



IFAU – INSTITUTET FÖR
ARBETSMARKNADSPOLITISK
UTVÄRDERING

Follow-up of EU's recommendations on labour market policies

Susanne Ackum Agell
Anders Forslund
Maria Hemström
Oskar Nordström Skans
Caroline Runeson
Björn Öckert

RAPPORT 2002:3

Follow-up of EU's recommendations on labour market policies

by

Susanne Ackum Agell, Anders Forslund, Maria Hemström, Oskar Nordström Skans, Caroline Runeson and Björn Öckert¹

¹ IFAU, Box 513, SE- 751 20 Uppsala. Phone: 018 – 471 70 70 or e-mail susanne.ackum_agell@ifau.uu.se. We would like to thank civil servants at the Ministry of Education and the Ministry of Industry, Employment and Communications and the participants at the seminar on November 23 for helpful comments. We would also like to thank Johanna Bång for help with data and Per Johansson for help with the figures.

Background

Low employment and high unemployment have been issues for intensive discussions within the European Union (EU). In June 1997 in Amsterdam, state and government executives took an important step toward co-ordinated policies and a common strategy for increased employment and they agreed on a special department for employment (*Amsterdam Agreement*).

As of 2002, the EU's *employment strategy* has been in force for five years and member states have thus agreed to evaluate the strategy and its effects on employment trends within the EU. The evaluation's primary purpose is to analyse effects that the strategy has had on formulation of national policies and on employment trends in member states. Results of the evaluation will contribute to further development of a future strategy to achieve common goals for increasing growth and employment in Europe.

The national evaluations intend to:

- A. Describe national policies after employment-strategy implementation and analyse the degree to which policies are aligned with the intentions of the EU recommendations.
- B. Determine the scope of initiated measures and their results.
- C. Estimate effects of measures taken and the degree to which the measures have contributed to fulfilling general, common goals of the EU's *employment strategy*.

Sweden's national evaluation is divided into sub-projects. The Ministry of Industry, Employment and Communications commissioned the IFAU to follow up the EU's recommendations for

1. Labour market policies (Rapport 2002:3)
2. Integrating immigrants into the labour market (Rapport 2002:4)
3. Tax and benefit systems (Rapport 2002:5)
4. Equal opportunities (Rapport 2002:6).

The papers are display on the IFAU Web site www.ifau.se.

These people were involved in the follow-ups: Dr. Susanne Ackum Agell, Associate Professor Peter Fredriksson, Associate Professor Anders Forslund, Dr. Maria Hemström, Caroline Runeson, PhL Oskar Nordström Skans, Associate Professor Marianne Sundström (SOFI, Stockholm University), Dr. Olof Åslund, and Dr. Björn Öckert.

Follow-up of EU's recommendations on labour market policies

Guidelines 1 and 2 stipulate that Member States are to prepare strategies for an active labour market policy (ALMP) with the objective of combating youth unemployment, preventing long-term unemployment and significantly expanding the share of measures to enhance skills of unemployed persons. All unemployed persons are to be offered a new start in the form of education, suitable training, occupational experience, employment, or other measures that propagate their ability to find employment. These measures are to be offered to young people within six months and to adults within 12 months. Furthermore, the Member States are to gradually expand the proportion of skills-enhancing measures offered to unemployed persons to equal the same level as those Member States with the most active labour market policies, but to at least 20 per cent.

Guideline 7 encourages the Member States to counteract discrimination and promote social integration among groups and individuals with an otherwise weak position in the labour market. Suitable measures are to be taken to guarantee the needs of the functionally disabled in terms of inclusion in the labour market.

One of the tasks of this assignment is to present a description of measures taken based on these Guidelines and the development of these measures since the introduction of the employment strategy. Furthermore, unemployment influx development, the number of programme participants and resource allocations is to be described and an analysis made of the effects of the implemented measures. Section A1.1 addresses measures offered to basically all unemployed persons, while Section A1.2 deals with those measures that focus on the occupationally disabled. Section C contains a similar break down in regards to the assessment of the effects of the policy. (See sub-project 1.2 for a similar analysis on the integration of foreigners in the labour market.)

A.1 Description of the Swedish labour market policy²

There is a long tradition of ALMP in Sweden. As a result, a large segment of EU's Guidelines in this area have long been within the framework of Sweden's politics. The ambitions have been, and in many cases are also considerably far-reaching than stipulated in the Guidelines. It is therefore difficult to ascertain the direct effect of the employment strategy on the development of policy in this field. This section describes the Swedish labour market policy as it was in 1997, before the introduction of the employment strategy in other words, and an account of the most important changes implemented since then. Only measures that have been decided upon or implemented are presented. Sweden's employment action plans include investigations and proposals that have not as yet resulted in any concrete measures (those in existence are presented in Appendix A.1.1.). Measures in existence during the period but which have been discontinued without being replaced with similar resolutions are generally not presented. See sub-project 3 for information on education conducted outside the labour market training scheme. Sub-project 6 presents an analysis of the roles of the various players.

A.1.1 Sweden's labour market policy goals, 1997-2001³

The National Labour Market Administration (AMV), in charge of enforcing the Riksdag's labour market policy decisions, consists of the following areas of operation:

- Labour market matching
- Skills enhancement efforts and support to persons with the greatest difficulties in the labour market
- Development of operations, follow-up, supervision and control of the employment office, labour market programmes and unemployment insurance
- Working life services

Every year, a number of operational goals are defined. Among other issues, the goals address the number of long-term registered and long-term unemployed persons, the number of occupationally disabled persons in employment programmes, and the proportion of employers that have received an ample amount of applications from jobseekers to hire within the stipulated period. The em-

² Unless otherwise noted the section is based on information from NAP (1998-2001), Ams (1999-2001) and Bergeskog (1998-99).

³ Agency restrictions for AMV (1997-2001).

ployment situation has improved over the past years and the objectives have been set higher. Some of the current objectives include the target that no one under the age of 25 will be openly unemployed more than 100 days, labour market measures are to contribute to breaking gender-based differences in the labour market, and vulnerable groups such as the occupationally disabled, citizens of non-Nordic countries and young people, will be given top priority in labour market programmes.

Up until 1999, a goal was set each year for the number of participants in labour market measures. The discontinuance of these quantitative targets made it possible to invest in quality and more costly programmes. A target for more effective labour market training was introduced in 1999. The goal is that at least 70% of those completing vocational labour market training will have found a job within 90 days. (See section B for further information on the share of people in work after various measures, the number of participants, etc.)

A.1.2 Labour market measures

An important principle for the Swedish labour market policy is the "Work and competence concept". According to this, work and active measures are to be given priority over passive unemployment benefits. Unemployed persons risk a reduction in benefits if they decline suitable work offers or appropriate labour market measures (see sub-project 2). Active measures have been in place for a long time, such as labour market training, subsidised employment and work placement schemes. (See Section B for a description of how the weight between various measures have changed since 1997.)

To reinforce the work concept an *activity guarantee* was set up on August 1, 2000. The activity guarantee is intended for persons who are, or risk becoming long-term registered at the employment office. The purpose is to break the vicious circle between open unemployment and labour market measures and instead provide the unemployed with full-time activity until they have a job or have started schooling/training. The reform is closely associated with changes in the unemployment insurance⁴, (see also sub-project 2). It was previously possible to qualify for new benefit periods by participating in labour market measures and thus the measures were used as a way to avoid losing unemployment benefits. This option for re-qualification has been discontinued. The

⁴ Bill 1999/2000:139

activity guarantee is based on an individual action plan and traditional labour market measures within the framework of these action plans. The participants receive compensation in the form of an activity allowance and those entitled to unemployment benefits receive the equivalent in the form of an allowance. An offer to participate in the activity guarantee program should be made within 27 months after registering with the employment office⁵.

Work placement

Job seekers have access to information on vacant positions through various media at the employment office. Guidance and training in applying for work is provided through vocational training and job seeking courses. The employment office prepares individual action plans for unemployed persons. As of February 5, 2001, job seekers must participate in drawing up such an action plan in order to be entitled to unemployment benefits⁶, (see also sub-project 2). The 2001 goal was that an action plan is to be prepared within three months from registration at the employment office.

Guidance and work placement activities exist since August 1, 2000 as a special labour market programme. The job seeker partakes in difference guidance and job seeking activities based on planning of individual needs. This measure is often part of the activity guarantee. Participation is restricted to more than six months and participants receive an activity allowance.

Labour market training

Labour market training refers primarily to occupational training. The idea is that job seekers shall be offered training in an occupation where there is a scarcity of labour. The training can be more generally oriented or preparatory for a specific vocational training. During the past years *vocational Swedish for immigrants* has constituted part of the labour market training, as have computer/activities centres (*datortek*) where unemployed people are trained in using information technology and different computer programmes.

An *IT training programme* started January 1, 1998 and was concluded March 31, 2000. The purpose of the training was to provide professional competence in areas with a scarcity of labour within the IT sector. Three-quarters of

⁵ Regulation 2000:634

⁶ Bill. 1999/2000:139

the seats were reserved for unemployed people. Unemployed participants received a training allowance for the duration of the programme.

The unemployed are also the primary target group for the *Adult Education Initiative (Kunskapslyftet)*. This training initiative provides the opportunity to participate in supplementary studies extending up to upper secondary school levels (see sub-project 3 for training outside labour market training programmes).

