of the reasons behind and how one turns to such informal sources of help.

¹³*Svenska Dagbladet*, October 20, 2011 (my translation).

¹⁴74 percent of 5,143 members belonging to 27 different unemployment insurance funds who were unemployed in February 2014 responded to the survey. Press release by SO, June 30, 2014.

¹⁵See page 11 of the paper version of the survey for the relevant questions and response alternatives.

I had no savings. So I got help from family and friends to buy food and took out loans to pay my bills on time. At the beginning of unemployment, I took out several loans thinking I would be able to pay them back once I get a new job. I also sold the stuff I could live without at flea markets and in second-hand markets.

I am lucky since I have a partner and a really low rent. I don't understand how others make it with those super-expensive rents in the cities. The bank could also help us with a lower payment plan for our mortgage.

The assistance for unemployed people is far from enough. Like me, who worked for more than 40 years and paid tax, union fees and insurance fund fees and all that. It's simply not possible to live on the unemployment benefits. My husband had to work extra and we maxed all our credits.

Informal welfare, including all sorts of help an individual can get from family members, extended families, neighbors, friends and other informal networks (Arksey and Glendinning, 2007), has always played an important role. What the unemployed retail workers describe above is how informal welfare plays an indispensable role not only during the time they wait for unemployment benefits, but in fact more or less constantly even when the benefits are being paid out. In a way, this is not surprising, as the average wage of a retail worker is rather low and it is not particularly likely that he or she has been able to create a large economic buffer to fall back on when facing unemployment.

Of course, each individual can adjust their living standards upon unemployment in different ways depending on their life situation. It would be unreasonable to say that every unemployed individual should be able to, for instance, maintain the same consumption patterns despite their lower disposable income. At the same time, few would agree that we have a well-functioning unemployment benefit system if many unemployed individuals find themselves in a situation where they are forced to move out of the apartment or house they live in or, in order to avoid such drastic changes in their daily lives, constantly ask for help from their families, friends and others. The extent to which the unemployed retail workers turn to non-institutionalized sources of help reflects the inadequacy of the unemployment benefit system in terms of guaranteeing income compensation capable of preventing poverty and facilitating reemployment.

7.5 Unemployed, yet constantly working

While the use of informal solutions to deal with income loss seems to be a widely used strategy among unemployed retail workers faced with an inadequate level of unemployment benefits, there is another very salient characteristic among the benefit recipients

deserving attention: a large share of unemployed retail workers oscillate between work from which they cannot earn enough income to make ends meet and part-time unemployment benefits putting a continuous administrative burden on them. Almost half of all survey respondents (44.9 percent, 509 individuals) were part-time unemployed, meaning that they retained part-time jobs while receiving unemployment insurance benefits for the time they were not working. The following comments exemplify how these unemployed retail workers combine part-time unemployment benefits with extra jobs, often in the form of on-call employment.

A-kassan [benefits from the public unemployment insurance program] plus the ten different jobs I had during those two years while I was unemployed was my only income. None of those jobs had enough hours, sometimes I had six jobs at the same time. I have said yes to all extra hours I could get and I am actually lucky to have a colleague whose kids are often ill so that I can cover her shifts.

I was unemployed for 5 years and during that time I worked as an on-call substitute with an hourly wage at a store. I haven't got any permanent position up until now so I struggle a lot, as a single mother with three kids, every day just to make ends meet. Sometimes I work 10 days in a row, or a day and a night shift on the same day because I never know if I will get called in again if I would say no to them. They always need extra staff but just want to save money, so instead of hiring people like me who are unemployed, we are called in all the time and live with the stress. I never had any vacation. This summer, I work full time but still don't have any money to do anything fun with my kids, just like every other summer.

These quotes illustrate that there is by no means a clear-cut boundary between being unemployed and having a job for some retail unemployed workers. Their situation may be described as nothing but work-less. On the contrary, they are constantly working while being part-time unemployed. With regard to the part-time unemployment benefits, numerous respondents commented on the rule restricting the number of benefit payment days for the part-time unemployed and how it results in unreasonable demands in terms of administrative burden and illogical pressure when it comes to deciding whether to take part-time work. The main reason for the salience of this issue lies in the fact that there was a legal change in 2007 restricting unemployment benefit payments to a maximum of 75 days for part-time unemployed individuals.¹⁶ Many respondents seem to see this restriction in the benefit payment period as particularly problematic, as it renders the marginal cost of taking more hours of work too high.

¹⁶This restriction was replaced with 60 weeks starting in 2017 (Prop., 2016/17:1).

Because of the 75 days rule, I couldn't take some extra jobs, such as the contracts with just one day per week, or the ones with 25 to 50 percent working time – which could have helped me a lot financially. I had to look for jobs with 75 percent or more per week.

The rules for part-time unemployment really limit my possibilities of getting something in a couple of industries where I look for jobs, such as stores, care and social work. Here, you usually get jobs by first being employed with an hourly wage, which I can only do for a very limited period of time as someone who is part-time unemployed. It is a waste in many ways since you have to choose between becoming full-time unemployed when you could have worked part-time and get your foot in!

For many retail workers, the boundary between employment and unemployment does not seem to be all that clear-cut. Many are part-time unemployed, combining varying amounts of work from one week to another with unemployment insurance benefits, constantly looking for extra hours or full-time employment that is ever harder to get, all the while having to deal with the administrative procedure for receiving the benefits involving the difficult task of collecting documentation from employers on the hours worked. Some people on part-time unemployment might even give up claiming their benefits due to the constant burden of handling the paperwork.

It is a shame that you are forced to become unemployed instead of working as much as one can or get to. I sometimes had to take time off so that I could go to the Public Employment Service office. It was difficult to fill in and send in all the papers from different employers I worked for. The fact that you have to deal with more paperwork because you managed to get a part-time job is so stupid. To go and request papers from a temporary employer whom I perhaps have not even have met or talked to is not easy.

I think it becomes extremely bureaucratic. I have already considered that it might not be worth it to claim the [public] unemployment insurance benefits because it is just too much job for so little money. I could actually get more benefits for a longer period, but when I had enough extra jobs I chose to give that [the benefits] up in exchange for more freedom, more time and fewer things to think about. That actually led to more jobs that I really like, and I actually earn more than what I did before I got unemployed.

Again, the unemployed are not work-less at all but occupied with temporary jobs as well as administrative procedures. This “work-for-labor,” work that does not directly

lead to a wage but is nevertheless an integral task for someone at the margin of the labor market without stable employment (Standing, 2014, 206-207), is a recurring theme in the stories of the unemployed retail workers told in the commentary spaces in the survey.

The reason why many unemployed individuals oscillate between work and benefits is not only found in the fact that getting a full-time job in the retail sector is difficult. As described in Chapter 6 (see section 6.4.), in the retail sector there is a high concentration of subsidized employment in the form of state subsidies to employers for hiring people who have been unemployed or ill for an extended period of time or newly arrived migrant workers. What one might consider overuse and misuse of these subsidized forms of employment is exemplified in the following comments.

I live in Norrland and there are not many jobs to apply for. At a job fair organized by the Public Employment Service, there were only jobs that come with subsidies. The employers adjust their job offers according to the subsidies they can get, not according to what kind of staff needs they have.

I had my job through *New Start Jobs*¹⁷ and before then through *Special Recruitment Incentive*¹⁸. And that is why my benefits were so low even though I had been working full-time for over two years at one and the same work place. The person who got my job got hired because she had been unemployed for so long that the Public Employment Service paid for *New Start Jobs* for her employment.

As a sector with a high share of subsidized employment, it seems to be the case that some retail workers are dependent upon certain subsidies in order to be hired and that even an extended period of subsidized employment may end when the program comes to an end, without leading to regular employment. According to a national-level evaluation study conducted by the Public Employment Service in 2016, on average only 38 percent of those who were hired with employer subsidies continued to work 90 days after the subsidies had ceased to be paid out (Arbetsförmedlingen, 2016). It has been also reported that there is a few number of industries, including retail, where one can find many small companies only hiring people entitled to employer subsidies, as well as recruiting companies specialized in mediating these subsidies to other companies, despite the fact that it is against the rules of the Public Employment Service to explicitly recruit people with employment subsidies (Färnbo, 2017).

Of course, it is difficult to empirically assess to what extent this kind of problem is widespread and this is not the main aim of this study.¹⁹ What we can nevertheless see

¹⁷ *Nystartsjobb* in Swedish.

¹⁸ *Särskilt anställningsstöd* in Swedish.

¹⁹ The same report from the Public Employment Service came to a conclusion that only a very small share of employers systematically misuse subsidized employment (Arbetsförmedlingen, 2016).

through these comments is that there seem to be many different in-between positions at the margin of the retail sector, including those with part-time unemployment benefits but constantly working with extra hours from on-call employment, as well as those who oscillate between long-term unemployment and subsidized employment.

7.6 Crumbling public pillar: A rigid institution in a flexible labor market

Seen from the perspective of unemployed retail workers, the public pillar of the unemployment benefit provision system in Sweden is crumbling in two senses: for half of them, the earnings-related benefits effectively became flat-rate benefits and do not guarantee full income compensation upon unemployment. At the same time, eligibility rules and administrative procedures are increasingly experienced as counterproductive and burdensome for many unemployed retail workers oscillating between precarious employment and the unemployment benefit system.

The pattern of oscillating between precarious employment and unemployment as well as the widespread use of informal solutions in dealing with income loss indicate how the existing institutionalized benefit system does not provide adequate protection for unemployed retail workers today. What Standing (2014, 81) refers to as the “precariousness trap” seems to capture the situation many unemployed retail workers find themselves in, where people with unstable patterns of labor market participation end up in a negative spiral consisting of temporary and low-paid jobs, unemployment with low benefits faced with demanding obligations as a job-seeker, temporary loans and family assistance when waiting for benefits, etc.

The analysis of part-time unemployment points to the fluid boundary between being unemployed and being in precarious employment situations, which in turn reveals the mismatch between the rigid institutional framework of the unemployment benefit provision system and the increasingly flexible work patterns widespread in the retail sector. It is important to once again stress that behind the decreasing number of benefit recipients among unemployed retail workers, there is an increasing gap between “normal” employment patterns upon which the unemployment insurance program was built several decades ago and the current employment practices at the margin of the labor market characterized by temporariness and fluidness.

It is important to note that the experiences of the unemployed retail workers described in this chapter with their comments in the survey might not be representative of the survey population. However, they do provide more contextual information on the actual life situations of the survey respondents, beyond the analyses of which benefits were received by whom and how many. It is naturally difficult to disentangle the precise role of

the unemployment benefit system and the patterns of precarious work in terms of forming the individuals' experiences of their situation. Most likely, the subjective experiences of uncertainty, frustration and distress described in the respondents' comments represent a combination of their unemployment situation with other diverse life situations, which cannot be assumed to be homogeneous. Nevertheless, their comments clearly shed light on some of the important aspects in the interaction between the specific employment patterns widespread in the sector and the unemployment benefit provision system.

Chapter 8

Complementary benefits for unemployed retail workers

The establishment of complementary benefits for the unemployed has been extensive in scope, and the union for retail workers also launched a complementary income insurance scheme for its members in 2007 (Chapter 5). This chapter sets out to explore the actual role of the complementary income insurance benefits for unemployed retail workers by analyzing different kinds of benefit reciprocity data. While register-based benefit reciprocity data at the aggregated level provide a general picture of the development since the introduction of complementary income insurance, the individual data collected in the survey-based benefit reciprocity study allow us to explore who among the unemployed retail workers actually received the complementary benefits and which mechanisms are at play explaining the gap between coverage and actual benefit reciprocity.

8.1 How complementary income insurance works

In order to receive the complementary income insurance benefits, there are several qualification requirements. First, one should be eligible for receiving the earnings-related benefits from the public unemployment insurance program. These include the employment requirements¹ as well as a minimum 12 months of membership to an unemployment insurance fund recognized by the state and under supervision of the Swedish Unemployment Insurance Board (IAF). In addition to these conditions, one should have been a member of the union during the last 12 months prior to unemployment in order to be

¹80 hours per month for at least 6 months in the 12 months immediately preceding unemployment, alternatively 480 hours during 6 consecutive calendar months and at least 50 hours in every single one of those months.

eligible for the complementary benefits provided by Handels' income insurance.

Upon unemployment, Handels members with a previous income above the ceiling in the public unemployment insurance program receive a claim form for the complementary benefits. It is then up to the individual member to send in the claim form to the union, together with a decision for benefit payments from the public unemployment insurance program. During the remaining period (up to 100 days) for payments from the complementary unemployment insurance scheme, the claimants should send in benefit payment records from the public unemployment insurance program to the insurance company every month.

The following is an example of how the benefit from the complementary income insurance scheme is calculated, as an example of a person with a monthly income of SEK 25,000.²

- a. Monthly income before tax: SEK 25,000
- b. Monthly income after tax: SEK 18,250
- c. 80 percent of monthly net income corresponds to: SEK 14,600
- d. Maximum benefits from the public unemployment insurance scheme after tax: SEK 11,210
- e. Complementary income insurance covers the difference between 80 percent of net income (c) and benefit payments from public unemployment insurance (d): SEK 3,390

The complementary income insurance benefits are in other words conditioned upon the reciprocity of public unemployment insurance benefits. Therefore, the general characteristics in the benefit reciprocity of public unemployment insurance benefits among the unemployed retail workers described in the previous chapter affect the benefit reciprocity of the complementary income insurance benefits.

One such notable characteristic of the benefit reciprocity of public unemployment insurance benefits among retail sector workers belonging to Handels' insurance fund is that the waiting time for receiving the benefits is exceptionally long compared to other unemployment insurance funds. As described above, in order to apply for the complementary income insurance benefits, the unemployed needs to send in the decision document from the insurance fund that they are receiving income-related benefits from the public unemployment insurance scheme. The long waiting time before receiving the first benefit payment from the public unemployment insurance scheme means that their

²Here, I used the calculation matrix provided by Folksam. Different income insurance companies provide such calculation tools with slightly different reference points regarding taxation level, which is why the estimation of benefit amount varies slightly. In practice, the unemployment insurance funds are the ones deciding the net income level of the unemployed, upon which the complementary income insurance benefits are to be based. This example is relevant for the period before the new ceiling was introduced in September 2015.

application for the complementary income insurance benefits is also delayed.

The waiting time for receiving public unemployment insurance benefits is measured as the time between the week when the unemployed report to the insurance fund that they are unemployed and the week they actually receive the first payment (IAF, 2016a), and figures on this time are available at the database provided by the Swedish Unemployment Insurance Board. While the median waiting time for income-related benefits for all 27 unemployment insurance funds was 5 weeks in 2017, it was 10 weeks for Handels' insurance fund. For the basic benefits that same year, the average for all insurance funds was 7 weeks and 11 weeks for Handels.

Generally, the waiting time seems to be longer for insurance funds whose members work in labor market sectors characterized by a higher share of temporary and part-time employment, such as the hotel and restaurant sector (8 weeks for earnings-related benefits and 10 weeks for basic benefits) and construction (6 weeks for earnings-related benefits and 8 weeks for basic benefits). This is in contrast to, for instance, AEA, a fund for SACO union member organizations representing academics and professionals with university degrees, which only had a waiting period of 5 weeks for income-related benefits and 6 weeks for basic benefits.³

This difference could be explained by the application procedure for the unemployment insurance benefits, which involves calculating the normal working hours based on the documentation from employers (see Appendix C for more details regarding the basic features of the public unemployment insurance program.). A report from the Swedish Unemployment Insurance Board looking into this issue found that the most time-consuming part of the procedure concerns dealing with employers' documentation regarding working hours (IAF, 2016b). It is therefore likely that this procedure takes longer if an unemployed person had several different part-time positions or temporary positions one after another and thus had to collect this information by contacting a number of employers. The same report also points out multiple, short-term temporary employment in different workplaces as one of the reasons why the waiting time for applicants for basic benefits is generally longer (*ibid.*, 15).

The exceptionally longer waiting time for retail sector workers could imply that the unemployed experience the benefit application procedure as problematic and exhausting, not to mention the financial troubles related to the uncertainty of the benefit payments. It is reasonable to assume that this could also affect the very decision to claim the complementary income insurance benefits.

³All figures are for 2017.

