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Follow-up of EU's recommendations for integrating immigrants into the labour market

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by
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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 for integrating immigrants into the labour market

Guideline 7 encourages Member States to combat discrimination and promote social inclusion among groups and individuals with a weak position on the labour market. Appropriate measures are to be implemented to meet the needs of the disabled, ethnic minorities and migrant workers as regards their integration into the labour market. This assignment calls for a description of measures taken based on this recommendation and the development of these measures since the introduction of the employment strategy. In addition, the assignment calls for a description of the allocation of resources and development of these groups on the labour market, as well as an analysis of the effects of the measures implemented. (See sub-project 1.2 for a comparable analysis of the inclusion of persons with occupational disabilities on the labour market.)

A. Description of measures for the inclusion of immigrants into the labour market²

One of the tasks of the labour market policy is to support those encountering special difficulties on the labour market. This group includes many people with foreign backgrounds. This section describes the measures implemented to integrate immigrants into the labour market and important changes put into action since the introduction of the employment strategy. The programmes have been selected with consideration to Sweden's action plans for employment. Only measures decided upon or implemented are presented. The Swedish action plans also present investigations and proposals that have as yet not resulted in any concrete measures, see Appendix A.1.3.

A.1 Labour market measures and job recruitment

Among the labour market programmes run by the Labour Market Authority, none specifically target immigrants but citizens of countries outside the Nordic

² Unless otherwise noted, this section is based on information from NAP (1998-2001), Ams (1999a, 2000a, 2001a) and agency restrictions for AMV (1999-2001).

region, as well as persons with occupational disabilities and young people, are given priority in the labour market programmes. Their proportion of the measures should at least equal their proportion among unemployed persons.³ Certain labour market programmes offer especially favourable conditions for vulnerable groups. Citizens of countries outside the Nordic region can receive extended grants for starting a business. The grant is normally paid out for a maximum of six months, but can be extended up to twelve months for this group. Citizens of countries outside the Nordic region are also eligible for labour market training programmes in the form of upper secondary school education if they have been registered at the employment office for a minimum of two years.⁴ This option applies only to long-term unemployed immigrants and persons with occupational disabilities. A large share of citizens from countries outside the Nordic region is included in the target group for the Adult Education Initiative (see sub-projects 1.1 and 3).

Certain efforts specifically targeting immigrants have been made within the framework of the labour market policy over the past years. In 2000, the Labour Market Authority increased funds for temporary personnel reinforcement by SEK 100 million. These funds are to be used in metropolitan areas to particularly strengthen the position of immigrants on the labour market. The funds have been used to support the efforts of municipalities involved in the metropolitan area initiatives (see below)⁵. In 2001, SEK 100 million is to be allocated for continued use in these regions and SEK 65 million for use in other parts of the country with similar problems.

This year, SEK 100 million have also been used for education incentives targeting persons with foreign university degrees in professions with labour shortages (primarily in the professions of health and medical care, teaching and technology/science), as well as health care training for unemployed immigrants. The incentives are financed with SEK 65 million allocated from a special initiative of SEK 100 million per year from 2001–2003 to improve employment levels for immigrants⁶. Other funds in this initiative will be used to improve Swedish tuition and introduction for those newly arrived in Sweden,

³ The decision to prioritise foreign citizens born outside the Nordic region is questionable since the special problems certain groups encounter on the labour market is not primarily related to nationality. This matter is discussed further in section B.

⁴ Ams (2001c)

⁵ Ams (2000b)

⁶ Prop. 2001/02:1

stimulate ethnic and cultural diversity within the public and private sector, and counselling and guidance for immigrants starting and running small businesses⁷.

The Labour Market Authority has also been commissioned to conduct a pilot study, lasting about one year, on alternative job recruitment for immigrants living in a housing area within one of the metropolitan counties. During 2000, a project was initiated with a temporary employment firm⁸. In addition, hopes are that the activity guarantee introduced on August 1, 2000 (see sub-project 1.1) will prove helpful for vulnerable groups. The programme targets persons who are currently or at risk of experiencing long-term registration at the employment office.

A.2 Introduction for newly arrived immigrants

Within the framework of the three-year incentive to increase employment levels among immigrants (see above), SEK 20 million will be used to broaden introduction and Swedish tuition for refugees and other newly arrived immigrants. As a phase in these efforts, an agreement was reached in April this year between the National Labour Market Board, the Integration Board, the Migration Board, the Swedish Board of Education and the Swedish Association of Municipalities. The purpose of the agreement is to strengthen the collaboration in receiving refugees and the introduction of immigrants. The collaboration is to deal with matters such as competence mapping and counselling by the employment office during the asylum period. In addition, the goal is that the introduction will to a greater extent stem from the individual's own qualifications and needs. Those with vocational training and/or work experience will receive an introduction focused on work and the Swedish tuition will be more flexible and, to a greater extent, incorporated with work placement programmes.⁹

As a first measure the Integration Board has mapped introduction in the 30 municipalities that have received the largest amount of refugees. A dialogue with local decision-makers has been initiated to reach local and regional agreements regarding development of the introduction scheme.¹⁰

⁷ Ams m fl (2001)

⁸ Ringborg (2001)

⁹ Ams, and others (2001) and Bill 2001/02:1

¹⁰ The Integration Board (2001a)

A.3 Local development agreement (Metropolitan incentive)

In 1999 a metropolitan delegation was assembled to study the special problems and conditions of large cities, of which the situation for immigrants is a crucial part. The result of the delegation's proposal was that municipalities with susceptible housing areas were offered the opportunity to sign local development agreements with the State. The objective is to provide urban regions with good conditions for long-term sustainable growth and end social and ethnic segregation.

The agreement has been signed with seven municipalities regarding 24 housing areas. In 1998 approximately 45 per cent of the residents in these areas were foreigners¹¹. In total, state subsidies totalling over SEK 2 billion have been appropriated to development work during the period 1999–2003. The State expects recompense that at least equals its support.¹² An evaluation by Nutek 2001 indicates that 19 per cent of the funds are used to facilitate entry into the regular labour market and enhance skills of already employed persons¹³. Many of these measures require collaboration of efforts between different organisations and players within the housing area. On-the-job-training, work training and incentives to support and motivate unemployed persons to find a job are a few examples of the measures implemented.

A.4 Law against ethnical discrimination

On May 1, 1999 a new, more stringent law against ethnical discrimination in working life was introduced. The law prohibits both direct and indirect discrimination and applies, as opposed to the previous law, regardless of the employer's intent to discriminate. The law now encompasses the entire recruitment process and does not only apply when someone has been passed over for employment. In addition, the law makes it mandatory for employers to take active measures to promote ethnic diversity.¹⁴ The government has also decided that all government agencies will prepare action plans to promote ethnic diversity among their employees.

¹¹ The Integration Board (2001b)

¹² The metropolitan delegation n (2001)

¹³ The evaluation covers 6 of the municipalities and 20 city areas, and concerns those measures initially submitted with the agreement was signed.

¹⁴ Bill. 1997/98:177

A.5 Others

Immigrants wanting to start their own businesses can receive special counselling from the International Association of Businesses in Sweden (IFS). During the period 1999–2001, IFS was granted subsidies for its counselling operations for about SEK 8 million¹⁵. Students with foreign backgrounds can receive Swedish tuition at a few universities and colleges. The courses are primarily designed as a foundation for continued studies at institutes of higher learning. A few educational institutes offer special theoretical and practical training for jobseekers with foreign university degrees.¹⁶

In order to further efforts of validating foreign professional competence, the government appointed a committee in 1999 to conduct three pilot projects in order to develop models and methods. The results include a number of proposed measures. During 2001, funds have been granted for projects concerning validation in another five municipalities.¹⁷

A.6 The European Social Fund

Within the European Social Fund's Objective 3 (during the period 2000–2006) the action area *Diversity, integration and equal opportunities* is partially intended to integrate persons with a foreign background on the labour market. This will be achieved through the development of skills, validation of education, facilitating entrepreneurship and IT competence. These incentives are directed at individuals close to the labour market.¹⁸ Efforts are also made within the community initiative *Equal* to strengthen the position of foreigners. Equal aims at promoting new methods to counteract all types of discrimination relating to the labour market through collaboration between countries.¹⁹ (See also sub-project 1.1.)

