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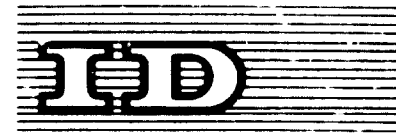
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Athens, 29 November - 20 December 1967  
Provisional agenda, Items 3(a) and 3(c)

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POWER POLICY: A SWEDISH EXAMPLE 1/

Prepared by

Berndt Ohman

Institute for Labour Studies, Stockholm

Submitted by the Government of Sweden

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\* A summary of this paper has been issued under the same title, as document ID/CONF.1/G.71 SUMMARY, in English, French, Spanish and Russian.

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MANPOWER POLICY: A SWEDISH EXAMPLE<sup>1/</sup>

SUMMARY

Prepared by

Berndt Ohman,  
Institute for Labour Studies, Stockholm

Submitted by the Government of Sweden

\* This is a summary of a paper issued under the same title as document ID/CONF.1/G.71.

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

1. This short survey is a complement to the paper prepared by Curt Canarp, "Some Views on Manpower in Economic Development" (document ID/CNF.1/G.55). However, this survey may be read as an independent document.
2. Throughout this paper, the concept of labour market policy is regarded as equivalent to manpower policy. Both terms lack a simple definition. Labour market policy is considered in this paper as an aspect of employment policy, which in turn will be taken to mean all policy aiming at full employment, thus including even financial and monetary policy. Labour market policy may be said to constitute the selective part of employment policy. It functions in two ways: increase of employment opportunities and improvement of adjustment of the labour market. These two aspects may be referred to as unemployment policy and adjustment policy. Unemployment policy increases the demand for labour when this is particularly necessary, while adjustment policy is designed, in various ways (geographical, occupational, and other ways) to adjust the labour force to demand.
3. The primary objective of labour market policy is full employment. But labour market policy is also an integral part of economic policy, so that it also shares the objectives of the whole of Sweden's economic policy, i.e. not only full employment but also a high growth rate and stable value of money. Labour market policy also has an important stabilizing function. Given a firm economic policy, subduing the pressure of demand and inflationary tendencies, labour market policy is then expected to combat the tendencies towards unemployment arising as a result. The main difficulty lies in pursuing a sufficiently firm economic policy, but the important thing is to facilitate it by means of an active labour market policy.
4. Labour market policy also has a close bearing on structural policy in that it is designed to increase adjustment in the labour market and thus facilitate structural change. It also raises the employment level: the concept of full employment has been subjected to a stricter interpretation in present-day Sweden, where it is taken to signify 1-2 per cent unemployment. All these factors combine to make labour market policy highly productive. The labour shortage has focused

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increasing attention on "disguised" unemployment: women, elderly persons and handicapped persons. Consequently, the business prosperity of the post-war period has not led to a reduction in the tasks confronting labour market policy. On the contrary, labour market policy has been expanding steadily ever since the end of the war. In terms of organization, this has resulted in a rapid expansion of the National Labour Market Board (AMS), the authority in charge of the Swedish labour market policy. The AMS is a government department under the immediate direction of the Home Office. It was set up in 1948 and is headed by a board which includes representatives from employers, workers and white-collar workers.

5. Adjustment policy includes labour exchanges, re-training, mobility subsidies, vocational guidance and rehabilitation, as well as the information activity - statistics, prognoses and surveys - carried on by AMS.

6. The most important part is played by labour exchanges, whose well-developed organization enables them to co-operate in virtually all aspects of labour market policy. The actual business of labour recruitment consists primarily of information to employers and employees concerning suitable labour and employment possibilities, e.g. through the medium of vacancy lists for individual counties and for the nation as a whole. Vocational guidance is an essential feature of the activity of the labour exchanges, and they are helped in this respect by the schools. Re-training activities have expanded considerably during the past few years.

7. The frontier between re-training and ordinary vocational training is a vague one, and the courses themselves are therefore drawn up in close co-operation with the Ministry of Education. The object of re-training is to promote mobility between different types of work. In order to promote desirable geographic mobility, mobility subsidies of various kinds, such as starting help, family and travel allowances etc., have been introduced. Within the sphere of rehabilitation, various measures - training workshops, sheltered employment etc. - have been adopted with a view to introducing handicapped persons into the labour market. This often proves impossible, so that it becomes necessary to create suitable employment for them instead. One way of doing this is through relief projects for persons with placement difficulties.

:/...