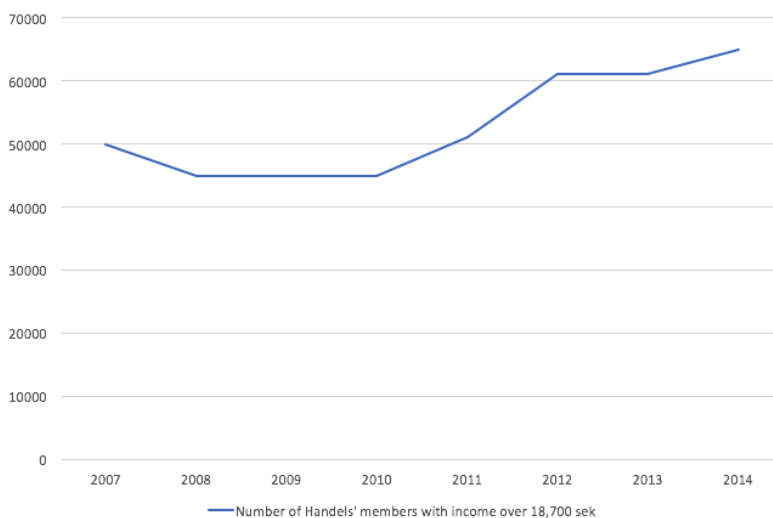


Figure 8.1: Number of Handels members with a monthly income over SEK 18,700, 2007-2014

Source: Handels' complementary income insurance (*Folksam*).

8.2 Benefit reciprocity at the aggregate level

A key component in the analysis of the role of complementary income insurance benefits concerns how many unemployed retail workers received the benefits, how much and for how long. To carry out such an analysis, the benefit reciprocity data from the insurance company *Folksam* is used in the following. It is a unique dataset showing the development of Handels' complementary income insurance over time, although it is limited to the period of 2007-2014 (see Chapter 3, section 3.2.1, for more details).

Despite the fact that Handels' membership base includes many young adults with relatively low salaries and contingent forms of employment, by 2007 nearly 40 percent of the union members had a monthly income over the ceiling in the public unemployment insurance program (Vedin, 2014, 8). The maximum daily benefit amount from the public unemployment insurance program between 2007 and the summer of 2015 was SEK 680, which meant that the unemployment insurance benefits amounted to 80 percent of a monthly income up to SEK 18,700. Between 2007 and 2014, for which figures are available, the number of Handels members with a monthly income above the ceiling increased from 50,000 to 65,000 (Figure 8.1).

Since the initial increase in benefit recipients between 2007 and 2009, the number of unemployed members of Handels receiving complementary income insurance benefits has been remarkably stable at around 1,300 and 2,000 individuals per year, approximately 1,600 individuals on average between 2009 and 2014 (Figure 8.2 on the facing page,

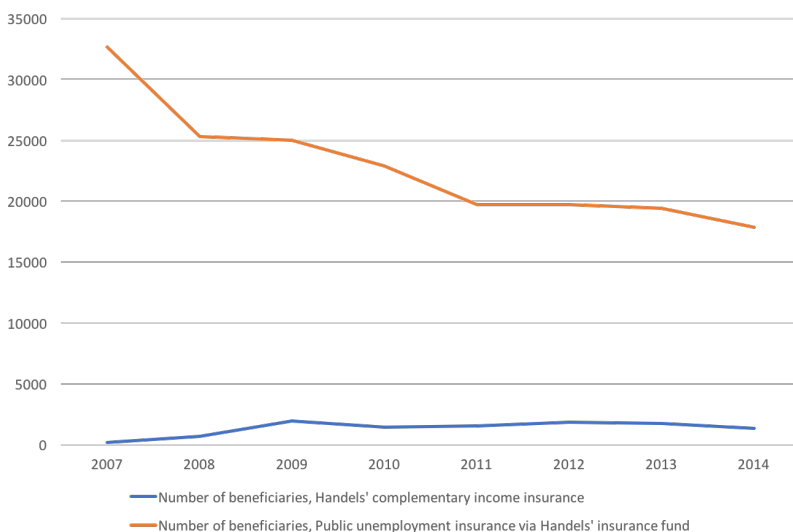


Figure 8.2: Number of benefit recipients of Handels' complementary income insurance in relation to number of benefit recipients of public unemployment insurance belonging to Handels' insurance fund, 2007-2014

Source: Handels' complementary income insurance (*Folksam*) and ASTAT from the Swedish Unemployment Insurance Board (IAF).

the blue line). This only corresponds to approximately 7-9 percent of the unemployed receiving public unemployment insurance benefits belonging to Handels' insurance fund during the same time (orange line). This low share of complementary income insurance benefit recipients among unemployed retail workers might simply reflect the fact that there is not a large number of the unemployed who qualify for the complementary income insurance benefits, which require a previous income level above the ceiling in the public unemployment insurance program as well as union membership for at least a year.

As shown in the illustration of the benefit calculation described earlier in this chapter, the gap between the ceiling in the public unemployment insurance program and the previous income level of the unemployed determines the size of the complementary income insurance benefits. Figure 8.3 on the next page shows the gap between the average income of Handels' complementary income insurance benefit recipients (blue line) in relation to the ceiling in the public unemployment insurance benefits (orange line). This differential has increased, indicating the growing importance of complementary unemployment benefits provided by the union.

Meanwhile, the total amount of benefits from Handels' complementary income insurance as well as the average number of days of benefit payments between 2012 and 2014 decreased rather than increased (Figure 8.4 on page 155). As the number of benefit re-

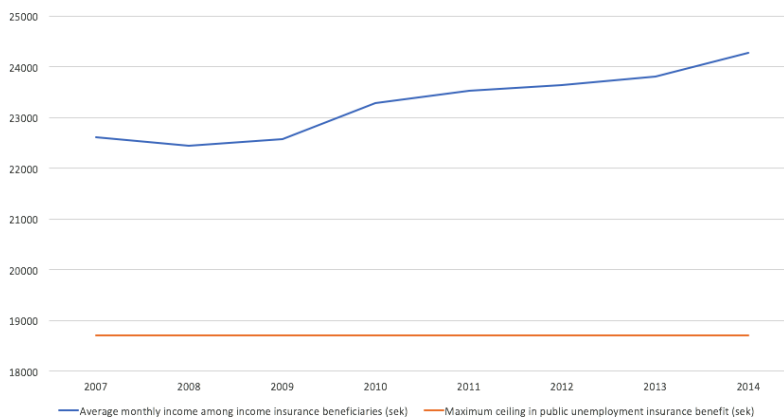


Figure 8.3: Average income of Handels’ complementary income insurance benefit recipients compared to the maximum ceiling in the public unemployment insurance program, 2007-2014

Source: Handels’ complementary income insurance (*Folksam*).

ipients has been stable, the shorter average length of the benefit period may explain the decline in total benefit payments and this might in turn be explained by good economic and employment developments since 2012.

Lastly, Figure 8.5 on the next page shows the number of Handels’ complementary income insurance benefit recipients divided by different categories of daily benefit amounts. The absolute majority received less than SEK 200 per day. As the average number of days for benefit payments per month is 22, this means that the majority of benefit recipients received somewhere between SEK 2,000 and SEK 4,000 per month from Handels’ income insurance. This, in turn, indicates that the majority of Handels’ members eligible for complementary benefits do not have a significantly higher income compared to the ceiling in the public unemployment insurance program.

The benefit reciprocity data at the aggregated level raise a couple of questions that cannot be fully answered. The number of unemployed individuals receiving complementary benefits is rather low, only corresponding to approximately 7-9 percent of the unemployed who received public unemployment insurance benefits belonging to Handels’ insurance fund between 2007 and 2014. Despite the increase in the number of Handels’ members with an income above the maximum benefit ceiling in the public unemployment insurance program, the changes in the number of benefit recipients of the complementary income insurance benefits did not follow this pattern. It is thus likely that the income development of those who became unemployed does not reflect the income development of all members of Handels, which is why there have been not all that many unemployed retail workers qualifying for the complementary income insurance benefits. Moreover,

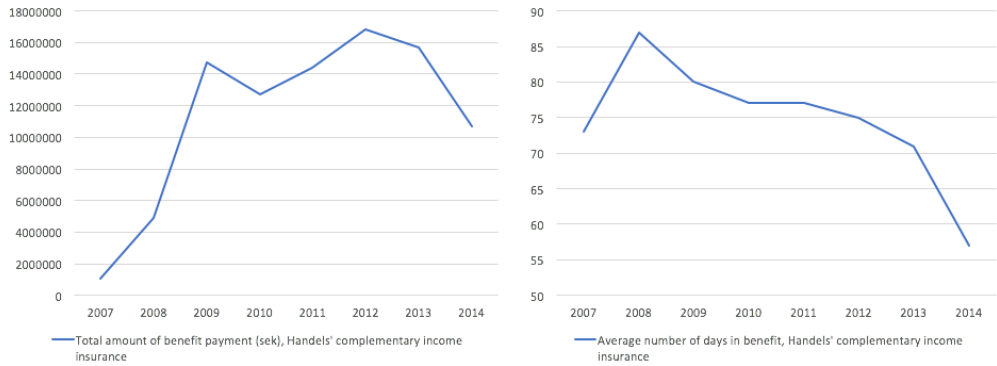


Figure 8.4: Total amount (left) and average number of days (right) of benefit payments, Handels' complementary income insurance, 2007-2014

Source: Handels' complementary income insurance (*Folksam*).

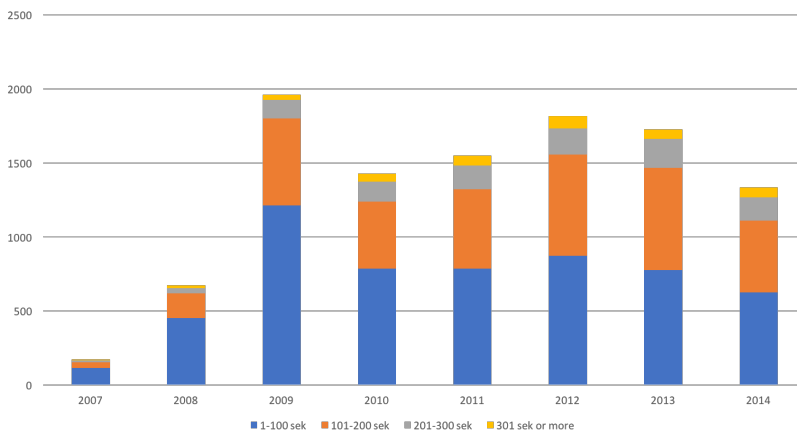


Figure 8.5: Number of Handels' complementary income insurance benefit recipients with different daily benefit amounts, 2007-2014

Source: Handels' complementary income insurance (*Folksam*).

even though the average income among the recipients of the complementary income insurance benefits has increased and the number of benefit recipients has been stable, the changes in the total benefit amount do not reflect this increase.

In other words, there is no straightforward explanation for the stability in the number of complementary income insurance benefit recipients and for the fluctuations in the amount as well as size of benefit payments over time. This is because there are several parallel changes affecting benefit reciprocity of unemployed retail workers. The positive labor market developments since 2012, for instance, may represent a partial reason for the decreasing length of the benefit payment period. At the same time, we cannot know for sure the impact of other labor market changes, such as increasing part-time employment in the retail sector or the decreasing number of unemployed individuals qualified for complementary income insurance benefits. While we could assume that the number of benefit recipients of the complementary income insurance has been stable since the number of unemployed retail workers eligible for the benefits simply has not increased or decreased, a question remains whether there could be other reasons explaining this low and remarkably stable number of benefit recipients.

8.3 Complementary income insurance in action

The complementary income insurance benefits compensating for income loss above the benefit ceiling in the public unemployment insurance program is a new element in the Swedish unemployment benefit provision system, which is relevant for an increasing number of workers. Up until now, however, we have little knowledge regarding the actual outcome of how this pillar operates, as there is no available register-based data or any public authority responsible for overseeing the development of benefit reciprocity of the complementary income insurance programs. By using the survey-based benefit reciprocity data, the remainder of the chapter addresses the following questions: What characterizes those who received complementary income insurance benefits in addition to public unemployment insurance benefits among the unemployed retail workers? For those who actually received the complementary benefits, what was the role of these in terms of their experiences of dealing with the financial consequences of unemployment? What might explain why not everyone who would have been eligible for the complementary income insurance benefits actually claimed these benefits? These questions are essential for understanding the actual outcome of the functioning of the complementary benefit system.

First of all, it is important to map out exactly for whom among the survey respondents the complementary income insurance benefits might have been relevant, as these benefits are only accessible for those fulfilling certain prerequisites in terms of previous income

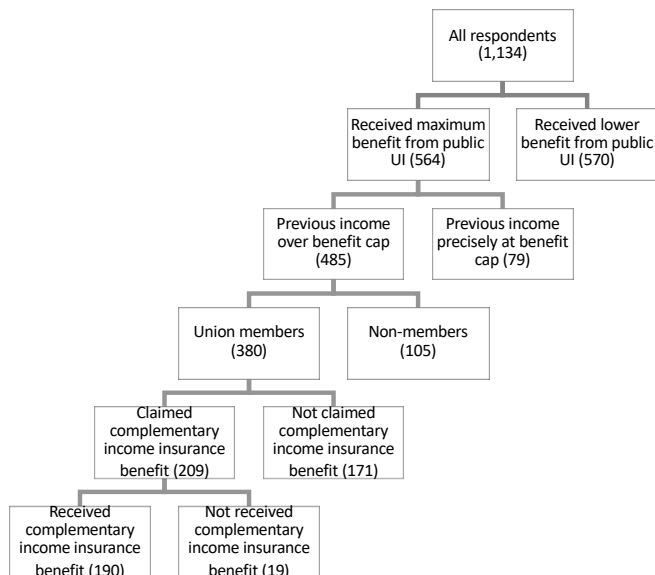


Figure 8.6: Recipients of complementary income insurance benefits

Source: Own survey data, 2015.

level and union membership.⁴ As an attempt to map out which sub-groups among the survey respondents did have access to the complementary income insurance benefits, Figure 8.6 illustrates how they are divided into different categories in terms of number of respondents.

Among 1,134 survey respondents, 564 individuals reported that they received SEK 680 as a daily benefit amount from the unemployment insurance fund, which is the maximum benefit amount. This corresponds to 49.7 percent of all respondents. Among these, 485 individuals had a previous income above the benefit cap of SEK 18,700 (as of 2014), while the rest reported that their previous income corresponded exactly to the maximum amount of income compensated by the public unemployment insurance program (SEK 18,700). In total, 380 individuals (78.4 percent of those receiving maximum benefits and with a previous income above the benefit cap) were members in the union Handels and would thus have been eligible to claim the complementary income insurance benefits. Yet, only 55 percent (209 individuals) of these claimed these benefits and 190 individuals eventually received them. In other words, only about 17 percent of all respondents (190 individuals) received the complementary income insurance benefits.⁵

What we can see here is a chain of different distributive logics at work, which deter-

⁴The basic eligibility requirements for receiving complementary income insurance benefits include being a member of the union for at least 12 months, that one's previous income is above the benefit ceiling in the public unemployment insurance program, receiving earnings-related benefits.

⁵See page 5 of the paper version of the survey (Appendix A).

Table 8.1: Characteristics of recipients of complementary income insurance benefits

	All respondents (1,134)	Received maximum benefits from public unemployment insurance (564/1,134)	Received public unemployment benefits plus complementary income insurance benefits (190/564)
Previous monthly income (SEK)	20,684	22,872	24,373
Share temporary employment (%)	30.5	25	13.8
Share part-time employment (%)	34.7	24.8	17.5
Average age	43	45	48
Share female (%)	65.5	60.1	58.7
Share Swedish-born (%)	79.7	80.1	84.7

Source: Own survey data, 2015.

mine who among the unemployed retail workers actually have access to the complementary income insurance benefits. If access to the maximum public unemployment insurance benefits is determined by insurance fund membership as well as previous income level, for the complementary income insurance benefits, both union membership and the very act of claiming the benefits play a role.

The result of several levels of selection leading to actual benefit reciprocity, in what looks like a leaking bucket, is by no means arbitrary (Table 8.1). If we compare some of the demographic and labor market characteristics of the individuals receiving complementary income insurance benefits (right-hand column) in relation to the group comprised of those only receiving the maximum benefits from the public unemployment insurance benefits (middle column) as well as to the entire population of survey respondents (left-hand column), we see that the average previous income among recipients of complementary benefits is higher and the share of temporary and part-time employment among them is lower compared to the two reference groups.

What we can see, in other words, is that retail workers with a higher income and full-time and permanent employment are overrepresented among recipients of complementary income insurance benefits. While the average age and the share of Swedish-born among recipients of the complementary benefits is higher, the shares of female individuals are lower compared to the two reference groups. Although the differences are not huge, there is a clear hierarchical structure between the three groups compared.