B. Development description

This section describes the development over the past year within two areas: (i) the allocation of resources for measures that strengthen the position of immigrants on the labour market, and (ii) the position of different immigrant

¹⁵ Bill 2001/02:1

¹⁶ SOU 2000:47 (Bilaga 2)

¹⁷ SOU 2001:78

¹⁸ Svenska ESF-rådet (2000b)

¹⁹ Svenska ESF-rådet (2000a)

immigrants on the labour market, and (ii) the position of different immigrant groups on the labour market.

B.1 Allocation of resources

The description of how resources are allocated to immigrants consists of two parts. In the first part, the number of participants in labour market programmes is compared with the total number of unemployed persons according to nationality. In this way, we can see if certain groups are given more or less priority, and if this changes over time.²⁰ The second part discusses some of the incentives presented in section A.

B.1.1 Programme participation

The number of participants in labour market programmes is a measure of resource allocation to a specific group. It is interesting to study both the relative and the absolute allocation of resources. The first alternative sheds light on whether one group consistently receives a larger share of the available resources than another group. The second alternative indicates if there are any changes in resources allocated to a certain group over time.

Table 1 illustrates the development of a relative measurement of resource allocation during the period 1996–2000. The values in the table indicate each respective nationality's share of the number of participants in business-cycle-dependent programmes, in relation to the group's share of the total number of jobseekers. A value greater than 1 indicates that the group is "prioritised"; in other words, its share of programme participants is greater than its share of jobseekers.²¹

The table indicates that individuals from Nordic countries (other than Sweden) report a lower share of programme participants than jobseekers. By this measurement, these groups have lower priority in the labour market policy. A number of groups exhibit a higher share of programme participation than corresponds to the number of jobseekers. This is primarily the case for "East

²⁰ The available statistics are descriptive. Conclusions on resource allocation and prioritisation apply under the condition that those groups accounted for are comparable in regards to individual characteristics affecting the needs and priorities to labour market measures.

²¹ This measurement is similar to the one used by Ams to measure prioritisation to labour market programmes (see Ams 2001a, for example). The difference is that programme participation is related to the total number of jobseekers, while Ams' is related to the number of open unemployed persons.

Europe"²², but applies also to "South and Central America" and "Asia". African citizens do not appear to be prioritised for labour market programmes, an interesting fact given the group's major labour market difficulties. It is hard to see any distinct changes over time in Table 1, and it does not appear that any group has been considerably more or less prioritised during the period in question.

Some of the specific labour market difficulties of certain immigrant groups are probably not primarily connected to nationality. According to Ekberg & Rooth (2000), Ams' prioritisation according to nationality has resulted in the down-prioritisation of immigrant groups with a large share of naturalised persons. Since non-Nordic citizens only make up half of all the persons born outside the Nordic region, there is a risk the new policy does not give enough consideration to groups with labour market difficulties. If this is the case, all tables in this section present an incomplete picture of the situation in every given period. This also applies to changes over time, if we believe that these differ between a certain nationality-group and the equivalent country of birth-group.

Table 2 shows the development of the share of jobseekers engaged in incentives within the different ethnic groups. This table is included primarily to follow any changes that take place over time.²³ There are no dramatic changes, possibly a weak negative trend in certain groups. Given the number of programme participants in relation to the number of jobseekers, no increase of resources has at least been initiated for labour market measures for these groups.

²² The high values may be explained by the special prioritisation of persons with Bosnic nationality (Ekberg & Rooth 2000).

²³ The values in the table correspond to those in Table 1 multiplied with a constant (the total number of jobseekers divided with the total number of persons engaged in incentives) which is the same for all groups over a certain year. We can therefore look at either Table 1 or 2 for a comparison between the groups.

Table 1. Program participants and unemployed, relative share according to nationality.

| Nationality | 1996 | 1997 | 1998 | 1999 | 2000 |
|---------------------------|------|------|------|------|------|
| Swedish | 0.98 | 0.99 | 1.00 | 0.99 | 0.99 |
| Finnish | 0.85 | 0.87 | 0.88 | 0.87 | 0.93 |
| Other Nordic countries | 0.93 | 0.94 | 0.91 | 0.89 | 0.91 |
| East Europe | 1.27 | 1.16 | 1.09 | 1.17 | 1.21 |
| West Europe | 1.03 | 0.97 | 0.94 | 0.97 | 0.91 |
| Asia | 1.07 | 1.07 | 1.00 | 1.05 | 1.11 |
| Africa | 1.02 | 0.97 | 0.92 | 0.95 | 1.03 |
| South and Central America | 1.10 | 1.12 | 1.02 | 1.05 | 1.04 |
| Others | 1.03 | 0.98 | 0.92 | 0.96 | 0.97 |

Notes: The table shows each group's share of the number of programme participants in relation to the group's share of the number of openly unemployed plus programme participants. A figure higher than 1 indicates that the group is "prioritised", that is its share of programme participants is larger than its share of the total number of jobseekers. Source: Ams.

Table 2. Share in programmes, according to nationality.

| Nationality | 1996 | 1997 | 1998 | 1999 | 2000 |
|---------------------------|------|------|------|------|------|
| Swedish | 0.33 | 0.34 | 0.38 | 0.34 | 0.32 |
| Finnish | 0.28 | 0.30 | 0.33 | 0.29 | 0.30 |
| Other Nordic countries | 0.31 | 0.32 | 0.34 | 0.30 | 0.30 |
| East Europe | 0.42 | 0.40 | 0.41 | 0.39 | 0.40 |
| West Europe | 0.34 | 0.33 | 0.35 | 0.33 | 0.30 |
| Asia | 0.36 | 0.37 | 0.38 | 0.36 | 0.36 |
| Africa | 0.34 | 0.33 | 0.35 | 0.32 | 0.34 |
| South and Central America | 0.37 | 0.38 | 0.38 | 0.35 | 0.34 |
| Others | 0.34 | 0.34 | 0.35 | 0.33 | 0.32 |
| Total | 0.33 | 0.34 | 0.38 | 0.34 | 0.33 |

Notes: The table shows the share of programme participants in relation to the number of openly unemployed plus programme participants in each group respectively. Source: Ams.

Different types of measures

Participation in one type of measure may imply a greater resource allotment than participation in another type of measure. It is therefore interesting to break down programme participation according to the curriculum of the programme. Tables 3 and 4 correspond to Tables 1 and 2 with the difference that measures are presented in three groups: subsidised employment, work placement schemes and training.²⁴ It is also interesting to study the division among different types of measures from an effectiveness perspective since earlier research has found that certain programmes generate a greater effect than others. A discussion on this topic follows in section C.1.3. Our focus here is only on the issue of resource allotment.

The last section of Table 3 suggests that, based on previous experience, immigrants in ethnic groups expected to have the most difficulties on the labour market (East Europe, Asia, Africa and South and Central America) are heavily over-represented in training programmes. However, this overrepresentation appears to exhibit a negative trend over time.

The first two sections of the table reflect a high proportion in training programmes. They show that these groups have a lower share in subsidised employment programmes and work placement schemes than what corresponds to their share of the total amount of unemployed persons. The category "East Europe" shows a clear upswing of relative representation in subsidised employment schemes towards the close of the period of observation. A few of the other groups of primary interest indicate a similar trend though not as emphatic. Work placement schemes suggest a similar pattern. All non-Nordic ethnic groups are underrepresented over every period of observation, but the relative share grows over time for several groups.