Subsidised employment

Over the years there have been many types of subsidised employment schemes. In 1997 *relief work* and *recruitment subsidies* were used. Relief work meant that employers received subsidies for providing temporary employment to unemployed people. Employers received recruitment subsidies for hiring unemployed people and providing temporary work when employees took part in training programmes. These measures were discontinued January 1, 1998 and were replaced by *employment subsidies*, which have gradually been extended and reinforced. There are now three different types of employment subsidies:

- *General employment subsidies* are available when a person who has been long-term unemployed and registered with the employment office for at least 12 months is employed. The employment subsidies gives the employer a deduction of 50 per cent of the wage cost, though a maximum of SEK 350 per day, for a maximum period of six months. (Introduced on January 1, 1998)
- *Reinforced employment subsidies* are available when a person registered at the employment office for a minimum of 24 months is employed. The employment subsidies give the employer a deduction of 75 per cent of the wage cost though a maximum of SEK 525 per day, for 6 months and then 25 per cent of the wage cost, though a maximum of SEK 715 per day, for 18 months. (Introduced on October 1, 1999)
- *Extended and reinforced employment subsidies* is available when a person registered at the employment office for a minimum of 48 months is employed. The employment subsidies incentives gives the employer a deduction of 75 per cent of the wage cost, though a maximum of SEK 575 per day, for 12 months and then 50 per cent of the wage cost, though a maximum of SEK 350 per day, for a further 12 months. (Introduced on August 1, 2000)
- *Special employment subsidies* is available for persons over the age of 57 who have been registered at the employment office for a minimum of 24 months and who have participated in the activity guarantee at least three months. The

employment subsidies gives the employer a deduction of 75 per cent of the wage cost though maximum SEK 525 per day, for 24 months. (Introduced on August 1, 2000)

Other measures targeting elderly long-term unemployed persons have previously been available. *Wage allowances*, available when a person with occupational disabilities is employed was until January 1, 1998 also available when a long-term unemployed person over the age of 60 was employed. *Public temporary work* gave long-term unemployed persons over the age of 55 the opportunity to carry out certain tasks within the public sector. The programme has been gradually phased-out since January 1, 1999.

Two programmes available in 1997 and still in existence are *Self-employment grants* and *Employee training support*. The first measure is available to unemployed persons that start their own business. Subsidies are generally available for six months. The second programme is available to employers and is primarily available when a long-term unemployed person is employed as a replacement.

Work experience

Two different work experience programmes were available in 1997: *work experience schemes (ALU)* and *work placement schemes (API)*. ALU consisted of activities not otherwise available on the open market. The purpose was to create jobs that did not replace regular jobs. API gave unemployed persons without work experience the opportunity to practice at an appropriate work place. On January 1, 1999 these programmes were replaced by *work practice*. The scheme offers unemployed persons career orientation, vocational practice or working-life experience. Participation in the programme is limited to six months and participants receive an activity allowance.

Youth programmes

Even before the Guidelines were introduced, Sweden's goal has been that young people under the age of 25 should not need to be openly unemployed for more than 100 days, a significantly more generous ambition than stipulated in the Guidelines. The labour market policy includes a number of measures that target only young people. *The municipal youth programme* gives the municipalities the option of assuming responsibility for young people under the age of 20. The municipalities sign an agreement with the county labour board to arrange activities that facilitate young peoples' entry into the labour market. The

programme consists of full-time activities and focuses mainly on training. All municipalities have entered this agreement⁷. Unemployed young people are also eligible for scholarships for on-the-job-training at work places outside Sweden. Young people between the ages of 20 and 30 who are, or are at risk of becoming long-term unemployed may apply for these *inter-placement scholarships*.

The *youth guarantee* was introduced on January 1, 1998 and applies to young people between the ages of 20 and 24. If the employment office has been unsuccessful in placing the job seeker in employment, regular schooling or appropriate labour market measures within 90 days, the municipality can assume responsibility. Within 10 days the municipality have to arranged a motivating and developmental, full-time programme that can run for maximum 12 months. Participants receive an activity allowance or development allowance.

Other labour market measures

The labour market policy includes a number of measures to stimulate mobility, so-called *mobility grants*. These can be granted to employees that commute or move to another location. The grant is available for unemployed persons that cannot find employment close to home.

The Labour Market Authority also has funds allocated for *non-traditional measures*, motivated by the labour market policy but not specifically defined in the regular regulations. A major segment of these funds have been appropriated to project programmes. On January 1, 2001 a new program was introduced: *projects with employment policy orientation*⁸. This programme replaces previous projects within the framework of unconventional measures. The objective is to clearly identify the purpose of the projects and enhance the connection to the goals of the labour market policy.

The European Social Fund

The European Social Fund shall be used as a supplement in carrying out the employment strategy. Measures financed by the Social Fund in Sweden are considerably less extensive than the national measures. They equal, on an average, 2-3 per cent of the total costs for active measures. The programmes often

⁷ Statskontoret (2001)

⁸ AMV (2001)

have a development-oriented profile and regional partnerships play a significant role⁹.

The overall strategy for the new Objective 3 in Sweden (during the period 2000-2006) is to strengthen the individual's position in the labour market, mainly through developing skills of both employed and unemployed persons. The programme consists of four action areas. The action area *Increased employability and entrepreneurship* is aimed at strengthening groups outside the labour market through support to own livelihood, education, job rotation or by starting their own business.

A.2 Description of measures to integrate persons with some type of occupational disability in the labour market¹⁰

Sweden's strategy is to facilitate entry into the labour market of persons with some type of occupational disability within the framework of the labour market policy.¹¹ The labour market programmes include special programmes for those with occupational disabilities and people with occupational disabilities, as well as immigrants and young people are prioritised in more general measures. The share of programmes earmarked for these groups should be proportionate to their representation among the unemployed. Special efforts are also made to support young disabled and to encourage occupationally disabled to attain education. In addition, there are laws to facilitate the situation of those with some type of occupational disability in the labour market.

Sweden's policy in this area is basically the same today as it was before the introduction of the employment strategy. Therefore, this section is largely a description of measures already in existence when EU's Guidelines were introduced. Only changes decided upon and/or implemented are presented. The Swedish employment action plans also present a number of investigations and proposals that have not as yet resulted in any concrete measures, see Appendix A.1.2.

⁹ Swedish ESF Council (2000)

¹⁰ Unless otherwise noted, this section is based on data from Ams (1999-2001) and Bergeskog (1998-99) och NAP (1998-2001).

¹¹ A more commonly used term in Sweden is occupationally disabled. An occupational disorder is when a functional disorder impairs or prevents participation in working life.

A.2.1 Special labour market programmes for people with occupational disabilities

The objective of the special programmes for persons with occupational disabilities is to ensure that jobseekers have the same rights and opportunities to participate in working life as persons without disabilities. The programme includes two types of sheltered employment: *public sheltered employment* and employment by the state-owned company *AB Samhall*. Public sheltered employment is available to unemployed persons with social disabilities, functional disabilities or those who have difficulty entering the labour market due to long-term, severe mental disorders. The programme's objective is to offer employees rehabilitation during their employment, thus strengthening their possibilities of finding work on the regular labour market. Samhall shall arrange meaningful, skills-enhancing work for those with occupational disabilities if a person's work capacity is so impaired that other forms of employment are not feasible.

Employers that employ persons with reduced work capacity are entitled to wage subsidies. The subsidy is also available if a person receiving full sickness benefits returns to his/her job¹². The objective of the wage subsidy is to increase employability of persons with some type of occupational disability through a wage subsidy that grants the employer compensation for the employees reduced work capacity. *Special introduction and follow-up incentives (SIUS)* is an individual support to jobseekers with severe functional disabilities awaiting employment. Together with a consultant, the employer and the jobseeker shape work tasks and the work place on the grounds of the occupationally disabled persons work capabilities. After a five-year trial period, SIUS was made permanent on July 1, 1998. *Working life-oriented rehabilitation* is provided in the form of investigative, counselling, rehabilitating and job-preparatory programmes by employment offices with rehabilitation resources. This measure is not included in the special measures targeting occupationally disabled persons, but disabled persons constitute the largest group.

The above measures, except Samhall and working life-oriented rehabilitation, are financed through a special grant to ensure that occupationally disabled persons receive a portion of the labour market policy resources. The National Labour Market Board (Ams) sets annual goals regarding the number of people to be employed through these funds. The goal was 50,000 persons in 1997¹³.

¹² Regulation 2000:630

¹³ Agency restriction for AMV (1997)

Additional funds have gradually been allocated and the goal has therefore been adjusted up to 57,000 persons for year 2001¹⁴.

A.2.2 Incentives for young occupationally disabled persons

All counties provide special incentives that are offered by the employment office to help young people with functional disabilities enter the labour market. The employment offices also work with the schools in special counselling schemes to handle the transition from school to working life. The purpose is to support and stimulate functionally disabled youths broaden educational and vocational choices. Young disabled persons can be referred to labour market programmes before the age of 20, the age limit otherwise for such programmes. The six-month limit for participation in work placement schemes does not apply to young people with some type of occupational disability.