Putting it crudely, older, Swedish-born male workers with labor market insider characteristics (higher income and more stable employment prior to unemployment) are more represented among the unemployed retail sector workers receiving complementary income insurance benefits. As the complementary benefits require one to have been a member of the union for at least 12 months, the pattern of unionization is naturally reflected

here; in other words, younger workers, non-Swedish workers and those facing unstable employment are underrepresented among union members (Kjellberg, 2017b). Hence, the organizational patterns of the union members are directly reflected in the extent to which an unemployed person's income loss is compensated by this complementary pillar.

Understanding the role of complementary income insurance benefits demands a closer examination of the difference these additional benefits made for the unemployed. Therefore, the following analyses examine whether receiving complementary income insurance benefits had any impact on the financial situation among the unemployed retail workers. By comparing survey answers indicating both objective and subjective experiences of financial difficulties during unemployment, we can tease out the impact of complementary income insurance benefits for those receiving the maximum daily benefit amount from the public unemployment insurance system. The following analyses thus only include 564 individuals receiving the maximum daily benefit amount from the public unemployment insurance system, as this is a precondition for receiving complementary income insurance benefits.

To begin with, I compared the mean scores for disposable income during unemployment between those who only received the maximum benefits from the public unemployment insurance system and those who in addition received complementary income insurance benefits. The mean difference in disposable income between the two groups is SEK 1,283 (average per month) and this difference is statistically significant.⁶ Next, I conducted bivariate correlation analyses with cross-tabulation and chi-square test to see if receiving complementary income insurance benefits had any meaningful impact on their financial situation, including variables measuring the degree of financial hardship as well as use of informal solutions during unemployment.⁷

As summarized in Table 8.2 on the following page, the Pearson's Chi-square tests indicate that receiving complementary income insurance benefits in addition to public unemployment benefits has a significant correlation with whether an unemployed retail worker had a financial margin for unexpected expenses during unemployment according to the definition of the EU-SILC survey. The results also tell us that receiving complementary benefits also helped people not having to ask for help from family, relatives or friends for money. Those receiving complementary benefits also to a lesser extent had to sell their belongings or were late with payments, and these correlations are statistically significant.

There were, however, some other aspects where the reciprocity of complementary benefits did not result in any statistically significant differences. Receiving complementary

⁶The group with complementary income insurance benefits (N=190, M=12447.89, SD=4496.285) had a higher average disposable income compared to the group with only public unemployment insurance benefits (N=374, M=11165.32, SD=3672.614). The independent t-test is significant at conditions: $t(320,780)=3.396, p=.001$.

⁷See page 10-12 of the paper version of the survey (Appendix A) for the questions.

Table 8.2: Impact of complementary income insurance benefits

	Pearson Chi-square value	P-value
Financial margin for unexpected expenses	4.690	.030*
Help from family and relatives	13.132	.000**
Borrowing from friends	10.549	.001**
Selling personal belongings	5.400	.020*
Use of temporary loans and credits	.141	.707
Use of savings	.194	.660
Being late with payments	8.849	.003**
Reducing necessary spending	.375	.540
Engaging in informal work	.478	.489
Partner's extra work	1.355	.244
Difficulty in making ends meet	.062	.804
Long-term financial problems such as debt	3.147	.076

Source: Own survey data, 2015.

benefits did not have any statistically significant correlations with aspects such as the use of temporary loans/credits and savings, having had to reduce necessary spending, such as social activities, pension savings, etc., engaging in informal work or partner's extra work. Nor did the reciprocity of complementary benefits have any statistically significant correlations with the extent to which the unemployed had difficulties in making ends meet or ending up with long-term financial problems such as debt.

One possible way of interpreting this result is that the complementary benefits did help the unemployed avoid having to turn to the most instant and acute ways of solving the problem of financial liquidity. The most significant impact of the complementary benefits was found in terms of, for instance, whether one had to ask for help from family and relatives and being late with payments. On the other hand, the complementary benefits did not seem to have led to any meaningful difference when it comes to more longer-term adjustments or strategies the unemployed had to adopt, such as having to reduce necessary living expenses or one's partners having to work extra, etc.

For the specific population of retail sector unemployed individuals, who in general have a relatively low income, the role of complementary income insurance benefits both seems to be meaningful in a sense that they make some difference in terms of the extent to which the unemployed had to turn to acute ways of solving the problem of financial liquidity, but also limited in that the payment amount was rather small (on average SEK 2,200 per month). Whether this is to be considered a small amount is naturally a matter of interpretation. It is small in relation to what a group of high-income earners would have received from their complementary income insurance scheme. However, considering that the maximum amount one could receive from the public unemployment insurance

program amounted to just above SEK 10,000 per month after taxation, a 20 percent higher disposable income could have meant a lot for some individuals, depending on life situation. Nonetheless, receiving these complementary income insurance benefits did not completely alleviate the financial vulnerabilities and difficulties they were faced with. As the amount of complementary income insurance benefits for those with a much higher income compared to the ceiling in the public unemployment insurance system would be higher, it is likely that the impact of receiving the complementary income insurance benefits for high-income earners would be much stronger.

8.4 Non-take-up of complementary income insurance benefits

When there are plural sources of welfare provision, as is the case in the provision of unemployment benefits in Sweden today, it is important that people who are in need of social protection understand how the different parts of the system actually work. Whether it is a statutory or contractual right, the right to certain benefits is only meaningful if it is actually realized for the population in need of help. Given the complexity of the unemployment benefit provision system consisting of several pillars, do people understand which types of economic assistance they are eligible for? Do they have a grasp of the complex and fragmented unemployment benefit system? As shown earlier in this chapter, not everyone who could have been eligible for complementary benefits claimed them. Only about 55 percent of the respondents who would have been eligible to apply for complementary income insurance benefits actually claimed them. What might explain this low level of benefit claims made by unemployed retail workers?

The following analysis of the non-take-up of complementary income insurance benefits among unemployed retail workers is based on an assumption in relation to identifying the group of respondents that would have been eligible for applying for the benefits. The assumption is that those who were a) members of Handels, b) had an income over the ceiling in the public unemployment insurance system, c) received the maximum amount of benefits from Handels' unemployment insurance fund were likely to have been union members for at least 12 months, and thus must have been eligible for receiving complementary income insurance benefits had they claimed it. In total, 380 individuals fulfill these conditions (see figure 8.6 on page 157).

In fact, it is not possible to say with 100 percent certainty that all of these 380 individuals were eligible for complementary income insurance benefits, as some of them might have belonged to the union for shorter than 12 months (prerequisite for receiving complementary income insurance benefits) while having belonged to the insurance fund for at least 12 months. Unfortunately, there is no data I can use for teasing out this

presumably small group of people. However, as having been a member of an insurance fund for at least 12 months is a prerequisite for receiving earnings-related benefits from the public unemployment insurance program, I would argue that it is very likely that they have been members of the union Handels as well for the corresponding period of time.

Among the respondents who fulfilled the eligibility prerequisites for the complementary income insurance benefits, only 55 percent (209 individuals) applied for the income insurance provided by Handels. 150 individuals (39.5 percent) explicitly said no, that they did not apply. Seventeen (4.5 percent) said they did not know and 4 individuals (1.1 percent) did not want to answer. What could explain this discrepancy between the right to receive benefits and the actual benefit claim?

I try to explore this question by performing a logistic regression. The key focus of the logistic regression presented here is to identify whether or not a set of explanatory variables have an impact on the likelihood of an eligible person claiming complementary income insurance benefits.⁸ The dependent variable, whether or not someone applied for the complementary income insurance benefits, was recoded into 1 and 0, with 1 representing eligible individuals who claimed the complementary income insurance benefits and 0 representing eligible individuals who did not claim these benefits. As independent variables, 10 variables are included that could have affected the likelihood of an eligible person claiming complementary income insurance benefits. These are largely divided into four categories: sociodemographic characteristics, employment-related factors, household characteristics and knowledge regarding the benefit system. Except for the income and age variables, which are continuous, the other nominal independent variables were recoded into dichotomous variables.⁹

The analysis is inspired by studies on non-take-up of welfare benefits (for instance, van Oorschot, 1991; Bruckmeier and Wiemers, 2017; Hernanz, Malherbet and Pellizzari,

⁸Regression modeling including multiple variables is used for investigating whether there is a relationship between the variables of interest. It allows us to study various forms of relationships and measure the strength as well as direction of the relationship between variables. Logistic regression is preferably used when the dependent variable is binary, categorical outcome variable (value 1 and 0), with 1 representing a certain occurrence of event or outcome. Compared to discriminant analysis, for which the assumptions of multivariate normality, heteroscedasticity and linearity should be met strictly, logistic regression is more robust when these assumptions are not satisfied. Since the binary dependent variable used in logistic regression should have the predicted value restricted to fall within 0 to 1, its inherently non-linear relationship with independent variables is accommodated by logit transformation. Except for the logit transformation of the dependent variable and consequent differences in the interpretation of the model, the general approach is similar to multiple regression (Hair et al., 2006, 413-414).

⁹Appendix B (Table B.1) contains information about the original variables, how some of them were recoded, the old and new response categories, etc. Maximum likelihood estimates require at least 30 cases per parameter to be estimated (Hair et al., 2006). Table B.2 in Appendix B includes all independent variables in the models to be presented and the number of observations is over 360 cases for all variables. With regard to the dichotomous independent variables with which I created four groups when combined with the binary dependent variable, by using cross-tabulation I checked to see whether there are combinations that will be eliminated in the regression model. There was no such case.

Table 8.3: Plausible mechanisms for non-take-up of complementary income insurance benefits

Observed variables	Economic incentives	Stigma costs	Information costs	Perceived need	Indeterminate
Age					x
Gender					x
Place of birth			+		
Education		(+)	-		
Employment form (permanent/temporary)			-	-	
Employment form (full-time/part-time)			-	-	
Previous income	+			+	
Shared economy with partner	-			-	
Family members to support	+			+	
Knowledge about complementary benefits		-	-	+	

Note: In the table, the ways in which the different factors may affect the likelihood of an unemployed individual claiming the benefits, via different mechanisms related to incentives and costs of benefit claim, are summarized. For instance, a positive sign indicates an increase and a negative sign a decrease in the respective incentives/costs with other variables assumed to be constant. This presentation of the independent variables and the ways in which they may be related to the dependent variable is borrowed from a study on non-take-up of means-tested benefits by Mood (2006).

2004; Tempelman, 2015; Riphahn, 2001). According to these studies, there are, on the one hand, factors motivating and enabling individuals to apply for certain benefits and, on the other hand, factors discouraging people and making them refrain from applying for certain benefits. These are largely divided into economic incentives and costs related to the information-seeking process as well as administrative procedures for benefit application. The economic incentive entails perceived usefulness and need of certain benefits. The information costs may include insufficient knowledge or false interpretation of entitlement rules and misinformation regarding the administrative procedures. While the overall assumption is that individuals make a rational choice based on a cost and benefit analysis of the situation in which they exist, the theories of non-take-up of welfare benefits do take into account the importance of the discrepancy between actual and perceived needs as well as costs. A person may, for instance, refrain from applying for certain benefits because of the perceived high administrative burden, while the procedure is in fact simple.

The following is a list of the hypotheses motivating the inclusion of the independent variables in the regression model, which are summarized in Table 8.3. Some of the hypotheses are based directly on findings in previous studies and some are my own assumptions given the characteristics of the complementary income insurance benefits.

Age and Gender There is no clear mechanism predicting the relationship between age

and gender and non-take-up of complementary income insurance benefits.

Place of birth The cost for information-seeking could be higher when born outside of Sweden (Riphahn, 2001).

Education A higher educational level could mean a lower transaction and information cost for claiming the benefits, while it could at the same time be related to a higher cost due to perceived stigma of benefit reciprocity. The lower the benefit reciprocity in one's reference group, the higher the perceived stigma is to be expected. In the case of highly educated individuals, the perceived stigma could thus be higher as there are fewer among the highly educated who become unemployed and have to claim benefits (Corden, 1995). This last assumption, however, is placed inside brackets here, as the nature of unemployment insurance benefits is much less discretionary and accompanies less stigma compared to social assistance benefits, which most of the non-take-up literature focuses on.

Employment form Having a permanent and full-time position prior to unemployment, as compared to having a temporary and part-time position, is likely to entail higher information costs and low perceived needs for the benefits. This is because I assume that those with stable positions before unemployment must have had a lower inclination and need to be familiar with unemployment insurance benefits and complementary benefits.

Previous income A higher income is to be related to a higher economic incentive for claiming complementary income insurance benefits as well as a higher perceived need for them, as the extent of income loss not compensated by public unemployment insurance benefits is greater and, accordingly, the amount of complementary benefits is likely to be larger. The positive effect of the size of the benefit amount on take-up, according to Hernanz, Malherbet and Pellizzari (2004), is one of the factors that have been widely confirmed.

Shared economy Having a shared economy with a partner is assumed to be negatively related to the economic incentive and perceived need for seeking complementary income insurance benefits, as the financial burden due to unemployment is likely to be cushioned by, for instance, the partner's income.

Family members to support Having to support family members including children is assumed to be related to a higher economic incentive as well as perceived need for seeking complementary income insurance benefits (Riphahn, 2001).

Table 8.4: Logistic regression model accounting for likelihood of an eligible person claiming complementary income insurance benefits

Variables	B	Odds ratio	p-value
Age	.0301685	1.030628	.009**
Gender (female = 1)	-.1531959	.8579616	.551
Place of birth (Sweden = 1)	.5064137	1.65933	.107
Education (highschool and more = 1)	-.0469463	.9541387	.881
Employment form (standard = 1)	1.311919	3.713293	.000**
Employment form (full-time = 1)	-.0135164	.9865745	.965
Previous income	.0001105	1.000111	.001**
Shared economy with partner (yes = 1)	.0885879	1.09263	.770
Family members to support (yes = 1)	-.3949438	.6737179	.239
Knowledge regarding complementary benefits (yes = 1)	1.44652	4.248304	.000**
Constant	-5.626064	.0036027	.000

Knowledge Lastly, the very knowledge regarding complementary income insurance benefits prior to unemployment is assumed to lower the information cost for claiming the benefits. It could also be said that the more knowledge one had regarding the complementary benefits, the less likely the perceived stigma cost as one would have understood the character of the benefits, which are strictly contractual and non-discretionary.

The results of the logistic regression, presented in Table 8.4¹⁰, indicate that knowledge regarding the actual benefits has the greatest impact on the likelihood of an eligible person claiming them.¹¹ This is the most important finding to highlight, as it confirms the problem of knowledge and benefit literacy when a benefit system consists of multiple pillars involving an individual active decisional element. Even if all 380 individuals receiving the maximum amount of the public unemployment insurance benefits should have received the claim form as well as information regarding the possibility to claim the complementary income insurance benefits as a union member, the transaction cost for doing so was larger for those who did not have knowledge of the benefits prior to unemployment.

The other explanatory variables that turn out to be important partly confirm the theoretical insights and empirical findings in the non-take-up literature. For instance, the higher the expected economic incentive, the more likely it is that individuals claim certain benefits. In the case of complementary income insurance benefits, the higher the previous income turned out to be positively related to the likelihood of claiming these benefits,¹² as there is a stronger economic incentive to do so, since the amount of

¹⁰More detailed results are included in Appendix B, see Table B.3.

¹¹Having prior knowledge regarding the complementary income insurance benefits increases the likelihood of claiming them by 324.8 percent $((4.248304-1)*100)$.

¹²Higher average monthly income prior to unemployment increases the likelihood of claiming the benefits by 0.01 percent $((1.000111-1)*100)$, meaning that person A with a SEK 1,000 higher previous income than person B would be 10 percent more likely to have claimed benefits.

complementary benefits is directly related to the previous income level.

Having had a permanent employment contract prior to unemployment is a factor I assumed would have a negative relationship with claiming benefits, as I expected that the transaction and information cost would be higher for these individuals compared to those who were aware of their pending unemployment risk due to a temporary contract. However, it turned out that those with permanent positions prior to unemployment were more likely to have claimed the benefits.¹³ One interpretation of this unexpected result could be that the presumably higher transaction and information cost is in fact outweighed by the fact that having a permanent position means better access to information in general at the workplace.

The age of a benefit recipient is a factor for which I did not have any theoretically motivated expected relationship with an individual's decision regarding benefit claim, but which turns out to play a role.¹⁴ One possible interpretation is that people with a longer labor market participation experience are generally more aware of the benefit system upon unemployment. Finally, one important caveat in the analysis of the impact of place of birth is that the survey was only available in Swedish (see Chapter 3, section 3.2.3, under subsection *Representativity* for an explanation). Hence, the impact of being foreign-born on the likelihood of an eligible person claiming complementary income insurance benefits might have been affected by the restriction of the sample population due to language.