Table 4 illustrates the absolute share in different types of programmes. The time pattern is similar for Swedish citizens and different groups of foreign citizens. The share of jobseekers in some type of subsidised employment rises over time, most clearly for the group "East Europe", which had the highest share of participants in 2000. Participation in work placement schemes generally fell from 1997, while the share for most groups engaged in training programmes climbed up to and including 1999.

²⁴ A number of measures reporting few participants are not included in any of the groups; see appendix for a description of the classification.

Table 3. Programme participants and unemployed, relative share according to nationality and type of programme.

| Nationality | 1996 | 1997 | 1998 | 1999 | 2000 |
|-------------------------------|------|------|------|------|------|
| <i>Subsidised employment</i> | | | | | |
| Swedish | 1.02 | 1.02 | 1.03 | 1.02 | 1.00 |
| Finnish | 0.77 | 0.68 | 0.71 | 0.77 | 0.76 |
| Other Nordic countries | 0.95 | 0.95 | 0.88 | 0.86 | 0.93 |
| East Europe | 0.89 | 0.90 | 0.91 | 0.98 | 1.36 |
| West Europe | 1.02 | 1.00 | 0.95 | 1.02 | 1.07 |
| Asia | 0.91 | 0.95 | 0.85 | 0.91 | 1.02 |
| Africa | 0.79 | 0.68 | 0.49 | 0.46 | 0.62 |
| South and Central America | 0.76 | 0.68 | 0.60 | 0.57 | 0.69 |
| Others | 1.01 | 1.03 | 0.90 | 0.86 | 0.94 |
| <i>Work placement schemes</i> | | | | | |
| Swedish | 1.02 | 1.02 | 1.03 | 1.02 | 1.01 |
| Finnish | 0.91 | 0.88 | 0.91 | 0.89 | 1.04 |
| Other Nordic countries | 0.90 | 0.88 | 0.87 | 0.83 | 0.83 |
| East Europe | 0.86 | 0.84 | 0.75 | 0.86 | 0.91 |
| West Europe | 0.87 | 0.79 | 0.71 | 0.72 | 0.68 |
| Asia | 0.95 | 0.93 | 0.84 | 0.93 | 0.96 |
| Africa | 0.79 | 0.72 | 0.75 | 0.85 | 0.87 |
| South and Central America | 0.92 | 0.89 | 0.78 | 0.82 | 0.83 |
| Others | 0.97 | 0.86 | 0.84 | 0.83 | 0.79 |
| <i>Training programmes</i> | | | | | |
| Swedish | 0.90 | 0.91 | 0.94 | 0.95 | 0.96 |
| Finnish | 0.77 | 0.91 | 0.92 | 0.89 | 0.89 |
| Other Nordic countries | 0.96 | 1.02 | 0.94 | 0.92 | 0.95 |
| East Europe | 2.28 | 2.02 | 1.71 | 1.60 | 1.44 |
| West Europe | 1.34 | 1.33 | 1.25 | 1.17 | 1.03 |
| Asia | 1.40 | 1.43 | 1.31 | 1.27 | 1.32 |
| Africa | 1.63 | 1.68 | 1.47 | 1.38 | 1.59 |
| South and Central America | 1.68 | 1.89 | 1.64 | 1.56 | 1.62 |
| Others | 1.17 | 1.21 | 1.07 | 1.14 | 1.21 |

Notes: The table illustrates each group's share of the number of programme participants in relation to the group's share of the number of open unemployed persons plus programme participants. A Figure higher than 1 indicates that the group is "prioritised", meaning that its share of programme participants is larger than its share of the total number of job-seekers. Note that there are measures not classified as belonging to any of the three categories in the table, see appendix for classification. Source: Ams.

Table 4. Share in programme, according to nationality and type of programme.

| Nationality | 1996 | 1997 | 1998 | 1999 | 2000 |
|----------------------------------|------|------|------|------|------|
| <i>Subsidised employed</i> | | | | | |
| Swedish | 0.07 | 0.06 | 0.08 | 0.08 | 0.09 |
| Finnish | 0.05 | 0.04 | 0.06 | 0.06 | 0.07 |
| Other Nordic countries | 0.06 | 0.06 | 0.07 | 0.07 | 0.08 |
| East Europe | 0.06 | 0.05 | 0.07 | 0.08 | 0.12 |
| West Europe | 0.07 | 0.06 | 0.08 | 0.08 | 0.09 |
| Asia | 0.06 | 0.05 | 0.07 | 0.07 | 0.09 |
| Africa | 0.05 | 0.04 | 0.04 | 0.04 | 0.05 |
| South and Central America | 0.05 | 0.04 | 0.05 | 0.04 | 0.06 |
| Others | 0.07 | 0.06 | 0.07 | 0.07 | 0.08 |
| <i>Work placement programmes</i> | | | | | |
| Swedish | 0.16 | 0.18 | 0.16 | 0.11 | 0.10 |
| Finnish | 0.15 | 0.16 | 0.14 | 0.10 | 0.11 |
| Other Nordic countries | 0.14 | 0.16 | 0.14 | 0.09 | 0.08 |
| East Europe | 0.14 | 0.15 | 0.12 | 0.09 | 0.09 |
| West Europe | 0.14 | 0.14 | 0.11 | 0.08 | 0.07 |
| Asia | 0.15 | 0.17 | 0.13 | 0.10 | 0.10 |
| Africa | 0.13 | 0.13 | 0.12 | 0.09 | 0.09 |
| South and Central America | 0.15 | 0.16 | 0.12 | 0.09 | 0.08 |
| Others | 0.15 | 0.15 | 0.13 | 0.09 | 0.08 |
| <i>Training programmes</i> | | | | | |
| Swedish | 0.09 | 0.08 | 0.11 | 0.13 | 0.10 |
| Finnish | 0.07 | 0.08 | 0.11 | 0.12 | 0.09 |
| Other Nordic countries | 0.09 | 0.09 | 0.11 | 0.12 | 0.10 |
| East Europe | 0.22 | 0.18 | 0.20 | 0.21 | 0.15 |
| West Europe | 0.13 | 0.12 | 0.15 | 0.15 | 0.11 |
| Asia | 0.13 | 0.13 | 0.15 | 0.17 | 0.14 |
| Africa | 0.15 | 0.15 | 0.17 | 0.18 | 0.17 |
| South and Central America | 0.16 | 0.17 | 0.19 | 0.21 | 0.17 |
| Others | 0.11 | 0.11 | 0.13 | 0.15 | 0.13 |

Notes: The table indicates the share of programme participants in relation to the number of open unemployed persons plus programme participants in each group respectively. Note that there are measures not classified as belonging to any of the table's three categories, see appendix for classification. Source: Ams.

Does programme participation capture resource allotment and priorities?

To reflect the differences in financial resource allocation between groups during the observation year and changes in programme participation, there cannot be any systematic differences between ethnic groups in how resource-demanding a spot in a certain type of measure is, and the price for different measures cannot change over time. Working under this assumption, we conclude that foreign citizens in the most interesting groups receive a relatively large share of training resources, but a relatively small share for work placement schemes and employment resources during each observation period.

These assumptions are not sufficient to indicate the development of the total resource allotment to different groups. According to Table 4, the scope of certain types of programmes has expanded over time, while others have diminished. If different measures utilise different quantities of resources, the allotment of resources to concerned groups may have both risen and fallen.

Table 5 illustrates the estimated cost per programme participant and month. The table should be carefully interpreted since a few measures lack separate cost specifications. Costs for similar programmes have been registered under these measures. One initial observation is that non-Nordic citizens appear, on an average, engaged in measures with a higher monthly cost than citizens of the Nordic countries. The explanation lies in the higher level of participation in training programmes. The average monthly cost for one person engaged in labour market training programmes was SEK 13,940 in 1998, which is comparable to SEK 9,201 for public relief work or SEK 5,968 for recruitment incentives (Carling & Richardson 2001). The groups adhere to a similar pattern over time and it is difficult to point out one group as more favoured than another in this regards.