A.2.3 Other incentives for persons with some type of occupational disability

Financial support is available for persons with occupational disabilities and employers that employ persons with some type of disability¹⁵. A *grant for workplace-aid equipment* is available for purchasing, leasing or repairing work-aid equipment. A *special grant to start a business* is a grant that covers the costs of purchasing equipment when unemployed persons with an occupational disability start a business. Grants are also available for hiring a *personal assistant* and for *special incentives for persons with sight and hearing impairments*. For example, persons with hearing impairments can receive financial support for speech and Braille literature or a grant to train a personal assistant in sign language.¹⁶ Some changes have been made in the past years. For instance, since January 1, 1999 the allowance for a personal assistant is a maximum SEK 100,000 per year for entrepreneurs with some type of occupational disability entailing serious communication difficulties. The maximum limit was previously SEK 50,000.

People with functional disabilities generally have less education than the rest of the population and a number of measures are therefore available to fa-

¹⁴ Agency restriction for AMV (1998-2001)

¹⁵ These incentives are also financed through the aforementioned funding for the occupationally disabled.

¹⁶ Regulation 2000:630

Facilitate for this group to engage in further education. Within labour market training, persons with occupational disabilities can receive supplementary schooling up to upper secondary level. Each year, funds are set aside for measures at folk high-schools for disabled participants.

On January 1, 1999, 240 work places connected to regional museums were created for persons with severe functional disabilities¹⁷. This trial operation has been run for three years and wage costs have been covered in full through wage allowance.

A.2.4 Legislation

Legislation regarding employment security and provisions concerning rehabilitation and work adaptation in the Work Environment Act contribute to ensure that a person with some type of occupational disability can retain his/her employment. On May 1, 1999 a law was introduced regarding discrimination in the work place against persons with functional disabilities¹⁸. The prohibition protects both employees and jobseekers. The law applies to the complete process of recruitment and employers decisions on promotion, training for promotion, wage and other employment terms practice, management decisions and decisions regarding notice of terminated employment, dismissal, etc.

A.2.5 European Social Fund

The European Social Fund's Objective 3 (during the period 2000-2006) includes the action area of *diversity, integration and equality* that shall contribute to facilitating for persons with functional disabilities to participate in working life. This will be achieved through the development of skills, reducing the burden of starting a business and IT competence. The programmes target people close to the labour market.¹⁹ The community initiative *Equal* applies to a certain extent to this group as well. The objective of Equal is to promote new methods to counteract all types of discrimination in connection with the labour market through collaboration between countries.²⁰ (See also sub-project 1.1.)

¹⁷ These incentives are also financed through the aforementioned funding for the occupationally disabled

¹⁸ Bill 1999/2000:79

¹⁹ Swedish ESF Council (2000a)

²⁰ Swedish ESF Council (2000b)

B. The development since 1990

This section provides a brief statistical description of the development in the Swedish labour market and in the Swedish labour market policy since 1990. We shall, initially, review the developments in the labour market. This is followed by a description of the ALMP, both in terms of the number of participants in various programmes and in terms of expenditures.

B.1 Labour force participation, employment and unemployment

The rates of labour force participation, employment and open unemployment in the years 1990-2000 for different categories (i.e. all of working age (16-64 years), youth and occupationally disabled) are presented in Figures 1-3.²¹

The rates of labour force participation and employment are, as expected, lower, while unemployment is higher, among youth and occupationally disabled than in the labour force at large. However, to our surprise, we find that occupationally disabled have a better labour market outcome (in all the above aspects) than do youth.

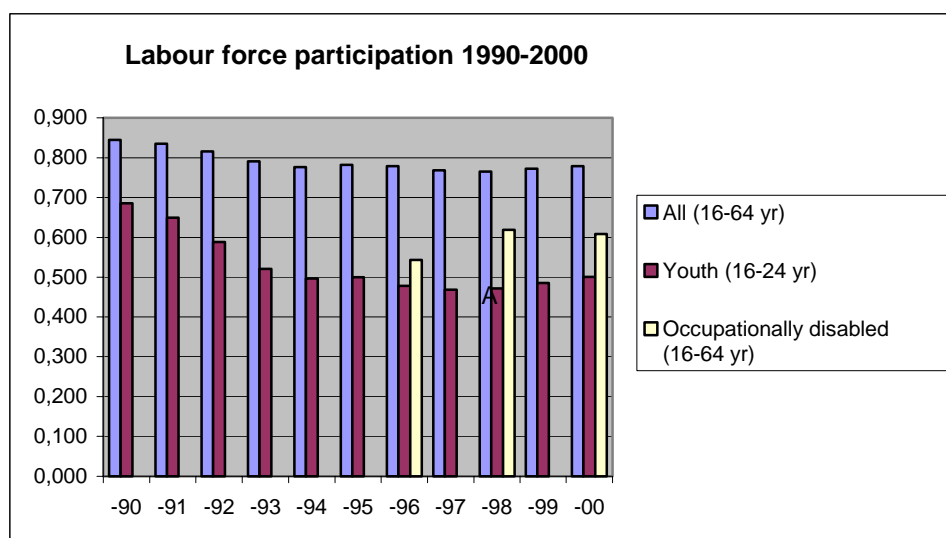


Figure 1: Labour force participation, 1990-2000

Source: Statistics of Sweden, labour force surveys

²¹ Information concerning disabled persons is available only for the years 1996, 1998 and 2000, when three supplementary studies (to the labour force surveys) were done.

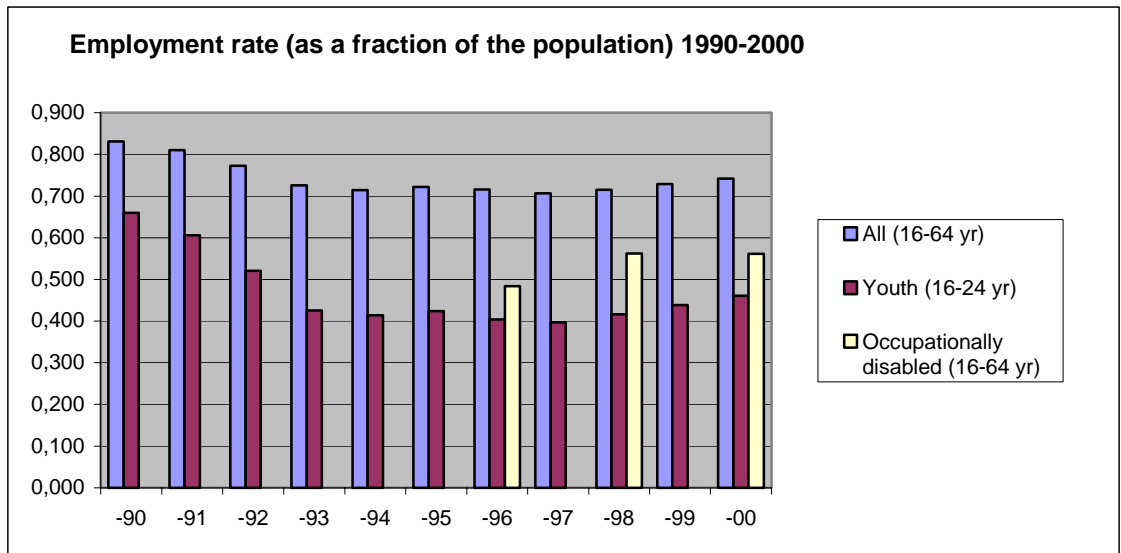


Figure 2: Employment rate (as a fraction of the population), 1990-2000

Source: Statistics of Sweden, labour force surveys

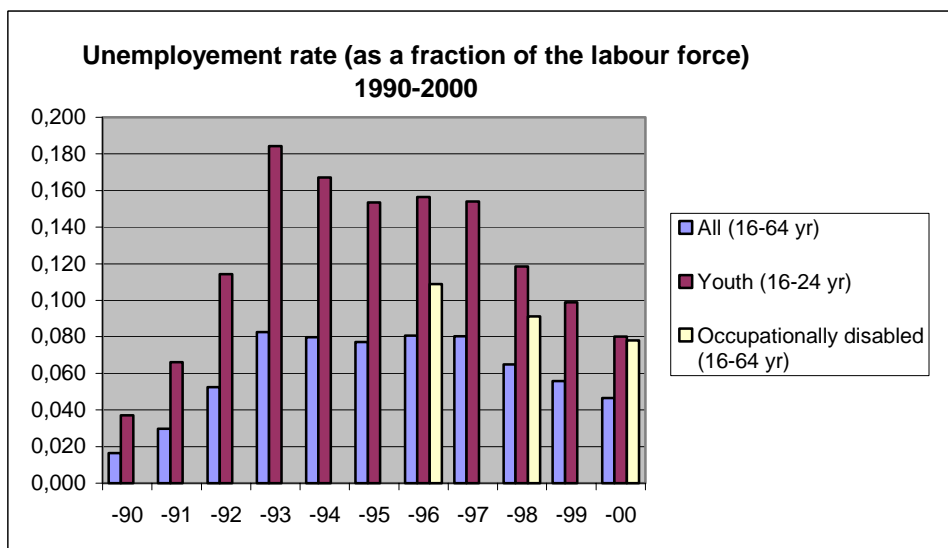


Figure 3: Unemployment (as a fraction of the labour force), 1990-2000

Source: Statistics of Sweden, labour force surveys

We also note that, as expected, the variability in these variables is largest among youth.

The pattern that emerges as we compare the relative outcome for the population at large with that of youth and occupationally disabled is the same for men and women. However, the rates of labour force participation, employment and unemployment are lower among women than among men in all the above categories.