8.5 Navigating a complex system

Different kinds of benefits for the unemployed rest on different distributive logics and ascribe different roles for the unemployed individual. Surely, both the public unemployment insurance program and the union-provided complementary income insurance schemes are based on the membership logic (i.e., one should have been a member of an insurance fund and a union in order to become qualified for the benefits). However, whereas the public unemployment insurance program is widely discussed in the political debate with rights-based discursive frameworks, the ways in which complementary income insurance is advertised, for instance, reflects a more consumerist understanding emphasizing choice and tailor-made solutions for individual workers (see Chapter 5, section 5.2.).

A relevant concern in this respect in the multi-pillar unemployment benefit provision system is that there is a risk that the general public, as well as unemployed individuals in particular, might not be able to understand the system as a whole, as it consists of several types of benefits with varying logics and administrative procedures. In fact, many survey

¹³Having worked with a permanent employment contract prior to unemployment increases the likelihood of claiming the benefits by 271.3 percent $((3.713293-1)*100)$.

¹⁴Being older increases the likelihood of claiming benefits by 3 percent $((1.030628-1)*100)$.

respondents expressed the burden of navigating the multiple systems of benefit claim processes as well as having to deal with different actors involved. The burden of having to understand and handle different benefit systems and their administrative procedures for complementary benefits was particularly expressed in terms of confusion as well as a feeling of having been misinformed. The following quote from the additional spaces for comments gives us a glimpse of what might be seen as a burden of navigating different kinds of benefits and administrative procedures in order to receive the complementary benefits.

I find it is so bureaucratic and difficult to understand the rules. It is so much work for so little money, I had to put in an unreasonably long time to figure out all the rules that apply to my case, with the caseworkers from the insurance fund and the union giving me different answers. This was time I could have used for applying for jobs instead. They should really have a better routine for taking care of cases quickly, and also better collaboration between the [public] insurance fund, the union and the insurance company so they provide the same information.

As the analysis of the non-take-up of the complementary income insurance benefits showed, not everyone who would have been eligible for the benefits claimed them and the quote below illustrates that unemployed individuals can simply miss the fact that they have to actively claim the benefits.

I was not informed that as someone unemployed you yourself are supposed to apply for the income insurance. I thought it would be done automatically. I received the information by chance from one caseworker when I called the union for another problem. She explained it to me very well, otherwise I would have missed out. There should be a simple way of finding out information about which benefits one is entitled to.

Considering the general perception of the public unemployment insurance system where individuals must actively become a member of an insurance fund with monthly membership fees for at least 12 months for receiving income-related benefits, it seems to be a highly frustrating experience to wait for a long time and having to turn to, for instance, families and friends for help.

My income insurance was very important as it let me stay in the apartment where I was living at the time. But because of the bureaucratic waiting time between the Public Employment Service, the union, the insurance fund and the insurance company, I had to wait for an extremely long time and had

to call them and nag all the time during the process. It was so frustrating because you pay for this and expect that you will get the money directly right when you become unemployed.

It took almost 2 months until I got the benefit payment because of all the papers that were sent back and forth. I had to send in a special document from my previous job, which I didn't understand from the beginning. Of course, it is partly my fault, but also due to the information not being clear enough.

As it is up to the unemployed individuals to apply for the complementary income insurance benefits, any perceived or actual difficulties in obtaining and understanding the information regarding eligibility rules and application procedures related to these benefits would indirectly affect the outcome of the income protection the unemployed individuals end up having access to and the actual role of the complementary benefits. Considering the exceptionally long waiting time for receiving public unemployment insurance benefits for retail workers as described at the beginning of the chapter, it is also likely that some would consider another administrative procedure in order to receive the complementary benefits too daunting, especially if the expected amount is not particularly large.

Moreover, some unemployed retail workers seem to be confused in terms of exactly which actors are relevant for the complementary income insurance scheme. In the following comment, for instance, it is unclear what the respondent means by "conflicting rules" between the different actors, whereas there is in fact supposed to be no direct coordination or collaboration between the Public Employment Service and the insurance company providing the complementary benefits.

The Public Employment Service, the public unemployment insurance fund, the union and the insurance company all have conditions and rules that conflict with each other, and we the unemployed are the ones taking the entire burden.

This perceived inconsistency between the rules explained by different actors could simply be a reflection of the complexity of the system, which discourages unemployed individuals in their process of claiming benefits. Meanwhile, numerous comments pointed out that the way in which the unions and the insurance companies describe how the benefit amount is calculated is misleading and that they expected the complementary benefits to be higher than they actually turned out to be.

I thought I would get SEK 12,993 after tax; that is, 80 percent of my previous income. Just as the union and the insurance company strongly advertise. But that was completely wrong, the information is completely misleading. I didn't

get the amount I thought I would get. Generally, it looks as if you as someone unemployed can get up to 80 percent of the total income you had before tax. But then there is a hidden tax.

What is referred to as a hidden tax in the quote above is in fact not an expression of mere confusion. While complementary income insurance benefits are in practice calculated in relation to the net amount of the public unemployment insurance benefits, which are taxable, on the websites of many unions and insurance companies, the information regarding the benefit amount of the complementary benefits does not clarify this aspect in detail. With regard to this, there was a recent media report resulting in several unions having to acknowledge that the information could have been misleading as it gives the impression that the benefit amount would amount to 80 percent of one's previous income after taxation, which is not the case. Some insurance companies have corrected the information regarding the benefit amount on their websites following these reports (Israelsson and Sima, 2018; Israelsson, 2018).

8.6 Questioning legitimacy

How citizens look upon the actual functioning of a social insurance system is crucial for the legitimacy of, and political support for, the system. (Svallfors, 2011). The survey-based benefit reciprocity study further provides us an opportunity to understand how the unemployed individuals see functioning and legitimacy of the benefit system. Even though most complementary income insurance schemes were introduced during the last ten to fifteen years, their basic features can be seen as tailored to protect the income loss of full-time workers with rather stable records of employment history over an extended period, rather than embracing the employment patterns of those who work with temporary or part-time contracts. Thereby, the following comments point out the irrelevance of union-provided complementary income insurance provision, as certain characteristics of the employment patterns in the retail sector make accessing these benefits particularly difficult.

Since I only worked part-time and my salary was not above the ceiling, I had no use of it. Many in the service sector working part-time can't easily come up to that amount. I thought it [complementary income insurance] was for all members of Handels, so I feel like I was fooled. As usual in our society, those who earn the least get no help or benefits, even if it should be the other way around.

If you consider that these days, there are only part-time positions available, the benefit ceiling should be much lower, around SEK 11,000 to SEK 13,000

per month instead. Because it is really difficult to combine small jobs between different stores and also come up to that amount [the benefit ceiling]. Since I only worked part-time and didn't have an income over the ceiling, there was no use for it.

People who already have a high income are able to adjust their life standard upon unemployment, but what about people who already have a very low income with part-time work and who then become unemployed, which living standard should you reduce? Live in a shoe box?

While part-time employment is generally categorized as non-standard or atypical employment, for the Swedish retail sector, part-time employment is in fact the most typical type of employment (see Chapter 6, section 6.4.). Despite this specific characteristic of the employment patterns in this sector, the comments above indicate how the complementary income insurance provided by the union does not cater to the needs of part-time workers.

Meanwhile, there were also a number of comments criticizing the very idea of complementary income insurance provided by unions. They argued that the public unemployment insurance program should actually function as income-replacement benefits so that there would be no need for privately provided complementary insurance programs.

I think there should be no need for buying extra insurance in order to manage when you are unemployed, if you have worked and paid tax. They [the complementary benefits] are for those who have money to buy that extra not everyone has. Even if I got it, it was only about SEK 1,200 per month. You have to have a much higher income if you want some kind of economic security as unemployed from the benefits you get. If we begin to use complementary insurance then the basic protection weakens. We should all have the same protection upon unemployment.

Why don't we finance the public unemployment insurance together instead of having extra complementary insurance schemes? I am anyways glad that the unions do something about it, even if I don't think it should be needed. The ceiling should be raised every year, indexed to inflation, so that people like me who can't afford the union membership fee or extra insurance can manage with the public unemployment insurance benefits.

These comments are a direct and critical evaluation of the retrenchment of the public unemployment insurance program and the resulting unemployment protection gap that has partially been filled by the rise of complementary benefits for the unemployed. At

the same time, they aptly articulate the regressive distributive implications of the development of the complementary income insurance schemes and how the legitimacy of the unemployment benefit provision system is undermined from the individual's point of view.

8.7 Illusory complementary pillar: Complementary protection for some

In the introductory chapter, I pointed out that the rise of complementary unemployment benefits may be understood as risk privatization, which in turn raises the question of distributive consequences. In this regard, the empirical investigation into the actual benefit reciprocity among unemployed retail workers led to two important findings.

First, it turned out that the individuals with access to the complementary income insurance benefits were characterized by a greater degree of labor market insidership among the unemployed retail workers. They were on average more likely to have had full-time and permanent positions and earned more prior to unemployment compared to those who did not receive any complementary benefits. More male, Swedish-born and older workers were represented among those receiving the complementary benefits as well. This not only means that the extent to which the complementary benefits have been established varies across different occupational groups and sectors, as shown in Chapter 5, but also that the actual access to these benefits varies across different sub-groups within a single sector. The overall pattern of benefit reciprocity for the complementary income insurance benefits points to the reinforced outsidership of the relatively weaker groups in the labor market.

Second, the very knowledge of the complementary income insurance benefits turned out to be the most important factor explaining the gap between the contractual right and the actual benefit reciprocity, as only about half of those eligible claimed these benefits. This finding resonates with concerns related to the distributive outcomes of the multi-pillar system of benefit provision, where it is difficult for individuals to have a comprehensive and detailed understanding of the existence of different kinds of benefits as well as their possibilities to access these. The greater responsibility is thus placed on the unemployed individuals to ensure they are able to navigate the complex and more fragmented system of unemployment benefit provision today.

Surely, the establishment of the union-provided complementary income insurance schemes covering half the working population today represents an extensive institutionalization of the private pillar. However, this complementary pillar seems to be rather illusory for many unemployed retail workers, whose access to its benefits is limited due to the chains of multiple distributive logics that are at work.

Chapter 9

Conclusions

In this dissertation, I analyzed the development of the Swedish unemployment benefit provision system in terms of multi-pillarization and its distributive outcomes. With an explicit use of the pillar perspective focusing on the different sites of unemployment benefit provision, the dissertation contributes to a more holistic understanding of the current institutional landscape of Swedish unemployment benefit provision. This is in contrast to the bulk of previous studies on the Swedish unemployment benefit provision system focusing on the retrenchment of the public pillar while only assigning a marginal role to the expanding complementary pillars (for example, Clasen and Viebrock, 2008; Sjöberg, 2011; Gordon, 2017).

A central finding of this dissertation is that there is a gap between the output-level of multi-pillarization and the outcome of the Swedish unemployment benefit provision system. On the one hand, it is fair to say that the development of formal entitlement concerning the complementary unemployment benefits comprising the occupational and personal pillars led to a quite comprehensive coverage for the majority of the working population. The analysis of the complementary pillars, however, pointed to the fact that the multi-pillar system of unemployment benefit provision provides better protection for labor market insiders, following the trend of social protection dualization (Chapter 6). Especially the occupational pillar consisting of the collective agreements provides additional employment services and complementary benefits for unemployed individuals with comparably better-established positions, while disadvantaging blue-collar workers in comparison with white-collar workers. As regard to the private pillar consisting of complementary income insurance schemes, the unions played a pivotal role between individuals and the market and alleviated the extent of risk privatization by successfully establishing membership-based group insurance schemes for the majority of the working population. Yet, in practice there are different barriers and mechanisms hindering

certain groups of unemployed individuals from actually receiving these benefits, as illustrated concretely by the study of benefit reciprocity data among unemployed retail sector workers.

In this concluding chapter, I first examine how the public, occupational and private pillars comprising the current Swedish unemployment benefit provision system differ, in terms of types of benefits, actors involved, distributive logics, the role of individuals, financial responsibility and regulatory intervention. The multiple pillars may also be compared to each other in terms of the degree of risk privatization and presence of market mechanisms. Second, I deepen the analysis of the distinct path to the multi-pillarized unemployment benefit provision system, which may be understood as a result of complex interplay between shifting political ideologies and influential collective actors' interest and adapting strategies in the changing labor market context. Third, I discuss distributive implications of the involvement of unions and continued Ghent logic in the Swedish unemployment benefit provision system. Next, I further highlight the distributive outcomes manifested by the growing importance of alternative strategies employed by unemployed individuals without income protection they can fully rely on, as a result of the risk privatization that has taken place along with the multi-pillarization process. The chapter ends with some words on the policy implications of the findings of the dissertation and on the contribution to the field of welfare state research and to social work as an academic discipline.

9.1 Multiple *loci* of unemployment benefit provision

The implicit rationale underpinning a multi-pillar risk protection system is that complementary pillars can operate as a functional equivalent of a public pillar, so as to ensure that the political goal of risk protection is achieved in terms of outcome. By paying closer attention to each element of the multi-pillar system of Swedish unemployment benefit provision, the dissertation shows how each pillar operates with its own distributive logics, accompanied by specific exclusionary mechanisms leading to certain distributive patterns. The multiple pillars in today's Swedish unemployment benefit provision system differ from each other in several important aspects, as summarized in Table 9.1 on the facing page.

To begin with, the types of benefits provided are similar, but certainly not identical. What unites the different types of complementary benefits is that they are to complement the benefits from the public unemployment insurance program. But to what extent and how that complementary aim is achieved differs depending on which labor market sector or which labor union one belongs to. For instance, while the occupational pillar for white-collar workers and employees in the public sector provides earnings-related com-

Table 9.1: Characteristics of different pillars in the Swedish unemployment benefit provision system

	Public pillar	Occupational pillar	Group-based private pillar	Personal private pillar
Benefit types	Public unemployment insurance benefits (earnings-related and basic flat-rate)	Benefits provided by collective agreements (earnings-related and lump sum payment)	Union-mediated collective complementary income insurance (earnings-related)	Individual complementary income insurance (earnings-related)
Collective actors	State, unions, union-linked insurance funds	Employers' organizations, unions	Unions, insurance companies	Insurance companies
Distributive logics	Social rights, social insurance principle based on redistributive ambition and membership	Occupational affiliation and labor market position	Membership, actuarial principle between risk and premium at collective level	Membership, actuarial principle between risk and premium at individual level
Status of individuals	Citizens, members	Employees	Members, consumers	Consumers
Financial responsibility	State, employers and individuals	Employers and individuals	Unions and individuals	Individuals
Regulatory intervention	Highly present	Limited, indirect	Limited, indirect	Limited, indirect

plementary benefits, for blue-collar workers in the private sector there is only a lump sum payment available. While the benefits from the public unemployment insurance program effectively became a flat-rate program for the majority of workers today, which is to be complemented by other benefits from the occupational and private pillars, the maximum amount of income insured through the private pillar varies a great deal across different unions (Chapter 5).

The constellations of collective actors involved in the different pillars also vary. For the public pillar, it is the state and the unions and their insurance funds, while for the occupational pillar, it is the employers' organizations and the unions. For the group-based private pillar, it is the unions and the insurance companies, while for the personal private pillar, it is only the insurance companies. As pointed out by Gingrich (2011), rearranging the constellations of actors that occur in a privatization process is likely to alter incentives and positions of different actors. The new role of the insurance companies as a provider of complementary income insurance schemes, the increasing involvement of employers' organizations in the provision of complementary benefits, the multiple settings of involvement the unions came to occupy in the provision of unemployment benefits and, lastly, the state's decreasing role in governing the unemployment benefit provision system in its entirety might all constitute seeds for future institutional changes.

Another insight that may be drawn from the analysis of the ways in which different pillars operate is that unemployed individuals are ascribed different roles in each pillar as the core distributive logics of the benefit entitlement vary. When it comes to the public pillar, it is a combination of a membership logic – as access to earnings-related benefits is tied to one's insurance fund membership – and a logic of social right – as there is a political goal and rhetoric highly present with regard to the right to income protection as working citizens. Although much less in extent compared to sickness insurance or pension, the public unemployment insurance is still characterized by its redistributive ambition typical of social insurance programs, which means that the relationship between membership fees and the benefit level is far from actuarial. Concerning the occupational pillar, what matters for having access to the benefits provided via collective agreements is only the individual's occupational affiliation, employment status and in some cases age. Here, the individuals are not expected to exercise any choice, which might explain the lack of awareness of this pillar despite its long tradition. As to the newly established personal pillar comprised of group-based as well as individual complementary income insurance schemes, it is once again a combination of a membership logic, on the one hand, and a logic of consumerism, on the other hand, where individuals are expected to actively make a choice in order to secure as extensive an income protection as possible based on contractual relations with insurance companies. While union-mediated complementary income insurance schemes operate based on the actuarial principle between unemploy-

ment risk and premium at the collective level, for the personal schemes this occurs at the individual level, representing the most privatized and marketized element compared to all other pillars. The individuals are therefore chiefly atomized consumers in this pillar, who are to look for the best option for themselves to insure against income loss upon unemployment.