Table 5. Average cost per programme participant and month, according to nationality and year.

| Nationality | 1996 | 1997 | 1998 | 1999 | 2000 |
|---------------------------|---------------|--------------|---------------|---------------|--------------|
| Swedish | 9,291 | 9,273 | 9,576 | 9,855 | 9,259 |
| Finnish | 9,512 | 9,603 | 9,883 | 10,029 | 9,277 |
| Other Nordic countries | 9,706 | 9,567 | 9,813 | 10,066 | 9,441 |
| East Europe | 10,770 | 10,317 | 10,439 | 10,645 | 9,573 |
| West Europe | 10,016 | 9,917 | 10,153 | 10,435 | 9,648 |
| Asia | 10,166 | 9,918 | 10,187 | 10,455 | 9,856 |
| Africa | 10,591 | 10,468 | 10,599 | 10,904 | 10,547 |
| South and Central America | 10,433 | 10,451 | 10,768 | 11,120 | 10,528 |
| Others | 10,003 | 9,951 | 10,091 | 10,485 | 9,922 |
| Total | 10,037 | 9,934 | 10,168 | 10,434 | 9,773 |

Notes: The table illustrates the estimated average cost per participant in measures falling under the categories subsidised employment, work placement scheme or training programmes. Unit cost information is based on Carling & Richardson (2001); additional classification is presented in the appendix.

A second question is whether programme-participation highlights priorities to labour market measures. In table 1 and 3, we implicitly assume that all jobseekers are potential participants in existing measures. This does not go without saying, however, and can also prove especially problematic in this case. Participation in, for example, a workplace scheme may require a certain level of knowledge in the Swedish language. If many individuals in a certain ethnic group lack the necessary competence, then it is wrong to claim that the group has been down-prioritised simply because it is underrepresented in relation to its share of the total amount of jobseekers. Higher representation in training programmes compared with employment and work placement schemes for certain ethnic groups may indicate such a problem. Naturally, this is not the only plausible explanation. It is just as feasible that for some reason it is more difficult to arrange work placement for immigrants. The question of the allotment of measures is discussed in more detail in section C.1.3.

B.1.2 Announced initiatives

The information in the previous section is limited by the fact that they only cover the time frame up to and including 2000, and refer only to the National Labour Market Board's operations. This section will present a brief discussion on some of the initiatives starting 2001 or those not within the framework of the National Labour Market Board's operations.

Local development agreement (Metropolitan incentive)

The guidelines for the local development agreement states that municipalities will at least match contributions from the State (Regeringskansliet 1999). This means a resource allocation of at least SEK 4 billion during the five-year period 1999–2003. These resources are not solely used for labour market measures, nor are they marked for use only for immigrants. According to NUTEK (the National Board for Industrial & Technical Development) (2001), 19 per cent of the funds are used for labour force development. The Integration Board reports that 45 per cent of the residents in the relevant areas are born outside Sweden. A very rough estimate thus is that on an average, the metropolitan incentive only contributes just less than SEK 70 million towards strengthening the position of immigrants on the labour market.

Training incentives for immigrants with a foreign university examination

This incentive primarily targets unemployed immigrants with foreign university examinations in professions with labour shortages such as health and medical care, teaching and technology/science. In 2001, SEK 100 million was allocated; the allocated sum for 2002 and 2003 is SEK 65 million per year. The County Labour Boards' plans for 2001 included 2,200 places in preparatory training (for example, vocation-related language courses) and 1,230 places in vocational training (Ams 2001b). These resources constitute a lower limit for operations—the county can choose to allocate more funds. Most probably, many of those that receive training within the framework of the incentive would have received training even without the defined "lowest frame". The incentive should therefore partially be viewed as a way of guaranteeing resources more than as a way of adding new resources.

*The European Social Fund*²⁵

Sweden's ESF council has identified two main measures to influence the instalment of immigrants in the labour market for the period 2000–2006: "Integration and diversity" and "Increased employability". The first project is aimed at counteracting discrimination in general and thus does not apply only to immigrants. The same applies to the second project that focuses on individuals outside the labour market.

"Integration and diversity" has over SEK 900 million at its disposal for the relevant period. The equivalent Figure for the area "Increased employability" is SEK 1,400 million. Resources equal to these must be organised from a national source (Ams, for example) if these funds are to be allocated to local projects. The stipulated sums are therefore a lower limit, but it is difficult to assess how much of the Swedish co-financing will be taken from incentives already accounted for.

B.1.3 Summary of resource allocation

Statistics over participation in labour market programmes indicate that certain groups of foreign citizens have a higher level of representation in measures than Swedish citizens, while other have lower representation. It is not unambiguous that all groups of non-Nordic citizens receive higher priority for various measures, which they should receive according to the guidelines of the policy. There is no clear pattern in the changes over time that indicate that any group has been more or less prioritised than any other group over the past years.

Certain newly announced incentives may heighten resources to strengthen the position of immigrants on the labour market, but at this point it is difficult to assess exactly how much this increase in resources will be.

B.2 The development for immigrants on the labour market

Over the past decades, the position of immigrants on the Swedish labour market has degenerated in relation to persons born in Sweden. A large number of studies have examined the situation for different groups and tried to find possible explanations for the changes (for references to earlier studies, see for example Arai et al. 1999 and Edin & Åslund 2001).

²⁵ Information in this sub-section is based mainly on information from Christer Florman, Svenska ESF-rådet.

This section presents a brief history of immigration to Sweden and describes the main outlines of the development on the labour market since the end of the 1960s. This provides a background for a more detailed account of the situation during the 1990s, based largely on the conclusions in Edin & Åslund (2001). In order to illustrate the development since the start of 2000, early studies are supplemented with descriptive statistics from SCB's Labour Force Surveys (AKU) for up to and including the first six months, 2001.

B.2.1 History²⁶

During the 50s and 60s, labour force immigration dominated migration to Sweden. This culminated in 1970 and from 1972 practically all labour force immigration ceased from countries outside the Nordic region. During the 1970s and the beginning of the 1980s, immigration was relatively stable, but a greater per cent came from countries outside the Nordic region. This development accelerated around 1985. The largest portion of non-Nordic immigrants consists of refugees and relatives to refugees.²⁷

Economic integration of labour force immigrants did not constitute a problem. Industries were in dire need of labour and employment rates were higher for immigrants than native-born persons. This was especially true for immigrant women in comparison with women born in Sweden.

Persons arriving in Sweden later have experienced considerably greater difficulties on the labour market. The growing difficulties coincide with a change in the attributes of immigration, both in regards to country of origin and cause for migration. The position of various immigrant-groups on the labour market exhibit therefore enormous variations. Some groups cannot at all be said to be in need of special measures while others have major difficulties.

Edin & Åslund (2001) studied the development on the labour market for persons not born in Sweden during the 1990s and compared the development to those born in Sweden. The authors divide foreigners into three groups according to country of birth: the Nordic Region, OECD and non-OECD. The Nordic immigrants have long retained a unique position on the Swedish labour market and immigration from these countries has been extensive during certain peri-

²⁶ This subsection is based on the study by Edin & Åslund (2001). See the study for a more detailed presentation and references to information sources..

²⁷ As of 1995, about 5,000 people per year are granted residence permits in accordance with the EES agreement. A very small number of residence permits have been issued to persons outside the Western World for labour market reasons.

ods. The second group generally migrated to Sweden for economic reasons, while most persons in the third group came to Sweden for political reasons.

Regarding the level of earned income, the study reaches an expected outcome: all groups of foreign-born persons have, on an average, a lower level of earned income than persons born in Sweden. Nordic immigrants maintain the strongest position in relative terms, while persons born outside the Western World (non-OECD) have significantly lower incomes. This result applies even if the groups are further segmented into sub-groups according to gender, age and education, or if these factors are accounted for in a regression analysis. How long a person has lived in Sweden appears to be most important for the non-OECD group. In this group it is evident that later arrivals have lower incomes and the decline over time is not as evident in the other two groups.