Figure 4 shows the amount of long-term unemployment and long-term registration between 1992 and 2000. Long-term unemployment is defined as the fraction of all registered unemployed who have been unemployed for at least six months; long-term registration is defined as the fraction of all registered unemployed who have been registered at an employment office for at least two years.²²

Long-term unemployment varied between slightly less than 20 and more than 30 percent, and was peaking in the mid-90s. This may entice us to believe that long-term unemployment was a minor problem during the 1990s. However, programme-participation (which ended spells of registered unemployment) was often used to re-qualify participants for unemployment benefits during the 1990s. The registration-spell thus provides more accurate information about the amount of long-term unemployment. The figure also shows that 15-20 percent of those registered in 1999 and 2000 had been registered for more than two years. These figures are almost equivalent to the fraction of long-term unemployed among the openly unemployed.

²² This is not completely true, since participation in a programme categorised as subsidised employment ends the unemployment spell according to the statistics provided by the National Labour Market Board. Information on the fraction of long-term registered is not available before 1999.

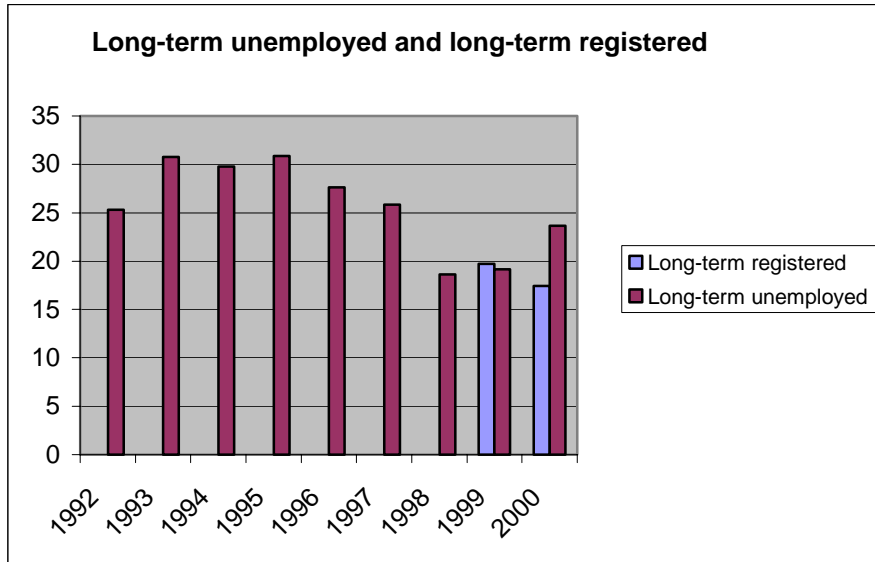


Figure 4: Long-term unemployed (minimum 6 months) as a fraction (%) of all registered openly unemployed; and long-term registered (minimum 2 years) as fraction (%) of all registered at the employment offices, 1992-2000

Source: The National Labour Market Board

Figure 5 shows the fraction of long-term unemployed (more than twelve months) among all unemployed and youth respectively, according to the labour force surveys.

Youth are, as expected, less likely than older workers to be long-term unemployed. This also applies if instead we look at the fraction that has been unemployed for at least six months. The fraction of long-term unemployed is, independent of age-category, larger among men than among women.

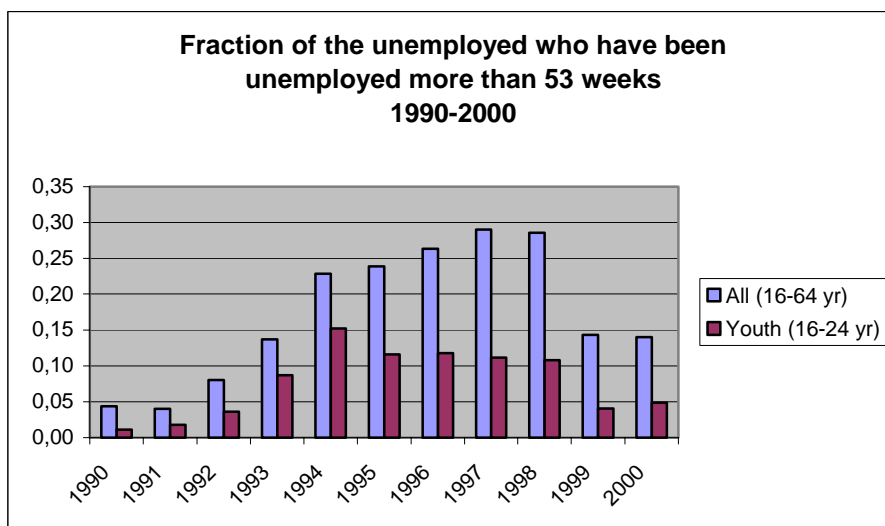


Figure 5: Fraction of long-term unemployed (minimum one year), 1990-2000

Source: Statistics of Sweden, labour force surveys

B.2 Participation in labour market programmes

The amount of programme-participation and open unemployment 1990-2000 is shown in Figure 6. It is obvious that the deep recession of the 1990s was met by a huge increase in programme-participation, but it is also evident that this increase did not accommodate the growth in open unemployment.

Figure 7 shows both the fraction of registered jobseekers (i.e. openly unemployed and programme-participants) in programmes, and the division between labour market training, subsidised employment and work placement schemes

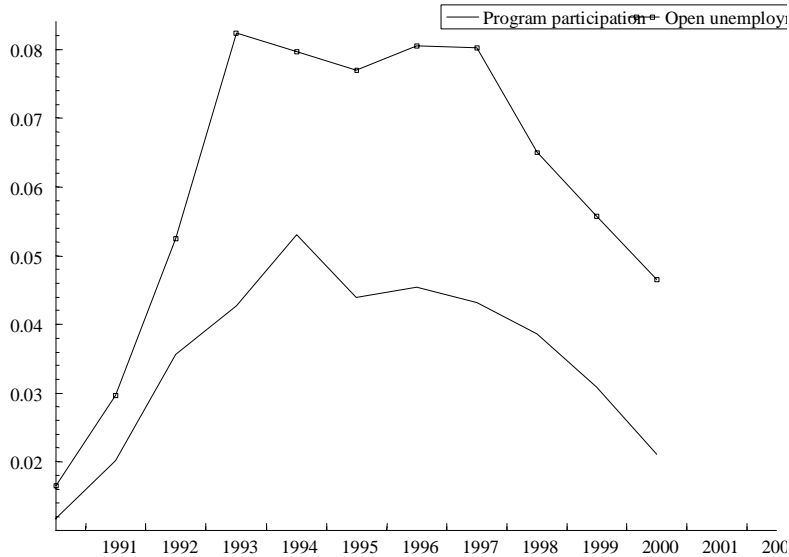


Figure 6: Program-participation and open unemployment (fractions of the labour force), 1990-2000

Source: The National Labour Market Board (programme-participation); Statistics of Sweden, labour force surveys (open unemployment and labour force)

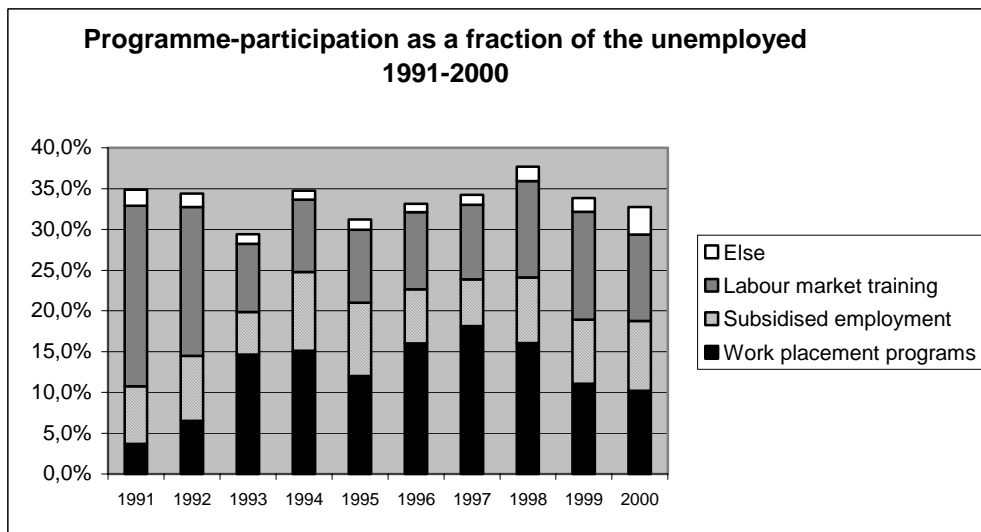


Figure 7: Participation in various types of programmes as a fraction of all registered jobseekers, 1991-2000

Source: Own calculations, based on the event database (Händel) provided by the National Labour Market Board

The recession was initially met by a large increase in labour market training. This was followed by an increased emphasis on work placement schemes, which then (again) reverted to labour market training as the business cycle was on an upswing in the end of the 1990s.

The participation rate among all (aged 16-64) compared to young (below 25) job seekers is shown in Figure 8. It appears, given these figures, that the employment offices have, on average, put more effort into placing youth (than older job seekers) into programmes.