The different pillars also entail different divisions of financial burdens in the provision of unemployment benefits. While individuals bear their financial burden in all pillars, the state's role is limited except for the public pillar. For the occupational pillar, it is formally the employers setting aside a certain percentage of the salary of each worker for financing the benefits provided through the collective agreements, so in fact that would indirectly affect the wage of the individuals. For the group-based private pillar, some unions have contributed with their own capital in combination with the membership contribution, while for the personal private pillar, it is solely individuals choosing to purchase income insurance coverage who bear the financial burden. Seen this way, the multi-pillarization of unemployment benefit provision thus clearly shifts part of the burden of financing the risk protection institution to the individuals.

Lastly, the regulatory intervention of the state is highly present in the public pillar, as the rules guiding benefit level, eligibility criteria and supervision of the insurance funds are all regulated by the state. The other complementary pillars are only indirectly regulated in terms of the formal level of maximum income replacement rate, which is at 80 percent (SFS, 1997:238, 26§). Except for the public pillar, there are no public institutions collecting information regarding benefit reciprocity, and the complementary pillars are thus far highly absent in any political debates concerning the unemployment benefit provision system. Accordingly, the degree of politicization is the highest in relation to the public pillar, while the complementary pillars have thus far been rather invisible in the public debate and in official statistics.

Without any sweeping statutory institutional reforms concerning the public unemployment insurance program, the division of responsibility regarding income protection for the unemployed has thus been significantly redefined between the state, unions, individuals and market actors. The consequence of retrenchment of the public unemployment insurance program is thus not straightforward. As illustrated by the axes in Figure 9.1 on the next page illustrate, the multi-pillar system of unemployment benefit provision consists of different types of unemployment benefits that differ in terms of both the scope of which unemployment risks are pooled (degree of risk privatization) as well as the use of actuarial logics (degree of marketization). This complexity renders the current Swedish unemployment benefit system as a whole difficult to assess in terms of its generosity in any simple way.

By employing the pillar perspective and zooming in on the establishment, character-

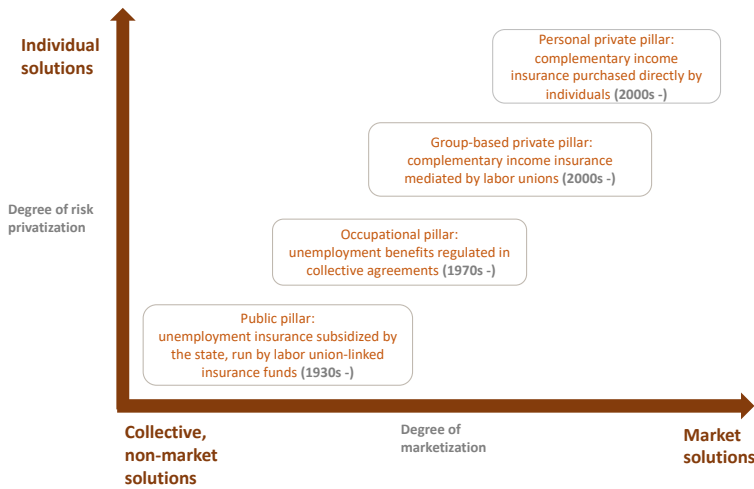


Figure 9.1: Multi-pillarization in Swedish unemployment benefit provision

istics and function of each pillar, the findings of this dissertation bring us an insight that this altered institutional landscape has implications not only for the distributive outcome of the unemployment benefit provision system but also for the future development of the public unemployment insurance program. As Mishra (1990, 112) pointed out, introducing multiple welfare providers may not only entail “mere rearranging of furniture in the drawing-room.” The more privatized risk-pooling practices that are to a greater extent informed by market mechanisms, characterizing the complementary benefits for the unemployed today, and their growing role may in the longer term alter our understanding and expectations with regard to the roles and division of responsibilities between the public and private actors of unemployment benefit provision. At the same time, it is equally important to stress that the exact nature of the risk privatization having taken place as a result of the multi-pillarization process requires an understanding of the distinct path of the institutional changes the Swedish unemployment benefit provision system has undergone.

9.2 Distinct path to multi-pillarization

The public unemployment insurance program in Sweden is characterized by its governance structure involving union-linked insurance funds. By tracing the institutional origin and evolution of the Swedish Ghent system, we learned that the strong interest developed by the labor unions in engaging in the provision of unemployment benefits has continued

to shape the establishment and expansion of complementary benefits in multiple forms. Yet, the unions' interest and strategies concerning the governance of the unemployment benefit provision system have evolved in tandem with shifting economic and labor market policy contexts, political ideologies as well as changing labor market structures.

After the deep economic crisis in Sweden in the 1990s, the political and economic contexts within which the Ghent system could operate successfully as the public pillar of unemployment benefit system came under the strain of fiscal concerns. Since then, the benefit level and eligibility criteria have continuously developed towards public unemployment insurance benefits that are less generous and more difficult to qualify for. The long-term incremental change leading to the continuous decline in benefit generosity has weakened the public pillar's function as providing earnings-related unemployment benefits and in effect turned them into flat-rate benefits for the majority of workers. Besides, the changes during the last decade reveal the importance of the state's financial commitment for the Ghent system most starkly. When the Alliance government simultaneously reduced the state subsidies in two ways (i.e., by raising the insurance funds' fees to the state and abolishing the tax deduction for the insurance fund membership fees), the coverage of the earnings-related unemployment insurance benefits, especially among workers exhibiting relatively higher risks of unemployment, dropped to an unprecedented extent. It became thus evident during the aftermath of the reforms that the Ghent system is highly vulnerable without a substantial financial commitment from the state, as those who could not afford the membership fees both left and refrained from signing up for the insurance funds (Kjellberg, 2010/2014*a*, also see Chapter 4, section 4.2.2.).

Despite this vulnerability of the Ghent system, the voluntary membership to the union-linked insurance funds has remained a core institutional feature and it does not seem as if this trait will be easily abandoned. This is because the institutional origin of the Ghent system during its formative years and its particular impact on union density over time has led to deep-seated interests and preferences among the unions to be continuously involved in the provision of unemployment protection. However, this institutional inertia has been accompanied by a range of significant changes in other aspects of the Ghent system, beginning in the 1990s (Chapter 4). With the arrival of new sets of goals governing the economic and labor market policies in the aftermath of the economic crisis, together with the weakened corporative policy-making practice, the unions became increasingly less successful in combating retrenchment of the public unemployment insurance program. Symptomatic of this critical period is that the unions and the Social Democratic Party started exhibiting disagreement in relation to benefit generosity, eligibility level, the goal of the unemployment insurance, etc. More general developments in the labor market during the last decades in terms of higher level of general unemployment, long-term unemployment, youth unemployment are also factors undermining the

conditions for a generous unemployment benefit program.

Therefore, although the core institutional architecture of the Ghent system remained resilient, this does not mean that this institutional continuity guarantees sustainable risk protection outcomes regardless of shifting political ideologies governing the public unemployment insurance program or constantly changing labor market structures and characteristics of unemployment. Since the 1990s pressure for institutional change has mounted and the unions cannot consistently and to the same extent influence governmental decisions concerning the unemployment insurance program. This subsequently opened up for other forms of institutional change, such as drift and layering as discussed in the literature on gradual institutional change (Chapter 2, section 2.5). The policy drift when it comes to the benefit ceiling of the unemployment insurance benefits has meant that earnings-related benefits have in fact been converted into basic flat-rate benefits for many workers, leading to a social protection gap (Bonoli, George and Taylor-Gooby, 2000, 46) with an increasing share of workers unable to get full compensation for their lost income upon unemployment.

This social protection gap has to some extent been filled by the maturing Employment Transitional Agreements and newly established complementary income insurance schemes guaranteeing full income compensation above the ceiling in the public unemployment insurance program. With regard to the former, the silent institutionalization of the Employment Transitional Agreements developed into a unique, unprecedented occupational pillar. However, it is important to understand that this development cannot solely be attributed to the retrenchment of the public pillar of unemployment benefit provision. The strong tradition of managing conflicts through collective agreements between the labor market partners, the particular seniority rule in the Swedish employment protection law, as well as the growth of diverse actors active in the field of employment services all contributed to this development (Chapter 5). Most of all, this pillar reflects the strong organizational resources and governance capacity of the labor market partners in Sweden, reinforcing the importance of the Swedish model and in turn legitimizing the importance of a high organizational level for both employers and workers. Whereas the corporatist institutions and norms in policy-making have weakened significantly (Rothstein and Bergström, 1999; Lindvall and Sebring, 2005), the application of collective agreements as the principal way of governing industrial relations and providing occupational welfare to workers seems to remain strong in Sweden.

When it comes to the private pillar, the link between the retrenchment in the public pillar in the last decades and the rise of complementary income insurance schemes is more straightforward. As proposed in the introductory chapter, the term *passive privatization* may describe the decline of the public pillar and the rise of the complementary pillars in the Swedish unemployment benefit provision system. However, it is also important to

retain a certain level of nuance in understanding this development. As shown in Chapter 5, the private insurance providers involved in the third pillar are largely mutual insurance companies having close ties to the union movement, and the insurance schemes with the strongest actuarial logics at the individual level did not develop nearly as many group insurance schemes with a certain level of risk pooling. Most union complementary income insurance schemes are transferable between different unions, which also weakens the commercial character of this private-collective pillar.

The major role of the unions in creating the third pillar of Swedish unemployment benefit provision reflects how the unions' strategy in the governance of the unemployment benefit system has turned into a more complex and multi-faceted one. On the one hand, they continuously defend the Ghent system and push for more generous benefit provision and better coverage. With the Social Democratic government restored in office in 2014 after eight years of the center-right Alliance coalition government, there has certainly been a series of changes raising the benefit level and increasing access to benefits, which the unions have been the strong proponents of. On the other hand, the development of union-mediated complementary income insurance schemes covering half the working population today reflects that the unions have taken an alternative route to retain the legitimacy of the Ghent system.

One could interpret the development of the third pillar as a reflection of weakening union influence in shaping the public unemployment insurance program, at the same time as it may be seen as a renewed way of exploiting the selective advantages of union membership starting with the introduction of group-based complementary income insurance schemes; in other words, effectively capitalizing on the eroded benefit generosity in the public pillar. However, this selective advantage turned out to be more beneficial for some union collectives than others, and it remains to be seen in which ways this newly institutionalized benefit scheme exerts its own effects on the interest, preference and strategy of the unions when it comes to their involvement in the governance of the Swedish unemployment benefit provision system. What is certain, however, with regard to the extensive institutionalization of the third pillar consisting mainly of union-mediated group-based complementary income insurance schemes is that the layering of this complementary pillar in fact reinforced the Ghent logic rather than challenging it.

9.3 Reinforced Ghent logic and its distributive implications

The Swedish labor unions have certainly kept their seat at the negotiation table for the various corporative structures for the provision of unemployment benefits in Sweden. Unions are practically involved in all three pillars: with their insurance funds in

the case of the public pillar, with their bilateral collective agreements with employers' organizations in the case of the occupational pillar and, lastly, with their membership-based complementary income insurance schemes for the private pillar. The unions have not been a mere spectator or ally in terms of this development but rather the most important driver.

This entrenched role of the unions may be interpreted as the still incredibly salient legacy of the Social Democratic welfare state developed with strong support from the workers' movement. This is in line with a previous understanding that industrial relations can be a source of egalitarian welfare reforms (Trampusch, 2007) and that the unions in the Nordic countries have traditionally had a progressive role in the expansion of comprehensive social protection systems (Naczyk and Seeleib-Kaiser, 2015). However, as pointed out by Hacker (2004, 246), the path-dependent characteristics of institutions and resulting stabilities do not necessarily guarantee stability in policy outcomes. To what extent this involvement has reflected an egalitarian aim transcending labor market segments is not a simple question to answer.

Gordon (2015) argued that union support for the generosity of the unemployment benefit system is determined by the level of inclusiveness in a given union movement, and empirically the Swedish union movement is to be seen as the best pupil in the inclusiveness contest. In all dimensions measuring union inclusiveness accounting for why and how unions' preference regarding unemployment benefit provision is shaped, Sweden represents the archetypal case of union movement that would embrace and advocate the most inclusive and egalitarian development of unemployment benefit provision (see, for example, Gordon, 2015, where Sweden scores the highest in the index of inclusive unionism). The Ghent system of unemployment insurance is considered prone to a generous treatment of the unemployed with its strong and administratively involved unions (Huo, 2009). Union density remains among the highest in the world despite a recent decline (van Rie, Marx and Horemans, 2011) and the degree of centralization is high (Visser, 2016). Even in the dimension of governance structure, it is hard to think of any other countries scoring above Sweden as the unions still occupy a central role in the provision of unemployment insurance schemes.

However, the continued involvement of the unions in the governance of unemployment benefit provision today occurs against the background of different union organization trajectories as well as changing power balances between the union collectives, where the dominant power of the blue-collar unions has weakened as the white-collar unions have gained more influence and increased their membership base (Ibsen and Thelen, 2017, 414). Accordingly, the winner of this development seems to be the unions organizing white-collar workers and professionals with university degrees, as they have achieved near-universal coverage of the complementary income insurance schemes in their

respective union collectives. Allegedly, this has also contributed positively to membership development as well. The blue-collar unions, however, have only been reluctant followers in this development and their membership loss since the reforms under the Alliance government has only partially recovered thus far.

The continued and strengthened Ghent logic in the Swedish unemployment benefit provision system thus has double implications from a distributive point of view. On the one hand, the active role of unions as a collective intermediary between the insurance market and individuals means that the extent of risk privatization is moderated. On the other hand, the pronounced class-segregative aspect in the union organization in Sweden (Kjellberg, 2017a, 248-249) means that the union-led development of the complementary pillars for unemployment benefit provision reinforces the differences in risk protection between different occupational groups and sectors, which was an apparent problem already from the initial emergence of voluntary unemployment insurance funds in the late 1890s. The fact that union density decreased greatly among the LO organizations during the last decade also speaks in favor of a future development where the class-segregative characteristic of the unemployment benefit provision system may be aggravated.

Inevitably, the unions' policy preferences and strategies vis-à-vis the unemployment insurance program have by now become much more complex. As long as the maximum amount of the public unemployment insurance benefits is not indexed following wage or price increases, there will likely be a constant gap between the ceiling in the public unemployment insurance program and the actual income level among many of the unemployed, which then reinforces the importance of the complementary income insurance schemes provided by unions. As long as this newly strengthened linkage between union membership and unemployment protection is perceived as beneficial for the membership development of unions, they will likely have less of an interest in advocating reforms that could make the public unemployment insurance program generous enough to render the complementary schemes unnecessary.

Meanwhile, the ways in which the unions are promoting their complementary income insurance schemes exhibit a very consumerist and individualistic understanding of risk protection upon unemployment, which may be understood as a reflection of more privatized and individualized welfare provision at large. Therefore, the unions' continued involvement in shaping the multi-pillar system of unemployment benefit provision is, on the one hand, path-dependent as it reinforces the Ghent logic but also, on the other hand, path-breaking, as it promotes a consumerist logic and paves the way for further marketized and individualistic income protection schemes. One could also raise a question of whether the engagement of the unions in all three pillars of unemployment benefit provision is even sustainable and effective. Not to mention the effectiveness from a resource perspective, but possibly emerging political ambivalence towards the different elements

of the unemployment benefit provision system and tensions among different parts of the union movement also deserve attention. Even if the very establishment of complementary income insurance schemes is understandable and justifiable from the unions' perspective, the decline in universality and an increasingly more pronounced character of the segmented and differentiated income protection provided by the Swedish unemployment benefit provision regime as a whole may threaten the very conditions for the Ghent system to retain popular support in order to survive.