8. Unemployment policy consists, above all, of relief employment, unemployment benefit and regional planning. Quantitatively speaking, relief projects are the most important element in the whole fabric of labour market policy. These projects are mounted in areas with particularly severe unemployment, but they must be necessary projects, i.e. projects that would have had to be carried out sooner or later in any case. Normal wages are paid. Relief projects generally take the form of road building, water and sewerage construction and the like. They vary a great deal according to cyclical and seasonal fluctuations. However, since it is not possible to find employment for all unemployed persons in relief projects, unemployment insurance is also called for. Unemployment insurance is voluntary in Sweden and is administered by forty-four unemployment benefit societies whose expenditures are financed by member contributions and state subsidies. The latter vary considerably, depending on the unemployment situation.
9. Until 1963, regional planning consisted almost entirely of advice and information, but it has since become more dynamic. A regional development fund of 800 million crowns<sup>1/</sup> was set up in 1965 to be used over a period of five years, 300 million in the form of subsidies and 500 million in the form of loans. Enterprises receiving this support, however, are expected eventually to become self-supporting.
10. Labour market policy expenditure has risen steeply since the war, from about 40 million crowns in 1948 to 935 million crowns in 1965. The distribution of this expenditure between different items varies from year to year, depending on the labour market situation. Most of it, however, goes to the unemployment policy branch, despite the fact that AMS has concentrated chiefly on adjustment policy in recent years. The distribution of expenditure on labour market policy - by way of summing up - may be stated as follows:

	Mill. Sw. Crowns
Adjustment policy	220
Unemployment policy	698
Administrative costs	<u>17</u>
<b>Total AMS expenditure, 1965</b>	<b>935</b>
<hr/>	
1/ One Sw. Crown ("Krona") is approx. \$0.193.	

\* / ...

11. These figures include only the expenses incurred by AMS. This represents a certain limitation, since other authorities are also involved in labour market policy. There can be no doubt, however, that labour market policy has expanded considerably during the post-war period, though at the same time this serves to indicate that it is by no means fully developed, even in Sweden.

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## Introduction

1. This paper gives a short survey of labour market policy in Sweden. It is intended as a complement to Mr Canarp's paper on manpower policy in economic development (ID/CONF.1/G.55) but may well be read as an independent document.
2. The concept of labour market policy is taken as the equivalent to manpower policy throughout this paper. Both terms are interpreted in different ways by different countries. For our present purposes, however, labour market policy is to be regarded as an aspect of employment policy. By employment policy we mean the whole structure of policies designed to achieve full employment and as such embracing fiscal and monetary policy as well. Labour market policy can be described as the selective part of employment policy. Government-trade union relations are not discussed here but are dealt with at length in Mr Edgren's paper on the role of trade unions in industrial development (ID/CONF.1/G.72).
3. This selective employment policy functions in two ways. On the one hand it creates a variety of employment opportunities and on the other it attempts to harmonise supply and demand on the labour market. These two functions can be described as unemployment policy and adjustment policy. Unemployment policy can be said to increase the demand for labour when this is particularly necessary, while adjustment policy is designed to adapt the labour force in different respects - geographically, occupationally, etc - to the demand factor. Unemployment policy is thus primarily concerned with demand-, rehabilitation policy with supply aspects.
4. Labour market policy has a wide variety of objectives. The foremost aim is naturally that of full employment. Since, however, labour market policy is also to be regarded as an integral part of economic policy as a whole, it also shares the objectives of that policy, which, apart from full employment, are generally held to comprise a high growth rate and monetary stability. Generally speaking labour market policy is aimed at the maintenance of a balanced labour market with a high level of employment and, therefore, well utilised labour resources, at the same time avoiding inflationary distortions in the form of labour shortages.

5. Labour market policy is thus an important stabilising factor. Theoretically a firm economic policy calculated to subdue inflationary tendencies and the pressure of demand is presumed. The tendencies towards unemployment which can arise are counteracted by labour market policy. The main difficulties here arise in trying to pursue a sufficiently firm economic policy, but these can be reduced with the help of an active labour market policy.

6. Labour market policy speeds up adaptation in the labour market, thereby easing the process of structural transformation. Increased mobility, retraining and other factors make it easier for expanding enterprises to secure labour. Labour market/in this way acts as an important element in structural policy.