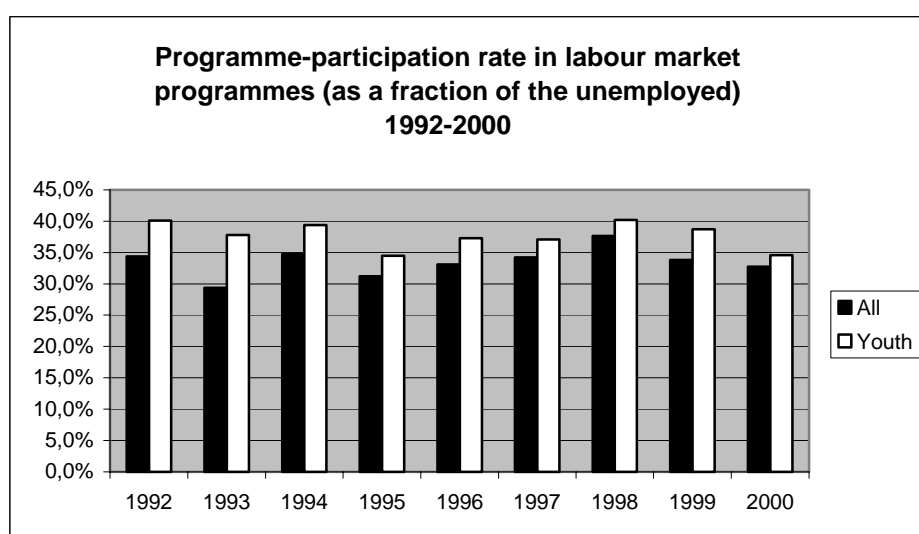


Figure 8: Programme-participation rate among all (aged 16-64) and youth (below 25), 1992-2000

Source: Own calculations, based on the event database (Händel) provided by the National Labour Market Board

The participation rate among occupationally disabled is shown in Figure 9. Note first that the programme-participation rate among occupationally disabled is considerably higher than among other unemployed. Also, we find that a majority of the occupationally disabled participate in programmes designed for and targeted at this specific group, i.e. wage allowances and public sheltered employment. Only a very small fraction participates in training.

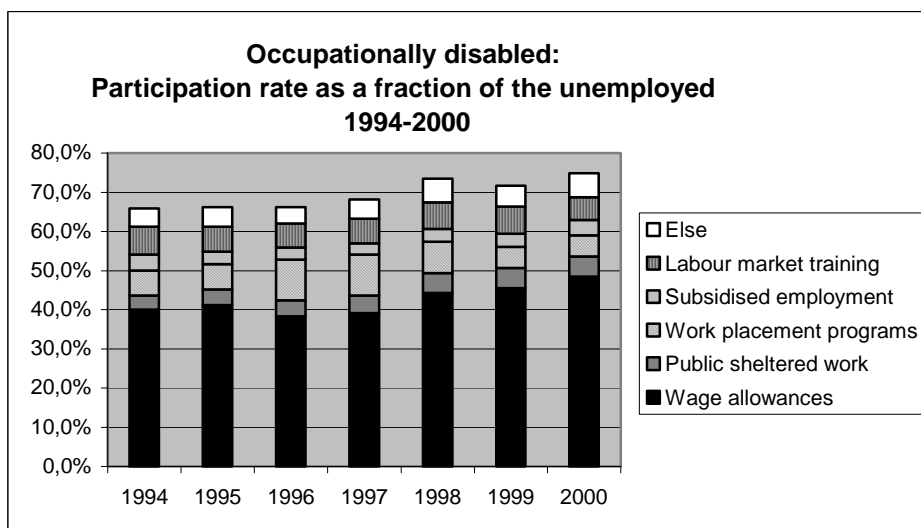


Figure 9: Participation in labour market programmes among unemployed with occupational disabilities, 1994-2000

Source: The National Labour Market Board

B.3 Expenditures on ALMP

The expenditures on the ALMP in 1997-2000 are shown in Figures 10 and 11. The expenditures on the activity allowance (i.e. the participants' income support while in the activity guarantee²³) are included in Figure 10 but excluded in Figure 11. Figure 11 therefore provides a more accurate picture of the expenditures on the policy's active part. Both figures show expenditures by (the main types of) programme.

Roughly speaking, we find that the expenditures on programmes are similar to the expenditures on the activity allowance. The expenditures on programmes targeted at the occupationally disabled amounts to a larger fraction of the net than of the gross expenditures. This is explained both by the fact that wage allowances (the dominating program among occupationally disabled) is not, by definition, counted as a part of the activity allowance, and also by the fact that expenditures on work placement schemes and labour market training to a large degree consist of the participants' activity allowance.

²³ These expenditures would (had the activity allowance not existed) been paid either by the state (as unemployment benefits) or by the municipalities (as social welfare benefits) and would, reasonably, have amounted to approximately the same size.

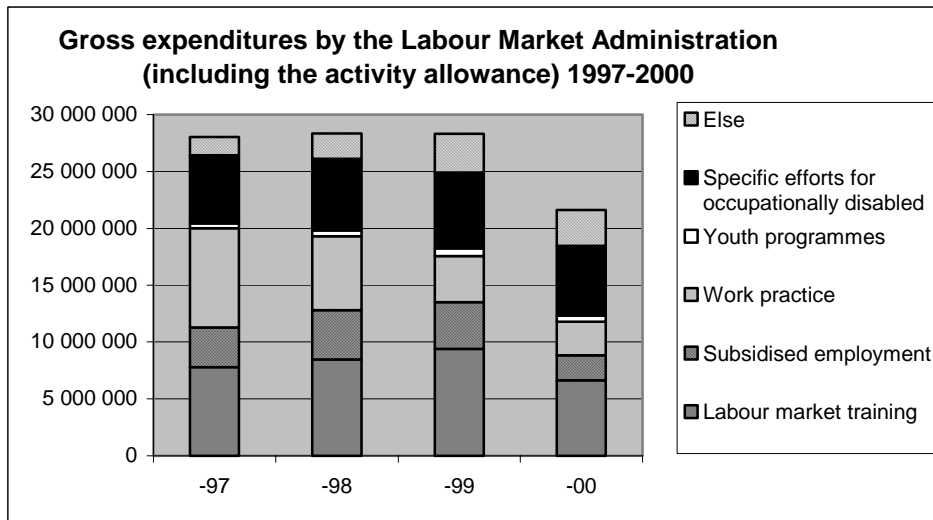


Figure 10: Gross expenditures by the Labour Market Administration (including the activity allowance), 1997-2000

Source: The National Labour Market Board; own calculations

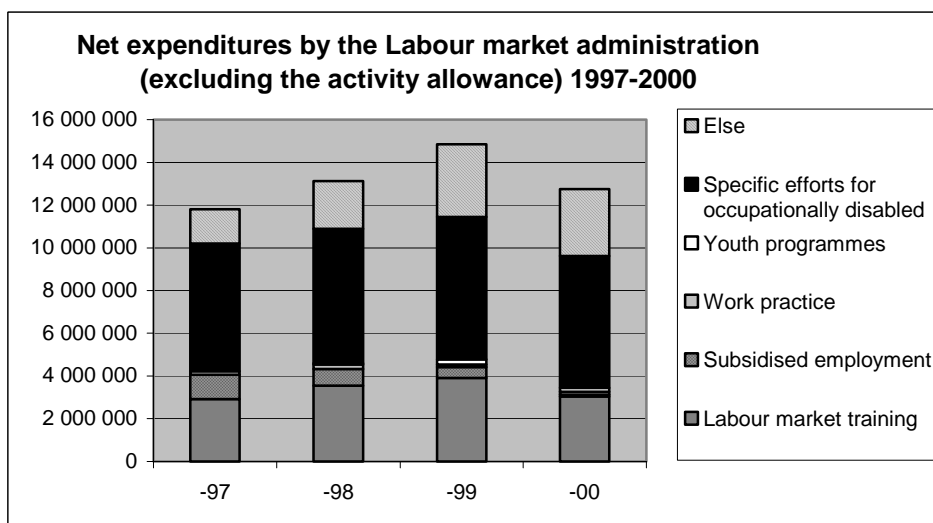


Figure 11: Net expenditures by The Labour Market Administration (excluding the activity allowance), 1997-2000

Source: The National Labour Market Board; own calculations

C.1 Effects of the active labour market policy in Sweden²⁴

This section surveys the evidence from micro- and macroeconomic studies of the effects of the ALMP in Sweden. Microeconomic studies analyse the impact of the ALMP on the labour market outcome of participating individuals; macroeconomic studies review instead the impact on the economy at large.

Microeconomic studies analyse whether programme participation increases the probability to attain employment or a higher income compared to non-participation. The effects of the ALMP can also be understood through knowledge of how participation in (different) programmes influences job seekers' mobility and job search behaviour, and also by knowledge of the attitudes of employers. But microeconomic analyses of individual effects do not capture the effects on non-participants. Such general-equilibrium effects can be properly analysed only within a macroeconomic framework.

The macroeconomic effects of ALMP can be divided into intended and non-intended effects. Better matching between available jobs and job seekers as well as an increased effective labour supply (through maintaining the labour force participation) are examples of intended effects. Non-intended effects are, for example, negative effects on the regular employment through direct displacement or wage-increasing effects.

All micro- and some macroeconomic evaluations analyse the effects of specific programmes. However, some macroeconomic studies analyse the effects of the overall ALMP. We shall, when possible, review the effects of specific programmes, but will initially report conclusions based on macroeconomic studies of the overall effects of the ALMP.