9.4 Outcomes of risk privatization

The changes in the Swedish unemployment benefit provision during the last two decades arguably represent a case of shifting, blurring, mixing of responsibilities between different pillars, leading to a certain degree of risk privatization. The earnings-related part of the Swedish public unemployment insurance program was never truly universal, as voluntary membership in insurance funds always leaves room for individual workers to refrain from becoming members. Despite this, during the heyday of the Ghent system, it could guarantee near-universal coverage thanks to substantial financial commitments from the state, which made membership highly attractive. The changes during the last couple of decades leading to the establishment of complementary benefits for the unemployed has certainly widened the gap between the universalist policy goal of the public unemployment insurance program and the actual institutionalized praxis. An important conclusion that may be drawn from the analyses in the preceding chapters is that the relative importance of different pillars providing income protection for the unemployed varies depending on which groups of workers we look at, which is in line with the critical perspective of welfare pluralism discussed in Chapter 2 (section 2.2.)

For instance, for labor market insiders with a relatively secure employment position and higher salary, the relative importance of the state pillar has decreased as the share of income insured by the public unemployment insurance system has decreased. For these actors, the importance of the occupational pillar through collective agreement-based benefits as well as the private pillar through complementary income insurance schemes has therefore increased. If, however, we look at labor market outsiders with a relatively insecure employment position and lower salary, the importance of the public pillar has decreased, but the importance of the occupational or private pillars has not increased to the same extent as for the insiders. This is because the labor market outsiders have more limited coverage and access to complementary benefits provided by occupational and private pillars due to their interrupted employment history, temporary forms of employment, higher unemployment risk, etc. Even for those eligible for complementary benefits within this group, the corresponding amount of income loss covered by the

complementary benefits is likely to be smaller than for the labor market insiders as the benefit size would be proportional to the income level.

The distributive outcomes of the multi-pillar system of unemployment benefit provision were further crystallized by looking closely into the benefit reciprocity of unemployed retail sector workers. As for this particular labor market sector, one of the most striking findings is the radical decline in the number of recipients of public unemployment insurance benefits with their membership in the insurance fund for retail workers. As there is no sector-specific unemployment rate or occupational affiliation of the unemployed in the register of unemployed individuals at the Public Employment Service, it is difficult to figure out exactly to what extent the membership loss of the insurance fund for retail workers between 2006 and 2008 contributed to the plunging number of benefit recipients, or how much this decline may be also accounted for by the economic boom during recent years and the reduced unemployment rate, especially among young workers. Nevertheless, there is no doubt that the insurance fund for retail workers was among the funds losing the largest share of members when the membership fee was increased, and this is illustrative of the distributive consequences of the retreat of the state's financial commitment to the Ghent system and the weakening of the public pillar (Chapter 4).

Furthermore, far from everyone who would have been eligible for the complementary benefits actually claimed them, and for those who did receive these additional benefits, the impact on their financial vulnerability and difficulties was limited. The analysis of the non-take-up of complementary income insurance benefits showed the centrality of individual knowledge regarding different benefit systems in understanding the outcome of an unemployment benefit system consisting of multiple benefit schemes. This finding is important to highlight as it shows that it is not only at the output level of the development of the complementary pillars where we can observe stratifying patterns, as clarified above, but also in the actual access to benefits (Chapter 8).

Lastly, there is another growing group of people for whom the relative importance of different pillars has shifted most drastically. This group includes the unemployed who do not have any access to the unemployment benefits provided by the public pillar due to their marginal position in the labor market and who are thus unable to fulfill the membership or work requirements for these benefits. For this group, there has been an increase in the importance of unemployment assistance in the form of benefits conditioned upon the participation in active labor market programs. From the critical understanding of welfare pluralism put forward by Mishra (1990), this *disentitlement* may be understood as a byproduct of the multi-pillarization process entailing the development of the complementary pillars with a lesser degree of risk pooling and fragmentation of the benefit system. Moreover, it is inevitable that the role of other informal sources of assistance becomes essential, which we now turn to.

9.5 Conceptualizing a shadow pillar

The primary motivation for conducting the benefit reciprocity study was to understand the extent to which the current unemployment benefit system caters to the needs of unemployed retail workers. Besides the differentiated access to the complementary benefits among unemployed retail workers, the analyses of the survey-based benefit reciprocity data showed that the current system of unemployment benefit provision does not guarantee income protection they can fully rely on. The majority of respondents reported financial hardship and had to turn to a variety of informal sources of help as the benefits they received were not enough to make ends meet. The effect of the complementary income insurance benefits on alleviating the financial hardship and the use of informal sources of help turned out to be partial and limited (Chapter 7 and 8).

Instead, the analysis showed that many unemployed retail workers rely on interpersonal relations for financial help and are engaged in precarious work during the time they are unemployed, a sum of which may be conceptualized as a “shadow pillar” that plays an important role for the unemployed alongside the institutionalized benefit provision system. The shadow pillar understood in this way may be considered one of the outcomes of today’s unemployment benefit provision system in Sweden, as it is a consequence of inadequate risk protection.

I do not argue that the informal welfare and precarious jobs undertaken by unemployed retail workers are conceptually equivalent to the different types of benefits provided by institutions such as the public unemployment insurance program or complementary income insurance schemes. By using the term shadow pillar, I am simply trying to shed light on other integral aspects of the actual life situation in which many unemployed find themselves, beyond mere benefit reciprocity. At the same time, by explicitly recognizing these remaining small pieces of the puzzle, we might be able to open up a possibility for new systematic knowledge concerning which other resources and strategies are mobilized by the unemployed who cannot fully rely on the income protection provided by the unemployment benefit system today. As Mann (2009, 9) aptly illustrates, “[t]he term informal welfare should not be confused with the idea that it is unstructured, casual or ad hoc.” Even non-institutionalized sources of welfare provision could entail systematic patterns or structures to be explored. Therefore, informal welfare, or the concept of shadow pillar in this case, shall not be disregarded as a realm that may be neglected by welfare state researchers only because it lacks an institutional manifestation, if the aim is to understand the actual functioning and outcome of a given risk protection institution.

Illustratively, the picture emerging from the survey respondents’ extra comments pointing to their constant engagement in precarious work might at first sight appear to be a marginal phenomenon. Yet, if we triangulate this observation with hard facts on

labor market developments in the retail sector, we arrive at a critical understanding of the actual functioning of the unemployment benefit provision system and its interplay with labor market changes. Given the characteristics of the employment patterns in the retail sector, where part-time positions represent the norm and where there has been an increasing share of workers hired with fewer contracted hours, drawing a clear line between the unemployed and those who work does not make much sense in all cases. What we see is thus a mismatch between the unemployment benefit system, on the one hand, whose underlying assumptions governing eligibility rules are based on the industrial era of the Swedish welfare state, and the service sector in the flexible post-industrial labor market where contingent forms of employment and thereby interrupted employment patterns are increasingly common, on the other hand. The work requirements that are key for entitlement to the public unemployment insurance benefits are first and foremost based on some continuity in one's work history. For many retail sector workers, however, the boundary between being employed and unemployed does not seem to be rigid.

9.6 Contribution to policy discussions and research fields

The public debate regarding the Swedish unemployment benefit provision system has mainly revolved around the issue of generosity and coverage of the public unemployment insurance program. This is a perfectly legitimate focus if we assume that the most important policy issue is that of the general level of coverage and benefit generosity for the average worker. However, if we were to judge the functioning of the unemployment benefit provision system based on actual benefit reciprocity among the unemployed and to what extent the unemployed are protected from financial insecurity and vulnerability during unemployment, treating the complementary pillars as a marginal phenomenon will only give us a partial understanding of the current states of affairs.

Today's Swedish multi-pillarized unemployment benefit provision system guarantees full compensation for lost income for some workers with access to maximum benefits from the public pillar and complementary benefits from the occupational or private pillars. The story here, then, is that the retrenchment of the public pillar has been successfully compensated by the institutionalization of the complementary pillars. On the other end of the spectrum, however, the majority of those who are actually unemployed do not have any access to earnings-related benefits at all. For those with a very low risk of becoming unemployed, the system guarantees very generous protection, while those facing a constant pending risk of unemployment and underemployment have difficulties getting into the system to begin with.

This discrepancy of the realities of labor market insiders and outsiders and the in-

creasingly more fragmented and stratified unemployment benefit provision system ought to receive more attention in the public debate, as it is likely that the function of the complementary pillars as well as their interaction with the public pillar will continue to inform the future development, by affecting the willingness of politicians to reform as well as the unions' invested interests in the governance of the different pillars of the unemployment benefit provision system. A closer look at the interactions between the pillars reminds us that the feedback effect of the established institutions is an important element to keep in mind when thinking about the future development of a multi-pillar risk protection system involving plural actors with diverse interests.

Moreover, the subjective experiences of unemployed retail workers in their actual encounter with the benefit system are sources of important insights in rethinking an institution such as the unemployment insurance program designed upon obsolete assumptions from the industrial era. In order to have a serious discussion regarding how to recalibrate the unemployment benefit system capable of catering to the needs of the increasing number of labor market outsiders in the post-industrial economy, it is important to take into account the ways in which some retail workers move in and out of part-time unemployment, which is a great illustration of the blurred boundary between being unemployed and being in the world of precarious work.

The dissertation contributes to the field of welfare state research in the following respects. Although understanding the development path and the different elements and aspects of the multi-pillar system of unemployment benefit provision gives us important insights, the actual outcome of risk protection cannot be directly derived from the analysis of the institutional arrangements. This is certainly the case as access to the different pillars and tiers of the unemployment benefit system differs across different groups of workers depending on the labor market sector in which they work, employment history, union membership, knowledge regarding the complementary benefits, etc. Therefore, by tapping into benefit reciprocity via diverse data sources, we can approach the distributive outcomes of welfare state changes, which is more often than not left out to be an empirical question to be answered for individual cases. This is despite the widely-shared understanding that distributive outcome is the one dimension playing a crucial role in the legitimacy of future developments of any welfare institution.

The relevance of the benefit reciprocity study including plural sources of welfare provision extends to the scholarship of comparative welfare state studies, where efforts to provide a comprehensive and realistic understanding of the impact of social protection by covering different sources of welfare provision remain limited. Moreover, adding the dimension of distributive outcome in understanding the multi-pillar system of unemployment benefit provision also encourages researchers to scrutinize the more exact constellations of governance arrangements upon which various complementary pillars of welfare

provision are based. The focus on more in-depth analyses of a given governance arrangement and its stratifying effects calls for the importance of case studies which can make valuable contributions to the comparative welfare state studies as a research field.

The pillar perspective and the terminology of multi-pillars have been most widely adopted in pension research, where multi-pillarization has been explicitly and widely embraced by major policy organizations as well as politicians and scholars as a financially sustainable alternative for aging societies. Adopting the pillar perspective to the study of unemployment benefit provision system in Sweden is a novel attempt, yet it enabled more flexibility in understanding the complex arrangements and mixes of modes of welfare provision that are still based upon the ideal of a universalist, institutionalized welfare state. Compared to the regime perspective, which tends to emphasize the stability of the Nordic model, the pillar perspective helped us analyze the changes despite the relatively stable institutional features of the public unemployment insurance program, by highlighting the new roles and distributive logics of the newer *loci* of the Swedish unemployment benefit provision system.

Lastly, the dissertation contributes to social work as a professional field and academic discipline by highlighting how one of the core Swedish social insurance systems works today. Changes in the social insurance systems and their outcomes in terms of to what extent a population is protected from the social risks they are designed to cover are of constant importance in the field of social work. Especially with regard to the decreasing benefit recipiency of the public unemployment insurance benefits among the unemployed, the growing importance of the shadow pillar for this population implies that the living conditions for today's unemployed are radically different from previous years, when the majority of the unemployed did receive unemployment insurance benefits. The focus on the outcomes of the Swedish unemployment benefit provision system for a population actually finding itself in a vulnerable position, rather than for an average working citizen, could be said to constitute a specific potential contribution of this discipline in the wider field of welfare state research.

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Appendices

Appendix A

Survey - paper version

Enkätstudie om erfarenheter av inkomstbortfall under arbetslöshet

Studien riktar sig till ett antal slumpvis utvalda medlemmar i Handelsanställdas a-kassa som var arbetslösa under 2014.

Studien bedrivs vid Socialhögskolan, Lunds Universitet. Ansvariga är doktorand Jayeon Lindellee samt handledarna professor Håkan Johansson och forskare Anna Angelin.

Alla svar anonymiseras och inga personuppgifter kan kopplas till dina svar. Inga obehöriga kommer att få tillgång till materialet som samlas in.

All information som publiceras från studien kommer endast att beröra generella mönster, inte enskilda individer.

Det är helt frivilligt att delta i studien och ingen ekonomisk ersättning utgår för deltagande. Det finns inga personliga fördelar med att medverka, men projektet kan bidra till att öka kunskapen om personer i din situation.

Det finns vissa obligatoriska frågor för att kunna fortsätta fylla i enkäten. Dina svar registreras först när du har tryckt på 'Skicka nu' knappen på den sista sidan av enkäten.

Om du vill ha mer information om projektet går det bra att ta kontakt med mig!

Med vänliga hälsningar

Jayeon Lindellee

Socialhögskolan, Lunds Universitet
Doktorand/Projektansvarig
Jayeon.Lindellee@soch.lu.se
046-222 88 59

Så här fyller du i pappersenkäten

Nedan ser du hur du markerar ett svarsalternativ, och hur du avmarkerar ett redan gjort val.

Korrekt markerat svarsalternativ

Inkorrekt markerat svarsalternativ, krysset ska vara mitt i rutan

Inkorrekt markerat svarsalternativ, krysset är alltför kraftigt

Ångrat val, svarsalternativet räknas inte som markerat

Vilket kön tillhör du?

Kvinna

Man

Vill inte svara

Vilket år är du född? Dra reglaget för att ange vilket år.

Är du född i Sverige?

- Ja
- Nej
- Vill inte svara

Vilken av följande utbildningar motsvarar bäst din genomförda (eller pågående) högsta utbildning?

- Grundskola
- Gymnasium
- Yrkehögskola
- Högskola/Universitet
- Annat
- Vill inte svara

Vilken anställningsform hade du innan du blev arbetslös under 2014?

- Tillsvidare (så kallad fast anställning)
- Tidsbegränsad
- Egenföretagare
- Vill inte svara
- Vet ej
- Om annat, specificera

Vilken typ av tidsbegränsad anställning hade du?

- Allmän visstidsanställning (så kallad ALVA)
- Vikariat
- Provanställning
- Timanställning vid behov
- Projektanställning
- Vill inte svara
- Vet ej
- Om annat, specificera

Har du under de senaste fem åren haft mer än en tidsbegränsad anställning?

- Ja
- Nej
- Vill inte svara
- Vet ej

Jobbade du heltid eller deltid?

- Heltid
- Deltid
- Vill inte svara
- Vet ej

Hur länge hade du varit anställd på din arbetsplats innan du blev arbetslös?

- 1-2 månader
- 3-5 månader
- 6-11 månader
- 1-2 år
- 3 år eller mer
- Vill inte svara
- Vet ej

Vad var din inkomst per månad före skatt innan du blev arbetslös?

Skriv här istället om du hade en inkomst per månad mer än 50,000 kronor.

Var du medlem i facket under tiden du arbetade? Enbart medlemskap i arbetslöshetskassa (a-kassa) räknas inte som fackligt ansluten.

- Ja, medlem i Handelsanställdas förbund
- Ja, medlem i ett annat fackförbund
- Nej
- Vill inte svara
- Vet ej

Vilken var den främsta anledningen till att anställningen upphörde?

- Sade upp mig på egen begäran
- Min tidsbegränsade anställning upphörde
- Uppsagd
- Avskedad
- Vill inte svara
- Vet ej
- Om annat, specificera

Hur länge var du (eller har du varit) arbetslös?

- 1-2 månader
- 3-5 månader
- 6-11 månader
- 1-2 år
- 3 år eller mer
- Vill inte svara
- Vet ej

Var du deltidsarbetslös under 2014?

- Ja
- Nej
- Vill inte svara
- Vet ej

Tog du ut deltidsarbetslöshetsersättning (så kallade 75 deltidsdagar)?

- Ja, hela 75 dagar
- Ja, delvis
- Nej
- Vill inte svara
- Vet ej

Vad hände efter att du tog ut alla 75 deltid dagar?

- Jag sade upp mig från mitt deltidarbete och blev helt arbetslös
- Jag fortsatte arbeta deltid utan deltidarbetslöshetsersättning
- Jag fick den arbetstid som jag efterfrågade på arbetsplatsen där jag jobbade
- Vill inte svara
- Vet ej
- Om annat, specificera

Var du inskriven som arbetssökande på Arbetsförmedlingen under hela arbetslösheten?