7. Labour market policy is thus highly productive in that it speeds up structural change and raises the employment rate. The latter of these aspects has become far more exacting in an economy like Sweden's where full employment is taken to mean an employment rate of about 98%; society has not always been so ambitious. We are thus prepared to accept an unemployment rate of about 1 to 2%. But the concept of unemployment is a statistical convention, the significance of which we ourselves determine. There also exists what is known as disguised unemployment, excluded from normal unemployment figures. Where labour shortages exist, increasing attention has been directed towards this concealed unemployment in terms of what are referred to as labour reserves: women, elderly persons and the disabled. Not only full employment but even the concept of unemployment has come to be interpreted with increasing stringency. Increasing efforts are being made to exploit these reserves of labour.

8. Thus, it is employment policy that supplies the greatest impulse to labour market policy, though labour market policy in Sweden constitutes nowadays an integral part of economic policy as a whole on account of the influence it exerts upon almost every aspect of that policy. The objectives of labour market policy have been expanded to cover both stabilisation and structural policy. Moreover, trade unions have maintained that labour market policy goes to make a uniform wage policy more feasible.

9. This brings us on to the subject of the relation of labour market policy to industrialisation and economic expansion. Labour market policy is obviously not capable of directly bringing about industrialisation: in fact it presupposes a certain degree of industrialisation. Indeed, it is primarily in industrial societies, where unemployment becomes perceptible, that labour market policy has come into question. But labour market

policy can assist economic expansion, and it is in many ways positively productive. A more active labour market policy has also had such a considerable effect upon other sectors of economic policy as to become an integral part of them. Further, labour market policy is an indispensable component of any economic policy designed to achieve industrial expansion.

#### A Review of Labour Market Policy in Sweden

10. Full employment has been maintained in Sweden during the greater part of the post-war period. Figures for average annual unemployment reflect a high and consistent level of employment, though on the other hand they tell nothing about seasonal unemployment (vid. app. 1). Also, unemployment varies as between the different branches of the economy, different regions and age-groups.

11. The shortage of labour has been aggravated by the slow increase of the population and, what is more, the working population has declined in proportion to the total population, amounting in 1965 to about 65% of some 7.5 million inhabitants. The emphasis placed in Swedish labour market policy upon adjustment measures is due to this labour shortage. The boom periods of the post-war years have created new tasks for labour market policy, which accordingly has been gradually extended since the war.

12. As regards organisation, this has resulted in the swift expansion of the Swedish Labour Market Board (AMS), which is responsible for the implementation of Swedish labour market policy. AMS is a government department set up in 1948 and directly subordinated to the Home Office. AMS board is made up of representatives from employers', workers', clerical and other organisations. Every county has a county labour board made up of representatives from similar groups. The jurisdiction of AMS also covers a far-flung network of labour exchanges: 25 head offices, 236 branch offices and a hundred or so local representatives (1965). The Labour Market Authority - i.e. AMS together with the labour exchanges - thus has a well-developed organisational structure.

#### Adjustment Policy

13. Adjustment policy includes recruitment, retraining, mobility subsidies, vocational guidance and rehabilitation, as well as the informative activity carried on by the research department and other sections of AMS.

### Employment service

14 The labour exchange has long occupied a central position in adjustment policy. Labour exchanges first began to appear at the beginning of the century and have been highly organized since the end of the last war. (Private labour exchanges are prohibited in Sweden.)

15. The purpose of labour exchanges is to put employers and employees in touch with each other. Information is an important factor here. Labour exchanges tell unemployed persons where there is work to be found and employers where there is labour to be had. This informative activity has been stepped up considerably during the last few years. Labour exchanges now devote far more time to each individual applicant, paying careful attention to his wishes, qualifications etc. and informing him about different jobs. The employers' wishes are investigated in the same way. Labour exchanges also advertise in the daily papers and compile both county and national vacancy lists, which are published in the AMS publication 'Platsjournalen'.

16. For all the qualitative improvements that the procedure of the labour exchanges has undergone, there have not occurred any considerable quantitative changes. The number of applicants has been remarkably stable (600- to 800,000 annually) in the post-war period. Vacancy figures have varied between about 1 and  $\frac{1}{2}$  million. Exact figures for recent years are given in appendix 2.

17. The labour exchanges' share in the overall recruitment is not thought to have increased, still accounting for no more than a fraction, say 15-20%. Raising this percentage is one of the fundamental aims of the labour exchange organisation.

### Vocational Guidance

18. Vocational guidance is provided in both the labour exchanges and the schools; in fact there is close co-operation in between them. Vocational guidance has been conducted for several decades in Sweden, but it has undergone considerable expansion in the 1960's. The expansion of the school system has made it all the more imperative for every pupil to be able to form an opinion about different jobs and to act accordingly in deciding his or her own future.