C.1.1 Macro effects of the overall ALMP

There are only a few evaluation studies on the matching effects of the overall ALMP during the 1990s. All look at the policy's effects on the geographical mobility. Although the results vary, the main impression is that the policy has contributed to geographical locking-in effects.

The effects of the ALMP on labour force participation have been analysed in four studies. All found that the policy had a significant effect in maintaining a high level of labour force participation.

²⁴ This section is based on Calmfors, Forslund & Hemström (2002).

The policy's wage formation effects have been analysed in a large number of studies. There is some evidence that the policy has contributed to a higher wage increase pressure, but the size of the effect is uncertain. The effects of different programmes on the wage formation during the 1990s have not been analysed.

A relatively large number of studies have analysed the overall effects of the ALMP on *open* and *total* (i.e. openly unemployed and programme-participants) unemployment.²⁵ The results indicate that increased expenditures on ALMP reduce the open but not necessarily the total unemployment.

C.1.2 Effects of different kinds of measures

Employment service

Few studies have analysed the effects of intensified employment services (including counselling and activation efforts) on the individual labour market outcome and none has analysed the macroeconomic effects.

The existing microeconomic evaluations analyse events that took place in the 1980s. The results indicate that intensified employment services *targeted at a fraction* of all job seekers may increase the probability that the targeted group will have a regular employment at a later date. There is, however, no evidence that *a general increase* of employment services has a similar effect. The results thus indicate both that selective efforts targeted at a specific group – such as immigrants or long-term unemployed – are likely to improve the relative position of the targeted group in the labour market *and* that the positive individual effects are likely to be achieved through displacement of (and increased competition for) non-participants.

²⁵ These studies utilise time-series for the Swedish economy and for the variation within and between about 20 OECD countries. See the review in Calmfors, Forslund & Hemström (2002).

Labour market training

There are a relatively large number of studies on the individual effects of labour market training. A majority of these concern the 1990s. However, there are no studies of the *intended* macroeconomic effects of training, or of its wage-formation effects in the 1990s. But there are a few studies on the policy's direct displacement effects.

Micro effects

Although results vary a lot, a number of conclusions can be drawn.

One observation is that the estimated effects of labour market training differ consistently between the 1980s and 1990s. Evaluations of labour market training acquired during the first half of the 1980s indicate – at least over a few years – positive effects on participants' employment and/or income. Evaluations of training that took place in 1989 or later find instead (in all but three cases²⁶) insignificant or negative effects. The less favourable results in the first half of the 1990s can likely be explained by factors such as the large size and rapid increase in programme participation, which may decrease the (marginal) effect and have a negative impact on the quality of training. Also, the effect may have decreased due to the use of programmes to re-qualify participants for unemployment benefits instead of increasing their skills, as well as the large shortfall of demand which made the average duration of unemployment increase no matter what.

Another observation refers to the differences between short-run and long-run effects of labour market training. The short-run effects are usually insignificant or even negative. However, with a time horizon of a few years the estimated effects are more positive (1980s) or, at least, no longer negative (1990s).²⁷ One conceivable explanation is that training increases the productivity and reservation wages of participants. This may slow down the transition to employment, while the higher productivity may contribute to more stable jobs in the longer run.

The microeconomic studies on individual effects have only to a very limited extent highlighted the importance of the length and content of different training programmes. A few studies indicate that the length of labour market training programmes has a significantly positive effect on the labour market outcome of

²⁶ It is not clear how the results of these evaluations should be interpreted; see Calmfors, Forslund & Hemström (2002).

²⁷ There is one exception to this general rule; see Calmfors, Forslund & Hemström (2002).

participating individuals, but information on this question is limited. The same applies to what type of programmes that generate the best results. Training directed towards health care and communications have, according to some studies, generated positive results, but it is not clear if this is a general pattern and, if so, why.

Macro-effects

There are no macro evaluations of labour market training concerning the 1990s, nor are there any studies on the wage-formation effects of training that took place in the 1990s. However, a few studies regarding direct displacement include labour market training, but, there is no evidence that training cause displacement effects.

Subsidised employment and work placement programmes

Less is known about the treatment effects of the different programmes categorised as *subsidised employment* or *work placement programmes* (henceforth merged and referred to as *job creation programmes*). Also, we find that the estimated effects of various job creation programmes differ even more than the estimated effects of training. The level of uncertainty is therefore substantial. If instead we look at macroeconomic evaluations, we find a large number of evaluations concerning displacement effects of job creation programmes.

Micro effects

The compounded evidence seems to suggest that the job creating programmes can be ranked (in descending order) with respect to their effects on participants' future income- and/or employment opportunities in the following order: self-employment grants, recruitment subsidies, trainee replacement schemes, work placement schemes (API), youth programmes, work experience schemes (ALU) and relief work. Put another way, we find that self-employment grants, recruitment subsidies, trainee replacement schemes and API appear to have positive treatment effects in terms of employment and/or income, while ALU and relief work do not seem to have such effects.

Macro effects

The intended macroeconomic effects of job creation programmes undertaken in the 1990s have not been analysed. A large number of evaluations regarding direct displacement suggest that such effects occur more frequently the more similar the programmes are to the jobs found in the regular labour market (employment subsidies, recruitment subsidies) while there is considerably less di-

rect displacement associated with different kinds of work placement programmes (such as API and ALU)²⁸

Other labour market programmes

Mobility grants

The number of evaluations on how mobility-stimulating programmes, so-called *mobility grants*, have influenced either the individual labour market outcome of participants or the macroeconomic contexts are extremely limited and do not in any case address the period after 1990. The two existing microeconomic studies cover the period 1969-1975 and the results are difficult to interpret. It is therefore very hard to draw any general conclusions concerning the effects for participants affected by these programmes.

Non-traditional programmes and the efforts of the European Social Fund

There are, in principle, no evaluations of the effects of non-traditional programmes or of the efforts provided by the European Social Fund. No general conclusions can therefore be drawn.

The activity guarantee

A review of the individual effects of the ALMP during the 1990s paints a disappointing picture. The reasons behind these results are not clear, but it is possible that these discouraging results were influenced by large programme volumes and the fact that programmes were, to some extent, used to re-qualify participants for unemployment benefits. The ALMP may, as a consequence, at least in part have been used for purposes other than to speed up the participants' transition to the regular labour market. The activity guarantee itself, and associated changes in the unemployment insurance rules, has the effect that programmes neither can, nor need to be used in order to re-qualify the unemployed for unemployment benefits. This may, in turn, generate better effects for the participants since the programmes can again be used as intended.

²⁸ This pattern is repeated in both surveys and econometric studies; see Calmfors, Forslund & Hemström (2002).

Youth programmes

Micro effects

The estimated effects for youth vary. Several earlier studies of the 1980s found positive effects. But these results were based on limited data and cannot be generalised to the population at large. The one study of the 1990s found that both labour market training and youth practice had negative effects on the income and employment of participants compared to non-participants in the control group. The reasons behind these results are not clear, but the fact that another study of the individual effects of labour market training in an, on average, older population did not find equally negative effects may indicate that the results are age-specific.

Macro effects

The effects of youth programmes on regular employment have been analysed in four evaluations. All find a substantial displacement (varying between 76 and slightly more than 100%).

The effects of ALMP on the job searching behaviour

The probability to attain a job is, reasonably, influenced by the job searchers' search activity. It may therefore be of interest to analyse if and, if so, why the search behaviour of participants differs from that of non-participants. A few survey-based studies have analysed this issue. These analyses do, in general, find that the number of hours devoted to job search is unevenly divided between the openly unemployed (i.e. non-participants) and programme-participants: the job searching rate, as well as the number of search methods used, is considerably (and usually significantly) lower among participants than among non-participants. However, one study emphasises that participants have less time to search for work than do non-participants. Also, it may be beneficial to society at large that participants do not look for work if the programme forms part of a comprehensive plan to improve their labour market prospects. However, this conclusion is no longer valid if programme-participation is used to renew eligibility for unemployment benefits. However, either way, the lower job search activity among participants cause locking-in effects.

Employer attitudes towards job seekers

Employer attitudes towards different categories of job applicants are an indicator of how the ALMP influences the matching efficiency and participants' ability to compete for available jobs. Several survey-based studies have examined

the ALMPs' effect in this respect. Both questions and estimated effects differ slightly between the different studies, but they all find that employers look more favourable upon former programme-participants than upon non-participants. Further, labour market training appears to be more positively viewed than other programmes.

C.1.3 Conclusion

One should expect different programmes to have different effects. It is therefore important to summarise what the evaluations say about the differences in efficiency between different programmes.

A first issue concerns labour market training programmes versus job creating programmes. Here, the microeconomic studies of the effects on individuals and the macroeconomic studies of the general-equilibrium effects give conflicting results. The microeconomic studies of labour market training in the 1980s generally found positive effects. In contrast, evaluations covering the 1990s found no or negative employment effects. However, training does not appear to generate any direct displacement. With regard to job creation programmes the existing microeconomic studies indicate that a number of programmes generate positive results. However, there is also evidence to suggest that several of these job creation programmes have significant direct displacement effects. In particular, we find that the programmes most closely related to regular jobs have both positive employment effects for the participating individuals and extensive negative displacement effects for non-participants. This may explain the seemingly contradictory results presented in the micro- and macroeconomic studies respectively: labour market training had, during the major part of the 1990s, insignificant or negative employment effects on the participating individuals, but positive (or at least not negative) effects on the regular employment. Job creation programmes, on the other hand, had (in most cases) positive effects for participating individuals, but also considerable displacement effects and, hence, negative effects on the regular employment. There are, consequently reasons to target job creation programmes on the long-term unemployed or registered. The competition effects may, if so, cause positive employment effects even though the direct displacement effects are substantial. This may also reduce the risk of negative indirect displacement through wage-formation effects.