- Ja
- Nej
- Vill inte svara
- Vet ej

Hur stor dagpenning fick du från arbetslöshetsförsäkringen under de första månaderna av din arbetslöshet?

- 320 kronor eller mindre
- 321 - 679 kronor
- 680 kronor
- Vill inte svara
- Vet ej

Ansökte du om facket's inkomstförsäkring (exempelvis Handels inkomstförsäkring, som gäller för arbetslösa personer med inkomster över ersättningstaket i a-kassan)?

- Ja
- Nej
- Vill inte svara
- Vet ej

Fick du ersättning från facket's inkomstförsäkring (exempelvis Handels inkomstförsäkring)?

- Ja
- Ansökte om ersättningen men fick avslag
- Vill inte svara
- Vet ej

Hur mycket ersättning per månad fick du från facket's inkomstförsäkring?

Hade du kontakt med någon handläggare hos facket (exempelvis Handelsanställdas förbund) när du skickade in ansökan om inkomstförsäkringen?

- Ja
- Nej
- Vill inte svara
- Vet ej

Hade du också kontakt med någon handläggare hos försäkringsbolaget (exempelvis Folksam/Förenade Liv) som betalade ut ersättning från inkomstförsäkringen?

- Ja
- Nej
- Vill inte svara
- Vet ej

Vad var den huvudsakliga anledningen till att du inte fick ersättningen?

- Uppfyllede inte medlemsvillkor (medlem i facket i minst 12 månader)
- Utanför åldersgräns (högst 64 år)
- Hade andra inkomstrelaterade ersättningar
- Vet ej
- Om annat, specificera

Hur upplevde du fackets information om ersättning från inkomstförsäkring?

	Stämmer helt	Stämmer delvis	Stämmer dåligt	Stämmer inte alls	Vill inte svara	Vet ej
Svårbegripligt språk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Krångliga regler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
För mycket information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Kommentar

Hur viktig var den kompletterande inkomstförsäkringen du fick genom facket för din ekonomi?

- Mycket viktig
- Ganska viktig
- Inte särskilt viktig
- Inte alls viktig
- Vill inte svara
- Vet ej

Kommentar

Fick du också ersättning från någon annan inkomstförsäkring från försäkringsbolag eller bank som inte är genom ditt medlemskap i facket?

- Ja
- Nej
- Vill inte svara
- Vet ej

Innan du blev arbetslös, kände du då till

	Ja, mycket väl	Ja, ganska väl	Ja, lite grann	Nej	Vill inte svara	Vet ej
vilka ekonomiska stöd som du kunde få vid arbetslöshet?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
reglerna kring ersättning du kunde få från a-kassan (exempelvis belopp, villkor, karensdagar)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
fackets inkomstförsäkring som gäller för arbetslösa personer med inkomster över ersättningstaket (18 700 kr/mån) i a-kassan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
avgångsbidrag (AGB) som är en kollektivavtalad försäkring för arbetslösa personer som uppfyller vissa särskilda villkor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fick du också något av följande ekonomiska stöd/inkomster under din arbetslöshet? Kryssa i alla svarsalternativ som gäller för dig.

- Avgångsbidrag (exempelvis från AFA försäkring)
- Försörjningsstöd (så kallat socialbidrag)
- Aktivitetsstöd eller utvecklingsersättning
- Sjuk- eller aktivitetsersättning
- Sjukpenning
- Rehabiliteringsersättning
- Inkomst från tillfälliga jobb
- Inkomst från eget företag
- Pension
- Föräldrapenning
- Studiestöd (exempelvis CSN)
- Ersättning från bolåneförsäkring
- Vill inte svara
- Vet ej
- Om annat, specificera

Vad var den främsta anledningen till att du vände dig till socialtjänsten?

- Ersättningen från a-kassan (och eventuellt från inkomstförsäkring) räckte inte till
- Jag blev utförsäkrad från a-kassan
- Jag vände mig till socialtjänsten medan jag väntade på andra ersättningar
- Vill inte svara
- Vet ej
- Om annat, specificera

**Varifrån fick du information om olika ekonomiska stöd som du kunde få när du blev arbetslös?
Du kan kryssa i flera alternativ.**

- Arbetsförmedlingen
- Arbetslöshetskassan (a-kassan)
- Trygghetsfonden TSL
- Omställningsföretag
- Facklig kontakt
- Arbetsgivare
- Personalansvarig på företag/arbetsplats
- Kollegor
- Familjemedlemmar, vänner eller bekanta
- Media
- Reklam
- Vill inte svara
- Vet ej
- Om annat, specificera

Hade du gemensam ekonomi med någon annan vuxen när du blev arbetslös?

- Ja
- Nej
- Vill inte svara
- Vet ej

Hade den person ett arbete med inkomst?

- Ja
- Nej
- Vill inte svara
- Vet ej

**Hur många anhöriga hade du som bodde tillsammans med dig och var beroende av din inkomst?
Ange en siffra.**

Hur många av dessa var barn under 18 år?

Hur mycket pengar hade du ungefär per månad under din arbetslöshet? Räkna alla typer av ekonomiska stöd eller inkomster du hade, efter skatt. Räkna inte in eventuell sammanboendes inkomst i denna summa.

Skriv här istället om du hade mer än 50,000 kronor per månad.

Under din tid som arbetslös, skulle du/ditt hushåll inom en månad ha klarat av att betala en oväntad utgift på 10,000 kronor utan att låna eller be om hjälp?

- Ja
- Nej
- Vill inte svara
- Vet ej

För att kunna klara av löpande utgifter (exempelvis mat, hyra och räkningar) under din arbetslöshet,

	Ja, väldigt mycket	Ja, ganska mycket	Ja, lite grann	Nej	Vill inte svara	Vet ej
använde du besparingar?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
fick du ekonomisk hjälp från din familj eller närstående?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
lånade du pengar av anhörig eller vänner?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
tog du tillfälliga lån eller använde krediter?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
behövde du sälja någon eller några ägodelar?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
hade du några arbetsinkomster som du inte skattade för (så kallade svartjobb)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Om du vill, berätta gärna mer

Under din tid som arbetslös,

	Ja, våldigt mycket	Ja, ganska mycket	Ja, lite grann	Nej	Vill inte svara	Vet ej
var du tvungen att betala räkningar för sent/komma efter med räkningar?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
behövde du minska några utgifter såsom läkarbesök, pensionssparande, träning, familjebesök eller dylikt?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
behövde personen som delar ekonomi med dig arbeta extra?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
kände du att det var svårt att få ekonomin att gå ihop?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
har du fått långvariga konsekvenser som påverkar din ekonomi idag (exempelvis skulder)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tycker du att ditt jobbsökande påverkades negativt av dina ekonomiska förutsättningar under arbetslösheten?

	Stämmer helt	Stämmer delvis	Stämmer dåligt	Stämmer inte alls	Vill inte svara	Vet ej
Jag var tvungen att söka jobb som var ointressanta eller tillfälliga för att inte förlora ekonomisk ersättning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hade svårt att finansiera aktiviteter (exempelvis resor) som var relaterade till jobbsökandet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Oron för min ekonomiska situation försvårade jobbsökandet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Kommentar

Hur viktig roll hade följande organisationer för din ekonomi under arbetslösheten? 4 stjärnor betyder mycket viktig roll och 1 stjärna betyder inte alls viktig roll. Svara bara på dem som är relevanta för dig.

	inte alls viktig	inte särskilt viktig	ganska viktig	mycket viktig
Arbetslöshetskassan (a-kassan)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Försäkringskassan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Socialtjänsten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fackliga organisationer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Omställningsföretag	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Försäkringsbolag	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banker, kreditbolag	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Kommentar

Många fackförbund har introducerat kompletterande inkomstförsäkringar i samarbete med försäkringsbolag och de gäller för personer med inkomster över ersättningstaket (18 700 kr/månad) i arbetslöshetsförsäkringen. Vad tycker du om denna utveckling i den svenska

- Mycket positiv
- Ganska positiv
- Varken positiv eller negativ
- Ganska negativ
- Mycket negativ
- Vill inte svara
- Vet ej

Kommentar

Skriv gärna här om du har något mer att tillägga.

Appendix B

Additional tables

Table B.1: Variables in the logistic regression model

Variable Description	Response Values	Re-coded Values
Claimed complementary income insurance benefit (<i>Dependent variable</i>)	Don't know = 0	Yes = 1
	Yes = 1	Rest = 0
	No = 2	
	Do not want to answer = 3	
Age	Continuous	
Gender	Female = 1	Female = 1
	Male = 2	Rest = 0
	Do not want to answer = 3	
Place of birth	Sweden = 1	Sweden = 1
	Outside of Sweden = 2	Rest = 0
	Do not want to answer = 3	
Education	Elementary school = 1	Highschool and up = 1 (2,3,4 ->1)
	Highschool = 2	Rest = 0
	Vocational college = 3	
	Colleague/university = 4	
	Others = 5	
	Do not want to answer = 6	
Employment form (permanent/temporary)	Do not know = 0	Permanent employment = 1
	Permanent employment = 1	Rest = 0
	Temporary employment = 2	
	Own business = 3	
	Do not want to answer = 4	
	Others = 5	
Employment form (full-time/part-time)	Do not know = 0	Fulltime employment = 1
	Fulltime employment = 1	Rest = 0
	Parttime employment = 2	
	Do not want to answer = 3	
Previous income	Continuous	
Shared economy with partner	Do not know = 0	Yes = 1
	Yes = 1	Rest = 0
	No = 2	
	Do not want to answer = 3	
Family members to support	Continuous	1 or more = 1
		Rest = 0
Knowledge about complementary income insurance	Yes, very well = 1	Yes = 1 (1,2,3 ->1)
	Yes, fairly well = 2	Rest = 0
	Yes, a little bit = 3	
	No = 4	
	Do not want to answer = 5	
	Do not know = 6	

Table B.2: Number of observations for the independent variables

Variable	Obs	Min	Max
Age	380	23	65
Gender	377	0	1
Place of birth	379	0	1
Education	380	0	1
Employment form	367	0	1
Part/fulltime work	373	0	1
Previous income	380	19000	58600
Shared economy with a partner	380	0	1
Family members to support	380	0	1
Knowledge about complementary income insurance	380	0	1

Table B.3: Logistic regression results

	Odds Ratio	Std. Err.	z	P>z	Coefficient
Age	1.030628	.011946	2.60	0.009	.0301685
Gender (female = 1)	.8579616	.2202746	-0.60	0.551	-.1531959
Place of birth (Sweden = 1)	1.65933	.5215923	1.61	0.107	.5064137
Education (highschool and up = 1)	.9541387	.2988963	-0.15	0.881	-.0469463
Employment form (standard = 1)	3.713293	1.134173	4.30	0.000	1.311919
Employment form (fulltime = 1)	.9865745	.304323	-0.04	0.965	-.0135164
Previous income	1.000111	.0000344	3.21	0.001	.0001105
Shared economy with a partner (yes = 1)	1.09263	.331642	0.29	0.770	.0885879
Family members to support (yes = 1)	.6737179	.2260186	-1.18	0.239	-.3949438
Knowledge about complementary income insurance (yes = 1)	4.248304	1.06457	5.77	0.000	1.44652
_cons	.0036027	.0041314	-4.91	0.000	-5.626064

Appendix C

Basic features of the Swedish public unemployment insurance program

Eligibility criteria

In order to receive earnings-related unemployment insurance benefits, an unemployed individual has to have belonged to an unemployment insurance fund for at least 12 months prior to unemployment. This means that individuals should make sure that they become members of unemployment insurance funds and pay the monthly fees. There are 27 unemployment insurance funds as of 2017, according to the Swedish Federation of Unemployment Insurance Funds. Apart from the membership requirement, there are basic and work requirements unemployed individuals have to fulfill in order to receive the benefits. The basic requirement is that the unemployed individual is registered as a job-seeker at the Public Employment Service and is ready to take a job. The person should be able to work for at least 3 hours per day and on average at least 17 hours per week. The work requirement entails that the unemployed individual has worked at least six months during the 12 months preceding his or her unemployment and at least 80 hours per month. There is also an alternative way of calculating this work requirement; namely, that the unemployed individual should have worked at least 480 hours in six consecutive months during the 12 months preceding his or her unemployment. Within each month during this six-month period, the individual should have worked at least 50 hours. In calculating whether an unemployed individual fulfills the work requirement, there are a range of legitimate reasons taken into account, such as time for parental leave or care of family members, full-time study, military service and so on. While the upper

age limit for receiving both the earnings-related and the basic benefits is 64 and the lower age limit for the basic benefits is 20, there is no lower age limit for the earnings-related benefits.

Benefit level

Once an unemployed individual fulfills both the work and membership requirements, his or her daily benefit amount is calculated based on previous income level and work history, as reported by the former employer(s). The earnings-related benefits are to compensate for 80 percent of the previous income, up to SEK 910 per day for the first 100 days corresponding to about SEK 25,000 per month, and SEK 760 for the following 100 days. The waiting period is 7 days and the benefits are paid out for a maximum of five days per week. From day 201 to 300, the replacement rate is lower at 70 percent, with maximum daily benefits at SEK 760. After 300 days, the right to earnings-related unemployment benefits expires, except for those with children under the age of 18 at home, who get 150 additional days of benefits. The basic amount paid out for those fulfilling the basic and work requirements but not the membership requirement is SEK 320 per day.

Job-seeking requirement

During the period of unemployment insurance benefit reciprocity, an unemployed person has several obligations in order to retain his or her right to benefits. For instance, an unemployed person together with a case worker at the Public Employment Service should come to an agreement on an individual plan for job-seeking activities. If, for instance, the person has specific reasons for not being able to take certain types of jobs, such exceptions should be written into the plan. Once a month during the unemployment benefit reciprocity, the unemployed person is to hand in an activity report to the Public Employment Service, where he or she reports job-seeking activities during the preceding month. Not handing in the activity report on time could affect the unemployment benefits. The unemployed person should apply for jobs that are deemed appropriate by the Public Employment Service, while refusing such an offer may lead to sanctions.

Activation programs

When an unemployed individual has exhausted the days for unemployment benefits and is still out of work, there are a range of active labor market programs offered providing other forms of cash benefits as long as the individual is participating in the program. There are, for instance, Activity Grants, Development Benefits and Establishment Benefits, which are paid out for participants in programs such as Activity Guarantee, Job and Development, Labor Market Training, etc. The benefits for active labor market program participants are administered by the Social Insurance Agency.

Sammanfattning

Bortom nedskärningar. Multi-polarisering av det svenska arbetslöshetsersättningsystemet.

Den svenska allmänna arbetslöshetsförsäkringen (A-kassan) är en hybrid mellan statlig och facklig verksamhet. Den administreras av fackförbundens arbetslöshetskassor men står samtidigt under statlig översyn och reglering. Finansieringen av försäkringen sker både genom medlemsavgifter och statliga subventioner. Om en person blir arbetslös och uppfyller arbetsvillkor samt medlemsvillkor får denna en inkomstrelaterad ersättning, medan de som enbart uppfyller arbetsvillkoren får ett grundbelopp. I internationell forskning om ersättning vid arbetslöshet benämns denna hybridform som ett "Ghentsystem", efter den belgiska ort där systemet först lär ha uppstått.

I Sverige infördes Ghentsystemet 1934 när staten började subventionera och reglera de frivilliga arbetslöshetskassor som fackförbunden hade utvecklat från slutet av 1800-talet. Från mitten av 1900-talet utvecklades det svenska Ghentsystemet till, i internationell jämförelse, ett generöst offentligt ersättningssystem vid arbetslöshet; detta trots att Sverige behöll frivilligt medlemskap i a-kassorna. Under de senaste tre årtiondena har dock både generositeten och den andel som får ersättning bland arbetslösa minskat. Täckningsgraden för den inkomstrelaterade delen av ersättningen har sjunkit och inkomstbortfallsprincipen blivit allt svagare. Villkoren för att ens få ersättning har samtidigt blivit striktare och ersättningsnivåerna har halkat efter pris- och löneutvecklingen.

Det finns flera förklaringar till dessa förändringar. Både socialdemokratiska och borgerliga regeringar har styrt över arbetslöshetsförsäkringen. Efter 1990-talets ekonomiska kris sänktes ersättningsnivåerna, skärpta kvalificeringsvillkor infördes och dessutom ägde en långsam urholkning av ersättningsnivån rum genom att det så kallade taket (den högsta inkomst man kan få ersättning för) inte höjdes under lång tid. De aktiva besluten legitimerades med hänvisning till ett behov av att återställa den offentliga budgetbalansen under 1990-talet, men också genom en omorientering av den ekonomiska politiken. Prisstabilitet, budgetbalans och strängare kvalificeringsvillkor för socialförsäkringsförmåner

för hela den arbetande befolkningen prioriterades framför full sysselsättningspolitik.