19. The labour exchanges too have their own vocational guidance offices catering for

all age groups. Even here, though, it is the lower age groups that predominate. The guidance given consists principally of information concerning different employment possibilities. Specific vocational advice is not given: everybody must make their own choice on their own responsibility.

### Retraining

20. AMS frequently works in collaboration with other authorities. This applies to retraining as well as to vocational guidance. Retraining, being a kind of follow-up vocational training, comes partly under the Swedish Ministry of Education (SÖ) and, close cooperation is maintained between AMS and SÖ.

21. Vocational training is no novelty in modern labour market policy, and retraining too has been practised for several decades. But it is only during the last few years that retraining has become really widespread. The number of unemployed persons undergoing vocational training rose from 3,300 in 1958 to just under 50,000 in 1965. This rapid expansion has proceeded parallel with a drastic expansion of the ordinary educational system. An education explosion has occurred which has exceeded all forecasts and expectations.

22. General educational capacity is obviously of vital importance to labour market policy. Also, the boundary between retraining and the ordinary educational system is a vague one - hence the collaboration mentioned above. What is more, the boundary is gradually disappearing. The original principle was that retraining should be reserved for unemployed people over twenty-one years of age. The Government has already granted several exemptions from this rule, and the unemployment criterion has often been questioned. The Government has in fact agreed in principle that persons who are not unemployed may also undergo retraining.

23. Adult education, which is at the moment undergoing a radical reform, is affected by similar problems. Increased adult education is a subject dear to the heart of the labour market, and indeed, retraining itself is really no more than a kind of adult education, but adult education is also of more general relevance, so that it can be said to fall within the sphere of general educational policy. Still, whether one regards it as an aspect of labour market policy or not, the fact remains that adult education exerts a profound influence on the labour market.

### Mobility Stimuli

24. Travel allowances for unemployed persons date back several decades. Originally, however, they were in the nature of relief, being awarded to unemployed persons engaged in relief projects a long way away from their homes. Allowances were also granted to help cover the cost of migrating from one place to another where there was work to be had, but here too the grant was subject to a means test.

25. A completely different kind of mobility subsidy was introduced at the end of the 1950s, when grants such as starting help, family allowances, travel allowances and equipment grants began to be awarded with a view to stimulating mobility in a desirable direction. These grants are not subject to any means test but are available to all on certain conditions. The sums involved are fairly large and it is hoped that they will cover part of the immediate costs of migration and so help to overcome the unwillingness of people to move from one place to another.

26. Mobility stimuli are designed to increase desirable mobility and are therefore not made available to all migrants. Starting help is awarded by the labour exchange organisation on condition that the applicant is moving to a place where there can be said to exist "a need for labour from other places for the position in question". Society is thus enabled to direct the labour force at the same time as the labour force retains complete freedom of choice - nobody need migrate who does not wish to.

27. One great impediment in the way of geographical mobility is individual house-ownership coupled with housing shortages in the place to which one contemplates moving. AHS has tried to alleviate both these problems. Thus, it does have a certain influence over the geographical distribution of housing production, so that it is possible to arrange for specially large building programmes in areas suffering from particularly acute labour shortages. As regards individual house-ownership, AHS can purchase the house or flat concerned and then try to sell it on its own account, though this can often prove quite difficult.

### Rehabilitation

28. The purpose of rehabilitation is to restore persons of partial working capacity to working life. This is a task concerning both labour market and social policy, so that labour benefits are not merely an aspect of labour market policy: in some cases it

verges on medical treatment. The labour market authorities are primarily concerned with what is referred to as social rehabilitation. The labour exchanges have special rehabilitation departments for the purpose. The objective here is to prepare handicapped persons for suitable jobs on the open labour market by means of vocational guidance, ability tests and work studies. Of course, this is not always possible, and special measures have therefore been taken to provide them with employment. For instance, adaptation courses have been arranged for handicapped persons and special training workshops have been instituted to make it easier for them to come up to the demands of modern industry. Grants are also awarded to help setting up small private businesses and for the acquisition of motor vehicles and other technical equipment.

29. Sheltered employment, as it is called, is designed for people whose working capacity is insufficient for an ordinary job but who are not completely unsuited for work. The construction of workshops for sheltered employment is therefore desirable from the point of view of both social and labour market policy. Apart from this, certain kinds of relief employment have been introduced in recent years for persons with placement difficulties: Archive work and musicians' assistance provide two further instances of sheltered employment.