The most important explanation for the differences in income appears to be the differences in employment. The share of individuals with no or very low earned income is significantly greater for immigrants, while income differences for those with an income over a basic amount are not at all as great. However, it is worth noting that the authors found a wage difference of about 12 per cent between full-time employed persons born outside the OECD countries and persons born in Sweden with comparable observed individual characteristics. The latter result is in line with the findings of le Grand & Szulkin (2000) who found that there are wage differences that cannot be explained by level of education or experience, and with Berggren & Omarsson (2001) who show that many immigrants with a high level of education do not have a job that corresponds to their level of education.

Edin & Åslund (2001) also found that immigrants were more harshly affected by the recession at the beginning of the 1990s than persons born in Sweden. The downturn was also greatest in the group with the weakest position: between 1990 and 1994 the earned income dropped an average of 28 per cent for persons in the non-OECD group as compared with 12 per cent for persons born in Sweden. During the latter part of the decade, the average earned income rose in all groups, which was expected since unemployment quickly declined. An interesting observation in the study is that the weakest groups exhibited the fastest growth. We must remember that this is growth from a low level, and it is important to also observe in which way these groups improve their relative position on the labour market. In order to examine if this tendency continues after the close of the 1990s, the next section presents statistics from AKU that cover the period up to and including the first six months of 2001.

B.2.2 Development 1995–2001

This section describes the development of unemployment, employment and labour force participation from 1995 up to and including the first six months of 2001. The information comes from SCB's Labour Force Survey (AKU), made up of interviews with people of working age (16–64); see SCB (1996, 2001) for more details about the study.

The first comparison concerns the development for the entire group of people not born in Sweden in comparison with those born in Sweden.²⁸ Figure 1 illustrates the vast differences between these two groups. It is easy to believe from the figure that employment has not markedly changed among those born in Sweden during the past years' upturn while, in fact, it rose almost 4 points from the first six-month period in 1997 to 2001. Among those born outside Sweden, the development in employment over the same period is even stronger: it rises from 52.1 to 61.8 per cent. Labour force participation does not report the same strong development but the trend is positive.

Both groups show a dramatic decline in unemployment. In relative figures, Sweden-born persons report the greatest fallback: from 7.3 to 3.3 per cent meaning a 55 per cent drop. Persons born outside Sweden report an even greater decline—a full 9 points—given how large a proportion of the entire group is unemployed. It is worth noting that since labour market participation increased, the decline in unemployment is not caused by more people being outside the labour force.

²⁸ Swedish citizens that are not naturalised citizens.

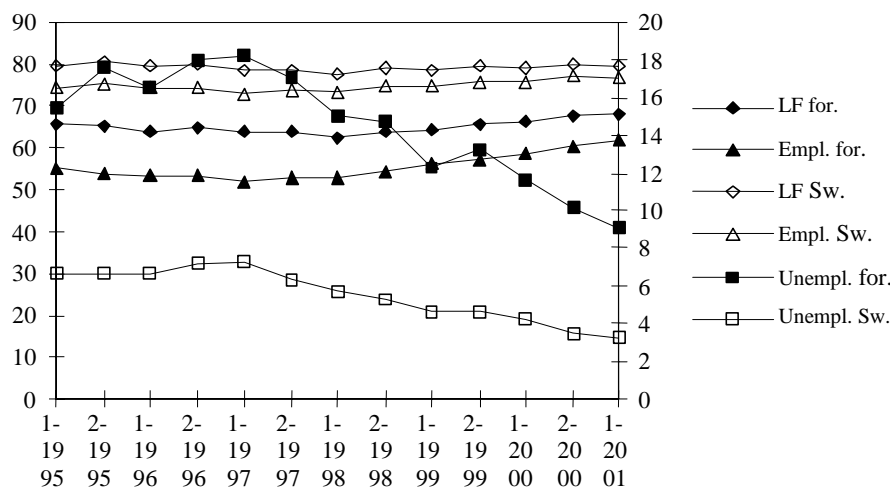


Figure 1. Labour force participation, employment and unemployment for persons born outside Sweden and in Sweden, per six-month period 1995-2001, in per cent.

Notes: SCB's processing of the AKU. The left axis indicate the value for labour force participation and employment, the right indicates unemployment. "1-1995" stands for the first six-month period of 1995.

The next step is to separate foreign-born persons according to country of birth. In this way we see if certain groups answer for a majority of the increase in employment and decline in unemployment. Edin & Åslund (2001) found vast differences between different countries of origin, in addition to the fact that many people who arrived after 1985 have had immense difficulties on the labour market. The AKU material available does not contain information regarding the date of immigration but we can arrange an indirect picture through a breakdown according to country of birth, since large segments of the immigrant population from certain countries (for example, Iran, Iraq, and Bosnia) came at the end of the 1980s and the first part of the 1990s.

Figure 2 shows employment levels for people born in Sweden and individuals from a selection of other countries of origin. The outcome is as expected: people born in Sweden have the highest level of employment, followed by people born in EU/EES countries. These two groups are well above the groups reporting the lowest level of employment. Statistics show a heavy rise in employment among the weakest groups starting 1998. Among those persons born

in Africa, employment rose from 42 per cent the first six months of 1998 to 56 per cent during the first six months of 2001. The corresponding change in the group "Others Europe" is from 42 to 60 per cent.²⁹

Figure 3 shows employment development for persons born in Bosnia, Iran or Iraq.³⁰ Iranians came to Sweden as refugees during the 1980s, Iraqis arrived both during the 1980s and the 1990s, and Bosnians came during a limited period during the 1990s. Many studies illustrate the difficulties relatively newly-arrived immigrants have in entering the labour market; often times this applies especially to persons from "refugee countries".

At the start of the observation period, Iranians reported a significantly higher level of employment than the two other groups. This was in part because they had, on an average, lived in Sweden longer. Over time, all groups report a heavy rise in employment, but Bosnians report the most prominent development. The image is much the same over statistics divided between men and women (not in the Figure). In 1995, most Bosnians were new arrivals and had hardly entered the labour market; employment levels under 10 per cent clearly reflect this fact. Starting with the first six-month period in 2000, the group reports a higher level of employment than both Iranians and Iraqis.

There are probably a number of explanations for the favourable development demonstrated among Bosnians. One may be that most arrived after 1992 and received high priority at the employment offices (Ekberg & Rooth 2000). Ekberg & Ohlsson (2000) show that there are large regional variations regarding the group's employment levels and that levels are highest in certain small-scale industrial municipalities. It is impossible to make a causal diagnosis of this pattern; however, the results in Edin et al. (2000a) show that the local labour market situation plays an important role for earnings and employment for refugee immigrants.

It should be noted that a considerably larger portion of both Iranians and Iraqis has a higher level of education than Bosnians. The AKU statistics for the first six months of 2001 reports 32 (35) per cent of the people from Iran (Iraq) had post-secondary schooling, in comparison with 21 per cent of the people from Bosnia. This confirms the image from earlier studies that higher education

²⁹ The values are in principle identical if we instead use the group division "Eastern Europe"

³⁰ Reports from AKU that the section is based on separately account for only a limited number of countries, which is why no African country (Somalia, for example) is represented in Figure 3.

in itself is no guarantee for a good position on the labour market, nor is it a necessity to succeed on the labour market.