Dessa förändringar blev framför allt påtagliga då regeringen Reinfeldt tillträdde 2006 och genomförde en rad förändringar av arbetslöshetsförsäkringen. Bland annat infördes höjda medlemsavgifter och minskade statliga subventioner till arbetslöshetskassorna. Detta innebar en betydande urholkning av hur Ghentsystemet hade fungerat över tid och resulterade i ett kraftigt medlemstapp för både fackförbund och a-kassor. Detta var särskilt tydligt inom LO-kollektivet. De politiska besluten tillsammans med förändringar på den svenska arbetsmarknaden har dels resulterat i att en stor del av de försäkrade har inkomster över de garanterade takbeloppen i försäkringen och dels att en allt större andel arbetslösa individer inte är berättigade till någon inkomstrelaterad ersättning överhuvudtaget vid arbetslöshet, då de inte uppfyller arbets- och medlemsvillkoren.

Framväxten av kompletterande ersättning vid arbetslöshet

Denna urholkning av den allmänna arbetslöshetsförsäkringen har drivit på en viktig förändring i den svenska välfärdsstaten. Kompletterande försäkringar vid arbetslöshet har ökat mycket snabbt under det senaste decenniet. De utgör nu viktiga delar av ersättningssystemet vid arbetslöshet. I stort sett alla svenska fackförbund erbjuder idag sina medlemmar kompletterande inkomstförsäkringar. Försäkringarna drivs i samarbete med försäkringsbolag och är ofta inkluderade i fackförbundens medlemsförmåner. Genom webben, tv och radio marknadsförs de kompletterande inkomstförsäkringarna som en av de viktigaste förmånerna som medföljer ett fackligt medlemskap. Idag täcks cirka hälften av alla arbetstagare av dessa kompletterande försäkringar. Vid sidan om dessa kompletterande försäkringar finns det även avtalsbaserade förmåner för arbetstagare som faller ut vid arbetslöshet och ett fåtal kommersiella försäkringsbolag erbjuder även privata inkomstförsäkringar för individer utan facklig anslutning.

Denna utveckling visar på att den allmänna arbetslöshetsförsäkringen idag endast är en av flera olika pelare som stöttar upp individer vid arbetslöshet. Vad vi ser är en utveckling mot vad jag i denna avhandling benämner som en multi-polarisering (multi-pillarization) av ersättningssystemet vid arbetslöshet. Idag består ersättningssystemet vid arbetslöshet i Sverige av: i) den allmänna arbetslöshetsförsäkringen, a-kassan, ii) en rad avtalsbaserade ersättningar knutna till personens anställning inom olika arbetsmarknadsområden, iii) en privat del som delvis består av kollektiva kompletterande försäkringslösningar genom fackförbunden men som också kan bestå av individuella lösningar som utgår från ett privat kontrakt mellan en enskild försäkringstagare och ett försäkringsbolag.

Intresset för att analysera flera olika typer av institutioner som tillhandahåller försäkringsskydd har varit mest betydande inom pensionsforskningen, men utvecklingen i Sverige visar på att detta är ett allt mer aktuellt perspektiv även när det gäller att kunna analysera skyddet vid arbetslöshet.

I denna avhandling använder jag detta perspektiv – att den som riskerar arbetslöshet måste ta stöd av ett flertal pelare – för att belysa de olika logiker som de kompletterande ersättningarna grundar sig på. Jag visar också vad denna multi-pelarisering innebär för de faktiska utfallen av systemet. Den underförstådda motiveringen bakom ett arbetslöshetsersättningssystem med flera pelare är att kompletterande pelare kan fungera som en funktionell motsvarighet till den statliga pelaren. Trots att de kompletterande försäkringarna spelar en allt större roll finns det relativt lite forskning om dessa. Det saknas studier om hur olika pelare relaterar till varandra inbördes och vilken typ av skydd som de sammantaget tillhandahåller. Det saknas studier på hur olika grupper på arbetsmarknaden påverkas, inte minst de personer som löper större risk för arbetslöshet.

Syfte och forskningsfrågor

Syftet med denna avhandling är att analysera utvecklingen mot ett system med flera former/pelare av arbetslöshetsersättning och dess fördelningsmässiga utfall. Detta sker genom att besvara följande forskningsfrågor:

1. Hur och varför har kompletterande inkomstförsäkringar utvecklats?
2. Vilka fördelningsmässiga mönster leder multi-pelarisering till?
3. I vilken utsträckning tillgodoser det förändrade systemet vi har idag behoven hos en arbetsmarknadsgrupp utsatt för en relativt stor risk för arbetslöshet och ofrivilligt deltidsarbete?

Utgångspunkten är att vi både behöver analysera institutionella förändringar samt deras utfall för att få en mer fullständig bild av hur dagens system, bestående av flera pelare, fungerar.

Avhandlingen bygger dels på offentligt material samt en egen unik undersökning. En viktig del av avhandlingen utgörs av analyser av dokument från statliga myndigheter, kombinerat med offentliga registerdata och information från försäkringsbolag. I avhandlingen bearbetas registerdata och material från en egen enkätundersökning som genomfördes under våren 2015. Populationen bestod av handelsarbetare som var arbetslösa år 2014 och som fick den allmänna arbetslöshetsersättningen genom arbetslöshetskassan för *Handelsanställdas förbund*. Analysen är baserad på 1134 inkomna svar.

Eftersom det inte finns några tillgängliga registerbaserade data för ersättningstagare för kompletterande ersättningar, utgör enkätstudien ett viktigt bidrag till vår förståelse av dagens system för arbetslöshetsersättning som består av flera olika ersättningstyper.

Fackens roll i multi-polariseringen och dess fördelningsmässiga konsekvenser

Denna avhandling visar på de fackliga förbundens centrala roll när det kommer till utvecklingen mot ett system för ersättningar vid arbetslöshet som vilar på flera olika pelare. Undersökningarna visar på att fackförbundens roll som en kollektiv mellanhand mellan staten och individer har varit särskilt viktig. Fackförbunden är idag inblandade i styrningen rörande alla de tre pelarna: med sina arbetslöshetskassor när det gäller den statliga pelaren, med sina bilaterala omställningsavtal med arbetsgivarorganisationer för den avtalsbaserade (och anställningsbaserade) pelaren samt medlemsbaserade kompletterande inkomstförsäkringar för den privata pelaren. Det innebär att fackförbunden inte har varit åskådare i denna utveckling utan snarare den viktigaste aktören.

Avhandlingen visar också på att även om de kompletterande försäkringarna utvecklats och drivs av varje enskilt fackförbund, utan statlig intervention, är likheterna slående mellan försäkringarna (i form av ersättningsnivå, tid och villkor). Detta tolkas som en tydlig institutionalisering av en ny marknad som för många fyller behoven för kompletterande ersättning vid arbetslöshet. Även om fackförbunden alltså kollektiviserar risken vid arbetslöshet, innebär utvecklingen mot flera pelare ett tydligt element av individualisering. Rätten till vissa former av ekonomisk ersättning vid arbetslöshet har blivit svagare och tanken att man som konsument väljer mellan olika alternativ för kompletterande försäkringslösningar på marknaden blir allt viktigare.

En viktig slutsats är att den relativa betydelsen av olika pelare varierar och att analysen måste preciseras utifrån vilka grupper av arbetstagare vi studerar. I första hand har kompletterande försäkringar vuxit fram för de grupper av arbetstagare som har lägst risk för arbetslöshet. Betydelsen av den statliga pelaren har minskat för de grupper som är väletablerade på arbetsmarknaden (goda anställningsvillkor och högre lön) och ersättningen från den allmänna arbetslöshetsförsäkringen fungerar allt mer som ett grundskydd för dessa grupper. Istället har betydelsen av omställningsavtalen samt de kompletterande försäkringarna ökat. Många har fått ett skydd som är bättre än vid den tid då den allmänna försäkringen dominerade. Men för grupper som är mindre väletablerade på arbetsmarknaden (de med osäkra anställningar och lägre lön) har betydelsen av den statliga pelaren minskat utan att betydelsen av de kompletterande förmånerna har ökat i samma utsträckning.

Utvecklingen av de kompletterande inkomstförsäkringar som fackförbunden har drivit på stärker därmed skillnaderna i riskskydd mellan olika yrkesgrupper och sektorer, vilket var ett tydligt problem redan från första början när frivilliga arbetslöshetskassor uppkom i slutet av 1890-talet. Det faktum att organiseringsgraden minskade kraftigt bland LO-kollektivet under det senaste decenniet talar också för en framtida utveckling där den polariserade utvecklingen för arbetslöshetsersättning kan förvärras.

En rigid institution på en flexibel arbetsmarknad

Avhandlingen fördjupar analysen av hur ett multi-pelarsystem för ersättning vid arbetslöshet fungerar för olika grupper på arbetsmarknaden genom en analys av handelsanställda. Sett ur deras perspektiv fungerar den allmänna arbetslöshetsförsäkringen otillfredsställande på två sätt. Enligt resultaten från enkätstudien har den inkomstrelaterade ersättningen från den allmänna arbetslöshetsförsäkringen blivit ett grundskydd för hälften av de som svarat, då den inte garanterar fullt inkomstbortfall vid arbetslöshet. Samtidigt upplevs kvalificeringsvillkor och administrativa procedurer som alltmer kontraproduktiva och betungande. Många arbetslösa handelsanställda rör sig också mellan osäkra anställningar och arbetslöshetsersättningssystemet. Mönstret att oscillera mellan osäkra anställningar och arbetslöshet samt den omfattande användningen av informella lösningar för att hantera inkomstförlust pekar på hur den allmänna arbetslöshetsförsäkringen inte tillhandahåller ett tillräckligt skydd för arbetslösa handelsanställda idag.

I synnerhet när det gäller deltidsarbetslöshet pekar analysen av enkätsvaren på att gränsen mellan att vara arbetslös och att befinna sig i osäkra anställningsförhållanden är mycket flytande, vilket i sin tur visar på kontrasten mellan den rigida institutionella ramen för arbetslöshetsförsäkringen och de allt mer flexibla arbetsförhållanden som är utbredda inom handelssektorn. Studien pekar på en ökande klyfta mellan de ”normala” sysselsättningsmönster som arbetslöshetsförsäkringen byggdes på för flera årtionden sedan och nuvarande anställningspraxis på handelssektorn, vilken kännetecknas av osäkra anställningar.

Kompletterande inkomstförsäkringar för handelsanställda

Handelsanställdas förbund lanserade en kompletterande inkomstförsäkring för sina medlemmar under 2007. Analysen av enkätdata tillhandahåller viktig kunskap om vilka grupper som verkligen får kompletterande ersättningar. För det första visar studien att de som har heltids- och fastanställning i högre utsträckning får kompletterande ersättningar. Studien visar även att personer med högre inkomster förekommer i högre grad bland de som får försäkring. Vidare visar studien att män, svenskfödda och äldre arbetstagare är överrepresenterade bland de som fick den kompletterande ersättningen. Med andra ord finns det en rad faktorer som påverkar vem som faktiskt får kompletterande ersättningar vid sidan om ersättningen från den allmänna arbetslöshetsförsäkringen.

För det andra visar avhandlingen på att långt ifrån alla som var berättigade till kompletterande ersättning – faktiskt bara hälften – ansökte om att få denna. Vidare visar analysen på vilka faktorer som kan förklara varför individer inte ansöker om kompletterande stöd. Den viktigaste faktorn är kunskap om den kompletterande inkomst-

försäkring. Detta kan tolkas som en inneboende konsekvens av ett system där flera olika pelare erbjuder stöd. Komplexiteten i systemet ställer krav på individen om att ha en detaljerad förståelse för förekomsten av olika typer av ersättningar. Ansvar ligger på arbetslösa individer att navigera i det komplicerade och alltmer fragmenterade systemet.

För det tredje visar avhandlingen på att ersättningarna från de kompletterande försäkringarna hade relativt begränsad inverkan på försörjningssituationen bland arbetslösa inom handeln. Ersättningarna var relativt små och hade begränsad inverkan på deras ekonomiska sårbarhet. Detta illustrerar att varken den allmänna arbetslöshetsförsäkring eller den kompletterande inkomstförsäkring verkar tillgodose de behov som finns inom denna sektor, som präglas av en högre andel anställda med osäkra anställningar och ofrivilliga deltidsanställningar.

Skuggspelare – riskprivatiseringens konsekvenser

En majoritet av respondenterna rapporterade ekonomiska svårigheter och de var tvungna att använda sig av informella lösningar eftersom de ersättningar som de fick från de olika formella pelarna inte räckte till för att de skulle klara sig ekonomiskt. Avhandlingen visar att många arbetslösa inom handeln istället får stöd från familj och sociala nätverk. Detta kan ske genom ekonomiska bidrag eller kortare lån. Detta tolkas i avhandlingen som att vid sidan av de formella ersättningarna vid arbetslöshet, existerar en informell pelare för ekonomiskt stöd, en skuggpelare, eftersom den sällan belyses när arbetslöshetsersättning diskuteras. Denna informella pelare spelar en viktig roll för just denna grupp arbetslösa, vilket kan tolkas som ett resultat av förändringarna i dagens system för arbetslöshetsersättning som endast erbjuder ett otillräckligt skydd för vissa grupper på arbetsmarknaden.

Relevans för policydiskussioner

Avhandlingen bidrar till kunskap om hur risker och ansvar för arbetslöshet har omdefinierats mellan stat, fack, försäkringsmarknad och individer, med vilka konsekvenser. Avhandlingens resultat har därmed direkt bäring på hur vi kan tolka och förstå förändringar i den svenska välfärdsstaten och den aktuella debatten om privatisering och marknadisering av välfärden.

Den offentliga debatten om det svenska systemet för arbetslöshetsersättning har huvudsakligen rört frågan om generositet och täckning av den allmänna arbetslöshetsförsäkring. Detta är ett fullständigt legitimt fokus om vi antar att den viktigaste politiska frågan är den allmänna täckningsgraden och förmåner för den arbetande befolkningen i genomsnitt. Men dagens system fungerar väldigt olika beroende på var du befinner dig i livet och på arbetsmarknaden.

Systemet garanterar full ersättning för förlorad inkomst endast för vissa arbetstagare, de som täcks av kompletterande ersättningar från den avtalsbaserade och privata pelaren. För dessa har nedskärningen i den allmänna arbetslöshetsförsäkringen framgångsrikt kompenseras av institutionaliseringen av kompletterande pelare. På den andra änden av skalan har dock majoriteten av de som faktiskt är arbetslösa inte tillgång till inkomstrelaterade ersättningar överhuvudtaget. För personer med mycket låg risk att bli arbetslösa garanterar systemet alltså ett mycket generöst skydd, medan de som står inför en ständigt pågående risk för arbetslöshet och ofrivilligt deltidsarbete har svårt att komma in i systemet från första början.

Denna skillnad mellan olika grupper på arbetsmarknaden och det alltmer splittrade systemet för arbetslöshetsersättning bör uppmärksammas i den offentliga debatten. Med stor sannolikhet kommer de kompletterande pelarna liksom hur de interagerar med den statliga pelaren fortsätta att ha betydelse för den utvecklingen genom att påverka politikernas vilja att reformera den allmänna arbetslöshetsförsäkringen såväl som fackföreningarnas intressen i styrningen av de olika pelarna i systemet för arbetslöshetsersättning.

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Beyond Retrenchment

Multi-Pillarization of Unemployment Benefit Provision in Sweden

The Swedish welfare state has long enjoyed a widespread reputation for being universal, egalitarian and generous in its provisions. This reputation has proven resilient despite numerous, and in some cases far-reaching, changes made to many of its constituent parts. The mythical Swedish welfare state is consequently discussed to a far greater extent than the one actually in existence.

This dissertation attempts to bridge this divide between reputation and reality. It does so by scrutinizing the changing institutional landscape of the unemployment benefit provision system, where the public unemployment insurance program has undergone retrenchment and different types of complementary benefits for the unemployed have expanded. By analyzing policy documents, publicly available register data as well as unique survey data, this dissertation explores how these changes came about and their impact on Swedes risking unemployment today.

The findings of the dissertation show that a multi-pillarization of the unemployment benefit provision system in Sweden not only entails complex distributive outcomes but may also shape the future development of the public unemployment insurance program.

Jayeon Lindellee is a PhD candidate at the School of Social Work at Lund University and this is her doctoral dissertation.

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