30. Rehabilitation has expanded considerably in recent years as is shown by the following table:

Table 1:

Activities of the rehabilitation agencies, 1959-1965

	applicants for employment	positions filled	of which sheltered employment	of which relief employment
1959	26,578	10,022	1,127	-
1965	67,819	30,243	14,797	10,920

Source: AHS administrative report.

31. Sheltered employment accounted for more than half the increase in the number of positions filled, and this category has come to be dominated <sup>by</sup> relief employment for persons with placement difficulties. Thus, measures taken on the demand side have proved more effective than those taken on the supply side; measures taken to directly provide these handicapped persons with employment have been more fruitful

than the efforts made to adapt them to the ordinary labour market. Many handicapped persons do, however, find jobs through the medium of the ordinary labour exchanges.

### Unemployment Policy

32. Unemployment policy includes above all relief employment, unemployment benefit and regional planning. Notwithstanding the considerable expansion undergone by adjustment policy, these measures still constitute the quantitatively most important element in Swedish labour market policy. Thus it is still more directed towards the solution of unemployment problems than towards the creation of a smoothly functioning labour market.

### Relief Employment

33. Relief employment consists of state projects in places with employment problems. These projects are supposed to consist of necessary work, that is, work which would have to be carried out in any case. Normal wage scales are adhered to. Thus, relief employment is simply the advance execution of planned projects. When relief employment attains greater dimensions, this principle inevitably becomes a general rule giving no direct guidance in the choice of project. In practice road construction, water and sewerage projects, harbour and dock works, forestry work are the most frequently selected contexts for relief employment. Only part of this activity is carried out by AMS itself, most of it being attended to by the Ministry of Communications.

34. Relief employment is principally intended for unemployed persons who cannot obtain work on the open market or who cannot be trained for such work. This kind of unemployment is due partly to personal factors, partly to the situations on the labour market. It is the second of these factors that has the greatest influence on the scope of labour market policy. Relief projects thus vary a great deal according to different regions and economic and seasonal fluctuations. The cyclical and seasonal fluctuations are illustrated by the following table:



Table 2

Maximum and minimum employment in relief projects, 1958-1964

	max. employment	min. employment	difference
1958	6.030	965	5.065
1959	15.344	3.504	11.840
1960	12.969	2.034	10.935
1961	6.008	2.015	3.993
1962	7.613	3.161	4.452
1963	16.354	5.421	10.933
1964	16.104	3.712	12.392

Source: SOU (Report of a committee of investigation), 1956:9, p. 209

35. The figures for maximum employment vary anticyclically, while the difference between maximum and minimum employment reflects the strong seasonal fluctuations which occur, the maximum being attained during the winter and the minimum during the summer. Certain difficulties have been encountered, however, in trying to coordinate the scope of relief employment with unemployment trends in such a way that the maximum corresponds with peak unemployment and the minimum with the lowest. But the fact remains that relief work has proved a significant instrument of economic policy.

36. During the last few years, relief work has also come to be concerned with more individual causes of unemployment, special projects having been initiated for the benefit of handicapped persons - in other words, through a kind of sheltered employment. The guaranteed positions provided for archivists and musicians, mentioned previously, are similar in character, though they are not generally included in the category relief employment. The absolute and relative extent of this more socio-political aspect of unemployment policy is shown by the following table:

	Relief employment:				Guaranteed positions for archivists and musicians
	handicapped	others	total		
1963	2105	8356	10461	1963	2078
1964	2580	6973	9553	1964	2392
1965	3778	6046	9824	1965	2718

Source: ABE administrative reports

37. It will be seen from the table that relief employment for handicapped persons has increased both relatively and absolutely. Assistance to archivists and musicians is also steadily increasing, as it has been doing ever since the end of the last war.

38. Relief employment is far more extensive now than it was during the 1950s, despite the attempts which have been made to concentrate labour market policy more on adjustment measures. This is above all a reflection of loftier ambitions in the field of employment policy, but it also goes to show that, even when there is full employment, there can still be a call for the local creation of employment.

### Unemployment Benefit

39. Unemployment policy is often divided up into two compartments: the work aspect and the cash aspect. The work aspect covers measures aimed at creating employment. These measures are not always sufficient, and may have to be supplemented by direct financial support to those still out of work. This support is primarily distributed on the basis of unemployment insurance, which is voluntary in Sweden. The organisation involved consist of 44 authorised unemployment benefit societies, whose expenses are met partly by member contributions and partly with the help of Government subsidies. Subsidies vary considerably from one year to another according to cyclical fluctuations. AMS also provides its own financial support for those who are outside authorised unemployment benefit societies, although this is not particularly extensive.