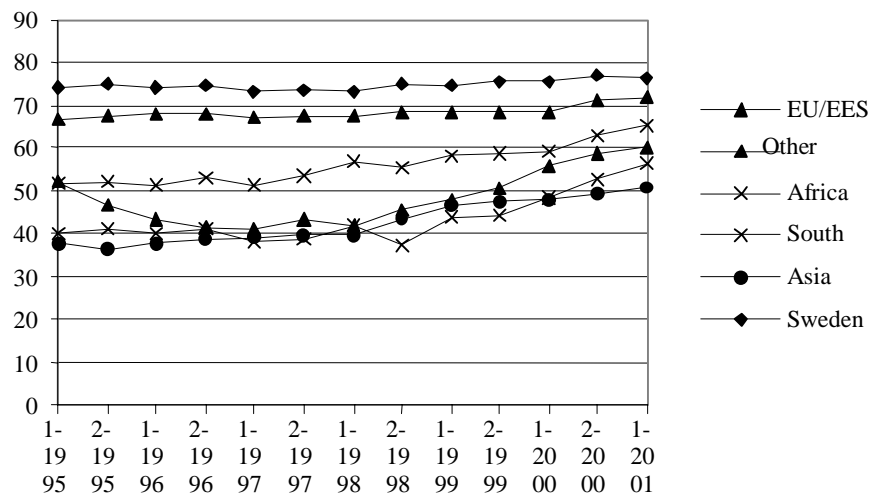


Figure 2. Employment according to country of birth, per six-month period 1995-2001, per cent.

Notes: SCB's processing of the AKU. "1-1995" indicates the first six-month period in 1995.

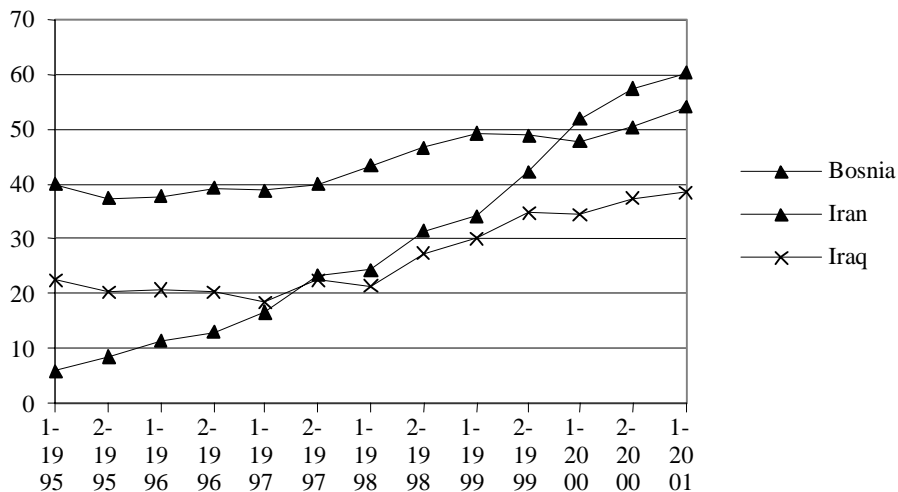


Figure 3. Employment levels for people born in Bosnia, Iran or Iraq, per six-month period 1995–2001, percent.

Notes: SCB's processing of AKU. "1-1995" indicates the first six-month period in 1995.

Differences in working hours, type of employment and affiliation to sector

On the whole, given that the individual is employed, the AKU statistics indicate no major differences in the area of working hours between foreign-born persons and those born in Sweden. About 75 per cent of the people in both groups report they normally work 35 hours or more per week, rising somewhat over the observation period. The average actual work-hours for the groups are identical the first six months of 1995 and 1998: 36.2 and 36.0 hours. The first six months of 2001 the figure climbs a bit for those born in Sweden: 39.2 for compared with 36.5 hours per week.

A more interesting development is the share of those permanently employed. The rate the first six months of 1995 for persons born in Sweden was just over 85 per cent, remaining steady at the same level during the same period in 1998 and 2001. During the same period, the rate dropped for foreign-born persons from 82 to 69 per cent. One hypothesis is that a significant portion of the employment increase is within fixed-term jobs. This impression is reinforced by the fact that groups from Iran and Iraq for example report an even

lower permanent employment rate: 62 and 56 per cent respectively for the first six months of 2001.

In regards to affiliation to a specific sector, the AKU statistics show no major changes during the period of observation. An evident difference is that immigrants often hold jobs that fall under the category of "Personal and cultural services, cleaning services". Among those born in Sweden, 7 per cent are employed within this "sector". The figures for persons born in Sweden working in this "sector" is 7 per cent, 12 per cent for all foreign-born inhabitants, and among those born outside Europe, every fifth individual held this type of work. This corresponds with Berggren and Omarsson's (2001) analysis that found that only 39 per cent of the academics born outside the EU/EES who immigrated during the 1990s hold a job that corresponds to their level of education; the figure for Sweden-born inhabitants is 85 per cent.

Summary of the development on the labour market

The crisis that marked the start of the Nineties struck more fiercely against immigrants than native-born inhabitants. This was especially true for many in the large groups that came to Sweden during the close of the Eighties and those that arrived when labour market conditions were at the lowest level during the Nineties.

During the latter part of the decade and the start of 2000 many groups with difficulties on the labour market were able to strengthen their position considerably. Unemployment dropped profoundly for the population as a whole, but the strongest growth of the share of individuals entering the labour force was among foreign-born inhabitants. Despite this change, there remain vast differences in employment and unemployment between native-born persons and those born outside Sweden. It remains to see if the relative improvement remains stable even in a downturn. That more foreign-born persons hold fixed-term employment may indicate that this development will swing in the face of an economic downturn.

C. The effects of the policy

This section discusses the effects of the current policy and the expected results of the reforms decided upon. The account is based on earlier research into the effects of different labour market measures and other policy intended to influence the labour market position of both individuals and groups.

C.1 The effects of programme participation

Knowledge of the effects of participation in labour market policy programmes regarding employment possibilities for immigrants is relatively limited. The quantitative studies available indicate that those measures that are most effective for the population as a whole are also most effective for immigrants (Carling & Richardson 2001, Ekberg & Rooth 2000).

Carling & Richardson (2001) compare the employment probability of participants in different types of programmes and find that measures with subsidised employment and certain types of work placement schemes provide better results than training programmes. Their results indicate that the order of precedence regarding the measures is the same even for foreign citizens. Ekberg & Rooth (2000) make a similar conclusion after dividing the population into native-born inhabitants and foreign-born inhabitants: in both groups, measures that resemble a regular job are associated with a higher probability for employment six months after the programme has been completed. Descriptive statistics from Ams provide a similar picture: those engaged in subsidised employment programmes to a greater extent have employment three and six months after completing the programme, in comparison with participants in work placement schemes and training programmes.

Carling & Gustafson (1999) have noticed a difference between Swedish citizens and non-Swedish citizens in their comparison between subsidised employment and entrepreneurship grants. Swedish citizens receiving start-up grants report a lower risk of relapsing into unemployment than non-Swedish citizens. This indicates that self-employment is not necessarily a solution better suited to immigrants than native Swedes. This is an interesting results given the number of measures that focus on the entrepreneurship of foreigners described in the national action plan for employment.

Since the above studies to a large extent indicate that the effects for the population as a whole also apply to foreign-born persons as a separate group, it is worth mentioning some general conclusions concerning the effects of the labour market policy. Calmfors et al. (2001) compiled Swedish results and concluded that some forms of subsidised employment increases the probability of employment, while the same is not true for training programmes. Martin & Grubb (2001) found that different types of employment incentives can help a certain specific group, for example long-term unemployed persons.

Based on the above results, it is interesting to discuss the allotment of measurements presented in section B.1.3.1.1. Immigrant groups in which many people have a weak labour market position are more often engaged in training programmes than in subsidised employment programmes or work placement schemes. Is there some reason for this? Generally speaking, the education level of foreign-born inhabitants is no lower than for Sweden-born inhabitants (SCB 2000), with the obvious exception for knowledge of the Swedish language and other factors specifically Swedish (such as specific Swedish requirements within various vocational training programmes). From this perspective, more intense training efforts are motivated.