A second issue concerns the relative efficiency of various job creation programmes. The few available microeconomic studies suggest positive employ-

ment effects on the participating individuals of self-employment grants, recruitment subsidies, work placement schemes and trainee replacement schemes, whereas it has proved difficult to find such effects of relief work and work experience schemes.

The empirical evidence seems to be the most negative for youth programmes. Here, there appear to be large displacement effects, while at the same time the effects for the participants are uncertain. It is, based on these findings and the fact that those unemployed less than six months are rarely hit by negative employer attitudes, not clear that youth should participate in programmes during their first six job-seeking months.

Reservations

As we interpret and summarise the microeconomic evaluations on the individual effects of labour market training and job creation programmes, we need to remember that:

- The control group used to compare participants and non-participants had access to the services provided by the employment offices. The difficulties to identify positive treatment effects may, alternatively interpreted, be caused by the employment services' efficiency. Note, however, that the effects of the efforts provided by employment offices in the 1990s remains to be evaluated.
- It is not obvious what time horizon to use in evaluating the effects of the ALMP. Some microeconomic evaluations suggest that the labour market outcome of participating individuals is more positive (1980s) or less negative (1990s) in the long (i.e. after a few years) than in the short run. A possible explanation is that labour market training increases the productivity of the participating individuals and, hence, their reservation wages. This may cause a slower transition to regular employment, while the higher productivity may simultaneously (in the long run) contribute to more stable employments.
- A longer time horizon may, in particular, be crucial in evaluating the ALMPs of the 1990s, since the time lags between programme-participation and its effects may increase as labour demand is much lower than ordinarily. A plausible hypothesis is that the poor results of labour market training in the 1990s were due to the low demand, and the fact that there were few labour market shortages to train for.

C.2 The policy's effects on integration of occupationally disabled persons in the labour market

Within the framework of the labour market policy, Sweden's strategy is, and has been for some time, to facilitate for occupationally disabled persons to enter the regular labour market. Special programmes for disabled persons exist within the labour market programmes and disabled persons are also given priority in other programmes. Sweden's policy in this specific area is virtually the same today as before the introduction of the employment strategy.

This area, more than any other, lacks systematic evaluations of the policy. The below account is therefore extremely paltry, sometimes presented as indirect results and follow-ups. We must point out that we have not found any studies on the performance level of special introduction and follow-up incentives, public sheltered employment, special incentives for young persons with occupational disabilities or efforts within the framework of the European Social Fund.

Wage subsidy

A wage subsidy means that when an employer hires a person with an occupational disability the employer is granted a deduction for a portion of the wage cost. Naturally, this may be a successful outcome for this group but one of the programme's objectives is that it should lead to unsubsidised regular employment. There are no direct studies on the future probability of finding regular employment. Indirect evidence does however indicate that any positive effects are very slim. Outflow from wage subsidy to unsubsidised employment is low (1.2-3.5% from 1991-1996, RRV 1998:37, see also SOU 1997:5 and RRV 1994:4). Of those employees on wage subsidies in 1996, 53% had received subsidies longer than the initial goal of four years and the subsidy did not drop to the extent intended during the employment period (RRV 1998:37).

Samhall

Samhall is to arrange meaningful, skill-enhancing work for those with occupational disabilities where work capacity is deemed so impaired that other employment is not feasible. A job at Samhall can thus be seen as a successful outcome for certain groups. But one of Samhall's objectives is that a segment of the employees are to find employment on the regular labour market. There are no direct studies on whether the future probability of finding regular employment is affected by employment by Samhall. There are relatively few transi-

tions from Samhall to the regular labour market, especially in light of the follow-ups of Samhall's operations that indicate that Samhall is not always a last-resort alternative. For further information, see Haavisto, etc. (1993), RRV (1999:18) and SOU (1997:64).

Labour market training

Axelsson (1989) studies the effects of labour market training for the individual and society. He compares persons that have completed a labour market training programme during autumn 1981 with persons newly registered as jobseekers at the employment office during spring the same year. He discloses the results for different groups and finds that the effect on annual income for an occupationally disabled person was almost SEK 5,000 after completed training, but that one year later, the effect dropped to just over SEK 1,000. The effects are so small and the estimates so uncertain that they cannot be accredited any greater precision. In addition, it is probable that the estimates include other differences between the groups than just completed training.

Brännäs & Eriksson (1995) use the same material as Axelsson to study which factors are important to who completes an labour market training programme. They also conducted an indirect analyse of the effects of participating in training programmes for different groups. The income effect for persons with occupational disabilities two years after completed training is estimated at just over SEK 300. No precision measurements were presented but the effects cannot feasibly be accredited with any greater certainty. It is also unclear how the results should be interpreted.

Other measures for persons with occupational disabilities

No assessments have been made in regards to workplace aid equipment, special incentives for starting a business, allowance for a personal assistant, and special programmes for sight and hearing impaired persons. However, Michailakis (2000) presents the results of a case study of on-the-job adaptation using IT-based aid equipment.

SOU (2000:78) presents a number of studies of separate active rehabilitation programmes that indicate that the programmes have positive effects, while simultaneously noting there is not enough evidence from a strictly scientific definition. Two major studies based on the attempts of a control group have been prepared thereafter. Heshmati & Engström (2001) study the effects of vocation-related rehabilitation measures for persons on long-term sickleave in

west Sweden during 1991-1994. The results are positive but the methods used to make participants and non-participants comparable demands a strong level of supposition, which means the results must be interpreted carefully.

Frölich, Heshmati & Lechner (2000) analyse the same data using a general method and compare different types of rehabilitation with each other. The results indicate on-the-job rehabilitation has a positive effect as opposed to training, which appears to have a negative effect. One sign that this method is not completely successful either is that a work evaluation over just a few days is expected to generate a strongly negative effect on future employment.

Legislation

On May 1, 1999 a law prohibiting discrimination in the workplace of persons with occupational disabilities was introduced (1999:132). Naturally, it is too early to analyse if the law has had the intended effect. However, during 2000, Handikappsombudsmannen (the authority that ensures the law is followed) received 54 cases for review (Handikappsombudsmannen, 2000).

Conclusion

In summary, there is surprisingly little research in this area, considering the scope of the policy over a longer period. It is therefore unsuitable to draw any definite conclusions regarding the effects of the policy. Bergeskog (2001) does however present results that indicate that in Sweden a high number of persons with occupational disabilities participate in the labour force, compared with many other OECD countries. This may indicate that Sweden's labour market policy has been successful in this regard.

References

- Ams (1999), *Arbetsmarknadspolitiska åtgärder – Årsrapport 1998*, Apra 1999:2).
- Ams (2000), *Arbetsmarknadspolitiska program – Årsrapport 1999*, APra 2000:1.
- Ams (2001), *Arbetsmarknadspolitiska program – Årsrapport 2000*, Prora 2001:2 .
- AMV:s regleringsbrev för budgetåren 1997-2001.
- AMV (2001), *Arbetsmarknadspolitiska program*, vis.ams.se (2001-11-05).
- Axelsson, R., (1989), *Svensk arbetsmarknadsutbildning – En kvantitativ analys av dess effekter*, Doktorsavhandling, Umeå Economic Studies No. 197, Umeå universitet.
- Bergeskog, A., (1998), *Den svenska arbetsmarknadspolitiken 1997*, stencilserie 1998:1, IFAU, Uppsala.
- Bergeskog, A., (1998), *Den svenska arbetsmarknadspolitiken 1998*, stencilserie 1998:2, IFAU, Uppsala.
- Bergeskog, A., (1999), *Arbetsmarknadspolitisk översikt 1999*, stencilserie 1999:7, IFAU, Uppsala.
- Bergeskog, A., (2001), *Labour market policies, strategies and statistics for people with disabilities. A cross-national comparison*, working paper 2001:13, IFAU, Uppsala.
- Brännäs, K. & Eriksson, M. (1995), Enrolment in Labour Market Training Programmes, *Labour*, Vol. 10, No. 1, pp.193-208.
- Calmfors, L., Forsund, A., & Hemström, M., (2002) "Does active labour market policy work? Lessons from the Swedish experiences", working paper 2002:4, IFAU, Uppsala
- Regulation (2000:630) on special incentives for occupationally disabled persons.
- Regulation (2000:634) on labour market programmes.
- Frölich M, Heshmati A & Lechner M, (2000) "A microeconomic evaluation of rehabilitation of long-term Sickness in Sweden" SSE/EFI WP-series in Economics and Finance 2000-04.
- Haavisto T., Höjgård S., Vlachos V., (1993) "Arbete åt arbetshandikappade. En samhällsekonomisk utvärdering av Samhall.", Högskolan i Växjö
- Handikappsombudsmannen (2000), "Tillgänglighet för alla" (www.ho.se)
- Heshmati, A., & Engström, L-G., (2001) "Estimating the effects of vocational rehabilitation programmes in Sweden" i *Econometric evaluation of labour*