### Regional Planning

40. There has been no really large-scale regional planning in Sweden. A start was made just after the end of the last war, when AMS, acting in conjunction with an organisation set up by industry, began advising industry on the subject. Advice and information remained for a long time the most important instruments of regional planning. Attempts have been made recently, however, to achieve a more direct influence. Survey resources have been increased, and nationwide and regional studies have laid the foundation for better regional planning.

41. AMS has been able since 1963 to tackle the employment problem more directly by means of government subsidies to selected areas in the form of state-municipal relief projects and direct subsidies and loans. Under state-municipal relief projects for regional planning local authorities are given permission to devote funds to the erection of industrial premises.

The fact that relief employment can be used as an instrument of regional

planning reveals the close relation between unemployment policy and regional planning policy. Both of them have been concentrated to the same regions, above all to Northern Sweden, although regional planning has centred more on central conurbations: regional planning measures carried out during the period 1963-66 resulted in 75% of the rise in employment possibilities in the northern region going to so-called A-centres (in regions with at least 30,000 inhabitants) and their vicinities. Regional planning naturally includes a certain element of long-term economic policy: apart from considering the effect had on the employment situation one must also make an economic assessment of the long-term possibilities of a project.

42. The expansion of the public sector has provided additional means for regional planning: certain branches of <sup>the</sup> administration have been moved away from Stockholm to smaller towns in the country at large.

Apart from what we have referred to as adjustment policy and unemployment policy, AMS is also concerned with a number of questions not connected with labour market policy in the usual sense of the term. One example is the investment funds, partly administered by AMS. These funds are primarily intended as a means of influencing trends of economic activity. Enterprises can make transfers to investment funds during periods of business prosperity, claiming certain tax deductions for doing so, and, subject to certain regulations, make use of them during recession periods. Recently these regulations have also been designed for purposes of regional development, companies being allowed to make use of investment funds on condition that investments are made in development areas: this applied most frequently to the northern planning region. Following the increase of state regional development subsidies after 1965, it seems most likely that investment funds will only be used for the regulation of economic trends in the future.

43. Another more specialised question in which the labour market authorities are involved, this time in collaboration with the Alldoms Board, is that of immigration policy. Labour shortage in Sweden has contributed to fairly a high rate of immigration. This immigration has been predominantly 'spontaneous', but steps will probably be taken to regulate it and make it more even.

The Cost of Labour Market Policy.

44. In 1948, when ANS was set up, these overall costs amounted to about 40 m. crowns. By 1955 they exceeded 100 m. crowns and they are now well up to the billion mark. (vid. app.5) This rate of increase is considerably higher than that of the GNP and total state expenditure: in other words, the State is devoting an ever-increasing proportion of its resources to labour market policy.

45. The distribution of expenditure varies according to the labour situation, but the lion's share still goes to unemployment policy, even though the current trend is to increase the part on adjustment policy. On the other hand, as we have already seen, there are many measures which combine elements of both unemployment policy and adjustment policy, and it is sometimes the socio-political aspects that predominate. Consequently, it is difficult to say exactly how expenditure is divided between these two main branches of labour market policy. However, one can distribute labour market policy expenditure for 1965 as follows:

Table 4:

<u>Adjustment Policy</u>	Mill Sw. Crowns (1 Sw. Crown = approx. \$ .193)
labour exchanges	80
retraining	85
mobility	27
rehabilitation	23
refugee help	5
	<hr/>
	220
 <u>Employment Policy</u>	
relief projects	450
various measures designed to provide employment	24
regional development	22
unemployment benefit societies	76
measures designed to provide employment for handicapped persons	126
	<hr/>
	698
 ANS' administrative costs	17
 ANS' total expenditure 1965	935

46. Thus, labour market policy in Sweden is clearly dominated by measures primarily intended to create employment in various forms, above all in the form of relief projects. These measures employ over 3/4 of available resources, less than a quarter being devoted to adjustment policy. The proportions remain virtually the same even if we make allowances for a special socio-political group (rehabilitation etc for handicapped persons) costing about 150m. crowns. Relief projects alone still cost more than twice as much as adjustment policy in its entirety. .