On the other hand, certain factors support the fact that immigrants have a greater need of employment measures. Many appear to have trouble just getting their foot into the labour market, and an employment measure could prove to be a door opener. Franzén (1997) emphasises the importance of quickly entering the labour market. Rooth (2000) noted a positive connection between employment and earlier periods of employment in Sweden, and people who have had many jobs have a better chance of being employed. These results reflect the importance of references and Sweden-specific worklife experience. It is therefore possible that the chance of employment climbs if more individuals are placed in employment measures instead of training programmes.³¹

The activity guarantee is a new type of measure directed at long-term unemployed persons or persons threatened by long-term unemployment. A considerable share of long-term unemployed persons is foreign-born so the programme is especially relevant for this group. Specific for the activity guarantee is that individuals are to participate in full-time activities, and it is not possible to leave the programme without having secured a job, studies or leaving the labour market system entirely. Martin & Grubb (2001) emphasise the positive "motivating effects" that arise from measures that force individuals to be active. Should an individual remain unemployed to avoid working, the activity guarantee may prove the necessary incentive to work.

³¹ The image of allocations for measures is more balanced if we only study recruitment incentives, employment incentives and temporary employment schemes—measures that appear to generate the greatest positive effect on the probability of employment. Individuals in the ethnic groups "East Europe" och "Asia" are overrepresented in these measures and report an increase over time. The two other groups of primary interest—"Africa" and "South and Central America"—report a certain positive trend but these two groups are still underrepresented during all observation periods.

The last study also claims that resources for more effective jobseeking have positive effects. According to the plan, a vital part of the activity guarantee consists of organised job-seeking activities. Some of the resources for temporary personnel reinforcement within AMV earmarked for immigrants have been used to add to the amount of time employment officers have to spend on each jobseeker (Ams 2000b). These efforts may improve the probability of employment for jobseekers.

Up until this point, the discussion is based on the results of quantitative studies. Qualitative studies indicate some failings in how labour market measures for immigrants have been carried out. Here are two brief examples. In the Thomsson & Hoflund (2000) study, stiff criticism was raised that measures devised for immigrant women were not suited according to the individual and that the participants had difficulties in getting a response to their ideas and wishes. Franzén (1998) studied an EU Objective 3 project conducted in the Stockholm area and found that a majority of the participants were not in need of the type of programme initially planned.

In this context it is worth noting that there is no comprehensive picture of the effects of local programmes and measures for immigrants. Ams (1999b) shows that during the period 1995–1999 there were 120 projects that specifically targeted immigrants, financed by the European Social Fund (ESF), and the Fund will continue to appropriate funds for this purpose. NUTEK (2001) reports incentives within the framework of the Metropolitan incentives, which include everything from coffee-shop operations to job-seeking courses, and vocational training programmes and apprenticeship projects. It appears crucial that we improve our knowledge about the effects of these programmes.

Side-effects of the current policy

In line with the Guidelines, non-Nordic citizens are to receive priority to labour market measures. The purpose is to conceivably capture a group with special difficulties on the labour market. One side-effect of this policy is unfair treatment of foreign-born persons holding Swedish citizenship and experiencing considerable difficulties in finding work. Ekberg & Rooth (2000) claim that groups with a large share of naturalised persons (those born outside Sweden that have become Swedish citizens) are given a lower priority in the labour market policy. The writers propose that Ams statistics contain information on country of birth, a recurrent demand in the study by Arai et al. (2000).

Figure 4 illustrates why nationality is not a good criterion on which to base priorities within the labour market policy. The figure shows unemployment for a selection of immigrant groups and persons born in Sweden, arranged according to nationality. The first observation is that individuals under the categories "Africa" and "Iran" have a considerably higher level of unemployment than those born in Sweden, regardless of nationality, and that Iranians holding Swedish nationality in fact report a higher level of unemployment than Iranian citizens. The greatest difference in the category "Chile" is probably in part due to the fact that some have lived in Sweden a long time. A comparison with other groups indicates nonetheless that the process of selection according to Swedish nationality varies between the ethnic groups, and the process can hardly be easily described. It is therefore necessary to devise a better instrument for setting priorities.

A second side-effect of the labour market policy is crowding-out of regular employment. Calmfors and others (2001) found that subsidised employment has crowding-out effects, and the same does not apply for training programmes. If the purpose is to promote employment through increased recruitment subsidies (as discussed above), then consideration must be given to the fact that this solution will probably prevent some from finding a regular job direct.

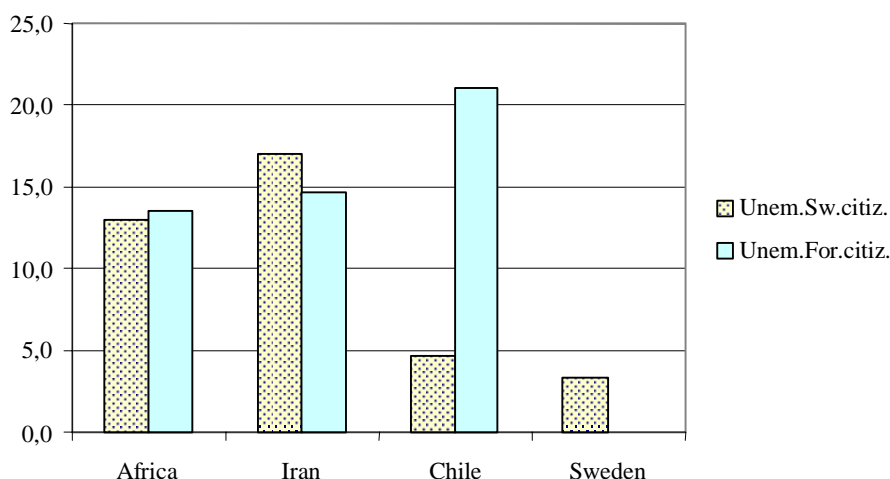


Figure 4. Unemployment first six months 2001, naturalised and foreign citizens.

Notes: SCB's procession of the AKU statistics. Country of birth for naturalised persons, country of birth for foreign citizens. "Sweden" indicates persons born in Sweden (Swedish citizens by birth).

C.2 Introduction for newly-arrived immigrants

The agreement reached in 2001 concerning introduction for newly arrived immigrants clearly focuses on quickly establishing these people on the labour market. Methods towards achieving this goal include early mapping of competence and on-the-job introduction.

The result of the study by Edin et al. (2000b) indicates that this may be good from a labour market perspective. The writers studied the long-term effects of an earlier reform of the reception of refugees (1985, The whole-of-Sweden strategy) on individual's employment and earned income levels. The reform shifted the focus from the labour market to training in the Swedish language and income subsidies resulting in apparently major long-term negative effects. It therefore appears a good idea to maintain a close connection between the reception of refugees and the labour market policy.

One part of the introduction efforts that will be changed according to the plan is training in the Swedish language. In the study by the Swedish Board of

Education (1997) a number of aspects regarding Swedish language training programmes for immigrants are criticised: co-operation difficulties within the organisation, heterogeneous groups in regards to the individuals' education background, and deficiencies in teaching methods are a few examples. Since new research indicates that language skills are an important factor for employment (Rooth 2001a), a well-functioning language-training programme is valuable from a labour market perspective.

C.3 Measures against discrimination

The new law against ethnic discrimination in working life has not yet been tested. However, it is still worth emphasising the importance of a well-functioning law in this area.

Lange (2000) reports that it is common that certain immigrant groups experience discrimination in working life, and Höglund (1998) notes that discrimination does occur. It is very difficult to prove discrimination in studies of employment and income. There are often other possible explanations; in the case of immigrants the difference in language skills between persons born in Sweden and persons born outside Sweden is one example. A number of relatively new studies have however indicated that discrimination is a fact. Rooth (2001b) found that adopted children with "foreign" physical attributes report a higher level of unemployment than adoptive children with "Swedish" physical attributes. Le Grand & Szulkin (2000) found wage differences between those born in Sweden and immigrants that cannot be explained by education or experience.