- market policies* Michael Lechner, Friedhelm Pfeiffer (Eds.) S. 183-210 Heidelberg: New York : Physica-Verl.
- Michailakis, D., (2000), "Studie av arbetsplatsanpassningar med IT-baserade hjälpmedel för funktionshindrade personer", Forskningsrapport 2000:2, IFAU, Uppsala
- Government Bill (1999/2000:79), *Från patient till medborgare – en nationell handlingsplan för handikappolitiken.*
- Government Bill (1999/2000:139), *En rättvisare och tydligare arbetslöshetsförsäkring.*
- Regeringskansliet (1998-2001), *Sveriges handlingsplaner för sysselsättning (NAP).*
- RRV (1994:4), "Utvärdering av det flexibla lönebidraget"
- RRV (1998:37), "Det flexibla lönebidraget"
- RRV, (1999:18), "Samhall – en effektiv åtgärd?"
- SOU 1997:5, "Aktivt lönebidrag – ett effektivare stöd för arbetshandikappade", Fritzes, Stockholm
- SOU 1997:64, "Samhall – en arbetsmarknadspolitisk åtgärd", Fritzes, Stockholm
- SOU 2000:78, "Rehabilitering till arbete. En reform med individen i centrum", slutbetänkande av Utredaren om Den arbetslivsinriktade Rehabiliteringen, Fritzes, Stockholm
- Swedish ESF Council (2000), *Samlat programdokument för mål 3 2000-2006 Sverige.*
- Swedish ESF Council (2000a), *Gemenskapsinitiativprogram för Equal 2000-2006 Sverige.*
- Swedish ESF Council (2000b), *Samlat programdokument för mål 3 2000-2006 Sverige.*
- Statskontoret (2001), *Särskilda ungdomsåtgärder? Om kommunala ungdomsprogrammet och utvecklingsgarantin.*

Appendix A.1

Changes in the labour market policy

Below is a summary of changes in the labour market policy presented in Swedish National Action Plan (NAP). Investigations and proposals on measures not yet decided on are presented. Throughout, it is the Swedish Government's intentions we present and we make no comment on the actual outcome.

A.1.1 Personnel reinforcement at employment offices:

NAP 1998 The Government has allocated extra funds for temporary reinforcement of personnel at the employment offices and Labour Market Institute.

NAP 2001 In the proposed budget for 2002, the Government intends to propose that the SEK 700 million assigned to the Labour Market Authority for temporary reinforcement of personnel be made permanent. SEK 165 million will be used to enhance immigrants' situation in the labour market.

A.1.2 Labour market training:

NAP 1998 Labour market training will be extended with an IT training programme to include about 10,000 persons up and until 1999. Three-quarters of the seats are intended for unemployed persons.

NAP 1998 Increased resources to more cost-intensive measures in the form of vocational labour market training. The proportion of unemployed persons in these programmes should thus rise during 1998-1999.

NAP 1999 The Labour Market Authority will to a greater extent be able to prioritise vocational training through the dismissal of the volume goal. The objective of the volume goal was that resources were to cover the needs of a certain number of people.

NAP 1999 The target of more effective labour market training programmes was introduced. The goal is that 70 per cent of those completing vocational labour market training at the close of 1999 will have employment within 90 days.

NAP 1999 A workgroup shall review the role and plan of labour market training.

A.1.3 Recruitment incentive:

NAP 1999 The Government proposes a reinforced recruitment incentive from October 1, 1999 for unemployed persons registered more than three years. (The proposal implies that employers can receive a deduction of 75% of the wage cost for 6 months, and 25% for a further 18 months, though for a maximum amount.)

NAP 2000 Reinforced recruitment incentive was introduced on October 1, 1999.

NAP 2000 The Government proposes extended recruitment incentives from August 1 for certain groups, in part persons openly unemployed for 48 months or participated in programmes, and in part for persons over the age of 56 registered more than 24 months.

NAP 2001 The reinforced recruitment incentive was reformed in August 2000. The incentive now applies when employers hire a person who has been unemployed for 24 months (with a deduction of 75% of the wage costs for 6 months and then 25% for 18 months) and especially favourable conditions if the person in question has been unemployed for 48 months (a deduction of 75% of the wage costs for 12 months and then 50% for 12 months.)

NAP 2001 A special recruitment incentive was introduced on August 1, 2000 for persons over the age of 57. The incentive applies when employers hire a person who has been unemployed for at least 24 months and participated in the activity guarantee at least three months. (This subsidy is provided at 75% of the wage cost for two years).

A.1.4 Activity guarantee:

NAP 2000 The Government proposes an activity guarantee starting August 1, 2000 for persons who are, or risk becoming long-term registered. The purpose is to break the circle of open unemployment and labour market programmes and provide unemployed persons with full-time activity up until employment or training. The activity guarantee is based on individual plans of action and traditional labour market policy measures apply within the framework of these plans. The programme is also open to part-time unemployed persons.

NAP 2001 The activity guarantee was introduced in August 2000.

A.1.5 Adult education initiative and qualified vocational training

NAP 1998 An initiative is underway within the framework of adult education, the Adult Education Initiative, which will run until 2002. Adult Education Initiative offers supplementary schooling up to three-year upper secondary school level for persons unemployed or threatened by unemployment. The curriculum will be suited to the labour market needs and persons unemployed will receive a study allowance the equivalent of unemployment benefits for one year²⁹. Persons who studied during autumn 1997 and spring 1998 and received a study allowance will be given the option of one further year of studies with the same financial terms. Employed persons are also eligible for a study allowance if their employer hires a long-term unemployed person during the same period.

NAP 1999 The Spring Budget Bill in 1999 proposes an extension of the Adult Education Initiative up and until 2002. The Government intends to take steps to increase the possibility of combining vocational and core subjects and to increase the number of male participants with a low education level in the Adult Education Initiative

NAP 2000 The Adult Education Initiative is extended until and including 2002. The goal is a stable volume. Priority will be given to efforts to break gender-related choices of study and better recruitment of men with a low education level.

NAP 2001 A pilot activity for qualified vocational training has been underway since 1996. This training is post-upper secondary level and characterised by close collaboration with the business world. It is proposed that qualified vocational training be established as a new post-upper secondary school training form as a complement to higher education starting 2002.

²⁹ The terms for receiving study allowance is that the person in question is between 25 and 55 years of age, studying at elementary or upper secondary levels, and fulfills the terms for unemployment benefits. (Utbildningsdepartementet, 2001)

A.1.6 Individual action plans, etc:

NAP 2000 Individual action plans shall be further developed and prepared within three months of unemployment. The regulatory framework of the labour market policy will be streamlined.

NAP 2001 The employment offices' database of vacant jobs has been modernised.

Appendix A.2

Policy changes to facilitate the inclusion of persons with occupational disabilities in the labour market

Below is a summary of the policy changes to facilitate the inclusion of persons with occupational disabilities in the labour market presented in Sweden's National Action Plan (NAP). Investigations and proposals on measures not yet decided on are presented. Throughout, it is the Swedish Government's intentions we present and we make no comment on the actual outcome. Appendix A.1.3 (Policy changes to facilitate inclusion of immigrants in the labour market) presents a number of measures that also can prove significant for persons with occupational disabilities

A.2.1 Labour market policy measures:

NAP 1999 Special introduction and follow-up support (SIUS) was made a permanent measure as of July 1, 1998.

NAP 1999 The government has increased the subsidy for work assistants to SEK 100,000 per year as of January 1, 1999 for persons with functional disabilities entailing serious communication difficulties.

NAP 1999 As of January 1, 1999 the government has arranged 240 workplaces associated with regional museums for persons with severe functional disabilities. A wage subsidy for up to 100 per cent may be granted. The activity will be run as a pilot study for three years.

NAP 1999 The government proposed an increase in the wage subsidy as of budget year 1999.

A.2.2 Training:

NAP 1999 The possibility for functionally disabled persons to study on the same terms and conditions as adult students is being investigated. A proposal will be submitted to the government spring 2000.

NAP 2000 The committee for the Adult Education Initiative submitted a proposal April 2000 concerning future public supported adult training. The committee was assigned to review and propose improve-

ments on how persons with functional disabilities can to a greater extent participate in life-long learning programmes

NAP 2000 Högskoleverket has submitted its review of the system for support to students with functional disabilities. The report is being prepared and the government intends to address the issue in the budget bill in 2001.

NAP 2001 The government has proposed a new study allowance for studies at elementary and upper secondary school levels as of January 2003. Persons between the ages of 25 and 50, lacking three-year upper secondary schooling, threatened by unemployment or with some type of functional disability will be eligible.

A.2.3 Law against discrimination:

NAP 1998 The government will submit a proposal for the prohibition of discrimination against occupationally disabled persons in working life.

NAP 1999 A law against discrimination against occupationally disabled persons in working life was introduced on May 1, 1999.

A.2.4 Handicap policy action plan:

NAP 1999 During 1999 the government shall clarify the goals and strategies of the handicap policy in an action plan.

NAP 2000 In March 2000 the government presented a bill in the form of a national handicap action plan. This includes investigating what options are open to employers hiring persons with occupational disabilities. It was also decided to develop statistics concerning the terms and conditions of functionally disabled persons in working life.

NAP 2001 The government commissioned an investigation into the willingness of employers to hire persons with functional disabilities. The results indicate that state subsidies are highly valued.

A.2.5 Others:

NAP 2000 A pilot activity was introduced entailing broadband for persons with functional disabilities.