47. The proportional relationship between these two main branches of labour market policy does not reveal the whole truth. One should not forget that adjustment policy has undergone a very swift quantitative expansion during the last ten years and that it now commands considerable resources. This expansion is not made smaller by the growth of unemployment policy and besides, unemployment policy is acquiring an increasing social relevance, a development which is fully in line with the greater attention being devoted to adjustment policy itself.

48. In estimating the cost of labour market policy, attention has here been confined to AMS' expenditure. But we have seen that AMS cooperates with several other authorities and while expenditure is often divided up between them the most logical procedure would be to calculate the total costs of all these measures combined. This would probably give us a much higher figure - well over a billion crowns for 1965.

49. Another purely economic problem is that of the meaning of costs. For our purposes, costs has been taken to mean the expenditure incurred by AMS. But part of this expenditure does not consist of costs in the real sense of the word: transfers would be an apter term. This applies, for instance, to mobility stimuli and subsidies to unemployment benefit societies, the costs of which are purely administrative. The investigation of the real cost to society of labour market policy would require more exhaustive treatment than can be attempted here, but it should be emphasized that the large expenditure incurred by AMS is not always to be classed as a cost to the national economy. The expenditure concerned can prove highly productive: but this, again, is another problem.

50. We have seen that Swedish labour market policy has been expanding rapidly

ever since the end of the war, and it was this very dynamic aspect that we set out to emphasise in this essay. For this reason it seemed appropriate to present a certain amount of historical data. This data serves to indicate that Swedish labour market policy is by no means fully developed, and it also serves to indicate some of the problems arising in a modern industrial society with full employment.

Appendix 1.

Table 5:

Unemployment in Sweden 1945-65 (Per cent of Total Labour Force)

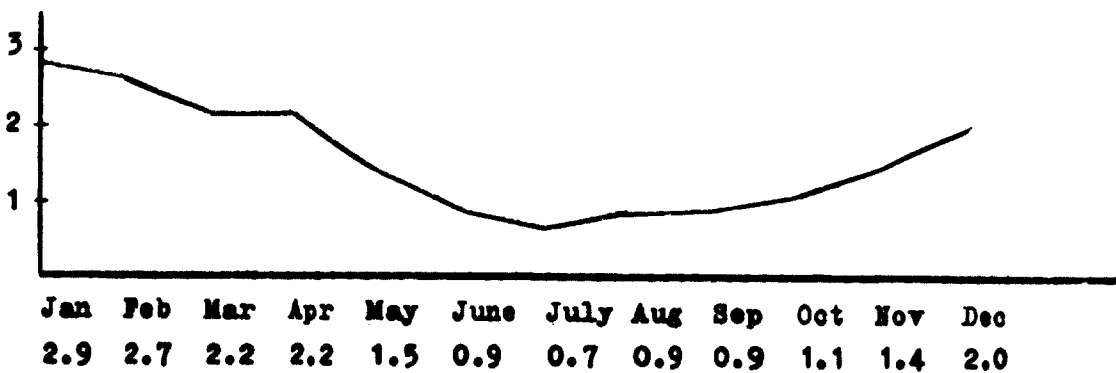
<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>
4.5	3.2	2.8	2.8	2.7	2.2	1.8	2.3	2.8	2.6	2.5	2.9
<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>		
1.7	1.9	2.5	2.0	1.4	1.2	1.3	1.4	1.1	1.1		

Source: Statistical Yearbook. The statistics are based on trade union records for 1945-56 and labour exchange figures 1956-65. Comparison between the two measures has been made for 1956.

Table 6:

Seasonal Unemployment in Sweden 1956-64. Average Monthly Figures

Per cent of  
labour force



Source: figures derived from the monthly figures in the Statistical Yearbook.

Appendix 2

Table 7:

Public Labour Exchange Activity 1944-65

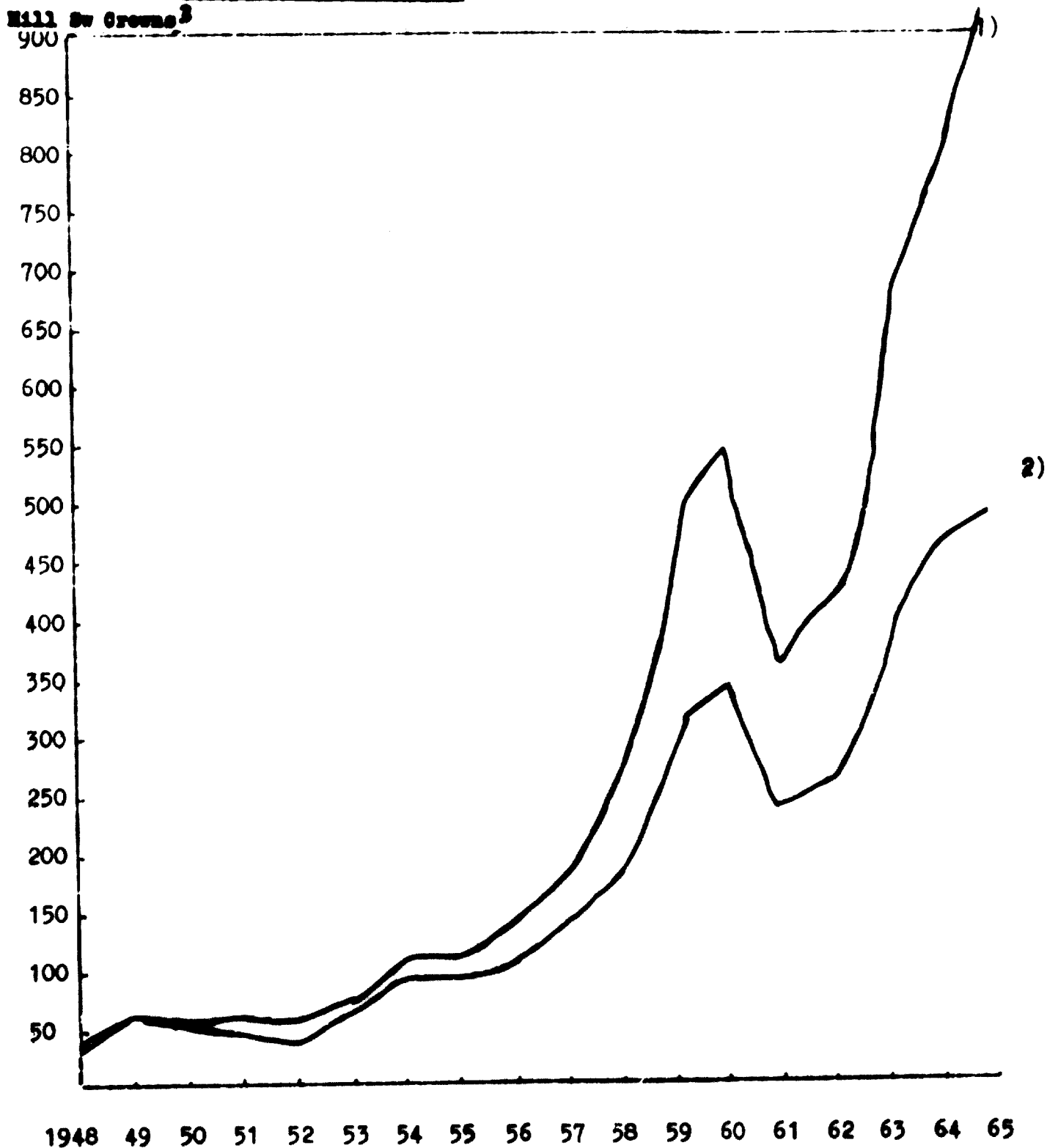
(Thousands)

<u>Year</u>	<u>Applicants</u>	<u>Vacancies</u>	<u>Vacancies filled</u>
1944	651.8	1.138.1	926.3
1945	722.6	1.341.1	1.095.9
1946	732.0	1.455.4	1.155.3
1947	692.4	1.460.4	1.145.0
1948	693.0	1.417.2	1.138.5
1949	684.1	1.331.1	1.029.8
1950	665.6	1.469.3	1.196.2
1951	647.6	1.453.0	1.181.9
1952	671.6	1.232.4	1.038.0
1953	660.9	1.175.1	998.8
1954	678.4	1.238.1	1.022.6
1955	684.1	1.244.0	1.030.0
1956	717.5	1.173.8	991.2
1957	696.0	1.075.1	914.7
1958	714.5	1.012.7	875.1
1959	715.6	1.084.0	920.2
1960	716.1	1.167.2	942.5
1961	717.0	1.125.9	887.9
1962	744.4	1.102.6	878.3
1963	802.2	1.143.2	913.8
1964	803.0	1.165.1	921.7
1965	820.4	1.180.0	928.3



Table 8:

**INTERNATIONAL Labour Market Board's Total Expenditure 1948-1965,  
Fixed and Current Prices.**



1) current prices

2) fixed prices

3) 1 crown = approx. \$ .195





**4. 10. 71**