C.4 Summary

During the last years of the Nineties and the beginning of 2000, employment levels rose markedly for immigrant groups that, on an average, have a weak position on the labour market. In all probability, this is due to the favourable business cycle.

There is relatively little comprehensive knowledge on how the labour market policy affects immigrants as a separate group. The current knowledge indicates that what works best for the population as a whole also works best for immigrants. From this perspective, it is reasonable to assume that the labour market policy has not been a more effective tool for increasing employment among foreign-born inhabitants than people in general, since immigrants tend

to be more engaged in training programmes that do not generate the same employment effects as certain forms of subsidised employment schemes.

Non-Nordic citizens are to receive priority for labour market measures. Statistics show that this applies for certain groups with labour market difficulties, but not for others. As do earlier studies, we point out that nationality is an unsuitable criterion for prioritisation.

A number of initiatives are new and therefore difficult to evaluate but some appear to have a suitable direction. This applies to the introduction of newly arrived immigrant programmes and the new law against ethnic discrimination, for example. However, we would like to point out that we have not yet seen if the guidelines for the new introduction scheme are adhered to in practice, or if the new law will prove to be a well-functioning tool.

In one area, current knowledge is so low that we could not assess the efficiency. This concerns local projects financed through the metropolitan incentives or the European Social Fund, for example. In order to devise a future policy that strengthens the position of certain immigrant groups on the labour market, it is necessary to improve our knowledge in general and specifically our knowledge of these local initiatives.

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Appendix A

Policy changes for the integration of immigrants on the labour market

The following is a summary of the policy changes made to integrate immigrants on the labour market and presented in Sweden's national action plan (NAP). Studies and proposals for measures not yet decided upon are also presented. Throughout, it is the Swedish Government's intentions we present and we make no comment on the actual outcome.

A.1 Personnel reinforcement at employment offices:

NAP 1999 The employment offices and labour market institutes are allocated SEK 700 million for temporary personnel reinforcement. SEK 100 million of these will be used to strengthen immigrants' position on the labour market, through better access to work placement schemes, for instance.

NAP 2000 The Riksdag decided that SEK 100 million of the funds allocated for temporary personnel reinforcement will be used to strengthen immigrants' position on the labour market. The government intends to make the same proposal in 2001.

NAP 2001 Funds are again earmarked for temporary personnel reinforcement to strengthen immigrants' position on the labour market. In the Budget Bill for 2002, the government intends to propose that temporary personnel resources are made permanent. SEK 165 million will be used to strengthen the position of immigrants.

A.2 Labour market measures and training:

NAP 1999 A large portion of non-Nordic citizens is part of the target group for the Adult Education Initiative.

NAP 1999 Immigrants with foreign teaching education will receive supplementary schooling to achieve Swedish authorisation. Graduate engineers, scientists and graduate business administrators will also be included in the programme.

NAP 2000 The government proposes the introduction of an activity guarantee starting August 1, 2000. The activity guarantee will hopefully be a

major contribution to the situation of weak groups on the labour market.

NAP 2000 The regulations for 2000 stipulate that universities and institutes of higher learning are to arrange Swedish tuition when required for students with foreign backgrounds.

NAP 2000 The government proposed that SEK 100 million per year 2001-2003 be used to increase employment levels for immigrants.

NAP 2001 The incentive to increase employment for immigrants was introduced during 2001. For instance, SEK 100 million was allotted to Ams for supplementary education in health care and other professions where there are labour shortages for persons with a foreign university examination and unemployed immigrants. Funds have also been set aside to improve Swedish tuition and the introduction for those newly arrived and to promote ethnic diversity within public administration and private enterprises.

NAP 2001 The IT training programme ran from December 1997 to March 2000. Target groups were primarily the unemployed and three groups were to be prioritised: women, immigrants and the occupationally disabled.

A.3 Local development agreement:

NAP 1999 Municipalities with susceptible housing areas were offered to sign a local development agreement with the government.

NAP 2000 The incentive in the form of the local development agreement for certain susceptible housing areas started in 1999. The government will sign an agreement with seven municipalities concerning 24 housing areas. The aim is to break down social and ethnical segregation.

NAP 2000 The government proposed in the Spring Bill that state support for development work in urban regions be extended and that SEK 230 million be allocated for initiatives in 2003.

NAP 2001 The government has signed local development agreements with seven urban municipalities and new agreements will be signed in spring 2001. The government gave NUTEK the task of reviewing the agreements from a growth perspective. The first report states

that about 20 per cent of the funds are used directly for initiatives aimed at increasing labour participation.

A.4 Entrepreneurship:

NAP 1999 The government has intensified that task of identifying and resolving problems for small businesses. The result includes a number of measures aimed at promoting entrepreneurship among immigrants.

NAP 1999 The project is run by Ams to support and stimulate immigrants, especially women and young people, to start new businesses.

NAP 1999 The government appointed a committee to propose measures that ensure persons with a foreign background receive the same treatment when starting and developing their own business. The proposal has been submitted to interested parties for comments.

NAP 1999 During 1999 the government reinforced guidance and counselling to foreigners wanting to start up their own business by providing financial grants to counselling offices initiated by the International Association of Businesses.

NAP 2001 A report will be made of the possibilities for immigrants, women and young people to receive loans to finance entrepreneurship.

NAP 2001 An evaluation will be made of counselling programmes targeting immigrants that start and run their own businesses.

NAP 2001 The government is planning incentives to promote entrepreneurship among women and immigrants for SEK 9 million in 2002, SEK 14 million in 2003, and SEK 19 million in 2004.

A.5 Alternative employment initiatives for immigrants:

NAP 1999 New methods for mediate jobs for unemployed immigrants will be introduced in a trial project.

NAP 2000 The government will introduce a trial project that offers alternative job recruitment for immigrants.

A.6 Validation of foreign professional competence:

NAP 1999 Ams is to run a pilot project to assess foreign professional competence and upper secondary level schooling.

NAP 2000 The government has appointed a committee to develop forms for validating adults' informal knowledge. The committee will run three pilot projects to develop methods for validating foreign pro-

fessional competence. The assignment is to be completed by December 2000.

NAP 2001 The government has assigned a committee to review the question of validation of foreign professional competence. The report is to be submitted 2001.

A.7 Efforts to increase ethnic diversity and counteract discrimination:

NAP 1999 A new, stringent law against ethnic discrimination in working life took effect on May 1, 1999. It is proposed that employers are responsible for taking active measures to promote ethnic diversity in the working life.

NAP 1999 The government has appointed a steering committee to analyse the causes and scope of the difficulties in entering the labour market encountered by certain groups. The committee is to propose improvement measures when necessary.

NAP 2000 The Ministry for Education has appointed a committee to propose measures to increase the ethnic and social diversity within colleges. The task is to be completed during spring 2000.

NAP 2000 Högskoleverket has submitted an assessment report on how universities and other institutes of higher learning work with social and ethnic diversity. A follow-up of the evaluation is to be made in 2-3 years.

NAP 2000 The government decided that all government agencies directly under the government are to prepare action plans for ethnic diversity among its employees.

NAP 2000 A special multi-faceted project was initiated with the Ministry of Industry, Employment and Communication. The project is to propose by December 1, 2000, a national programme in which diversity is increased and better utilised to promote growth and employment.

NAP 2001 In February 2001, the government presented A national action plan against racism, xenophobia, homophobia and discrimination to the Riksdag. The document called for an investigation into the possibility of general legislation against discrimination. The government also states that it intends to use the anti-discrimination clauses available in public procurement. In addition, an investiga-

tion into the possibility to combine government support with non-discrimination demands was recommended.

NAP 2001 A number of authorities have been given assignments in line with the action plan. For example, the Council for the European Social Fund in Sweden will aid those wanting to apply for financial support within the framework of EU's action plan against discrimination and Ams will be assigned in 2001 to train personnel in questions concerning discrimination.

NAP 2001 During 2001, EU's community incentive *Equal* was introduced aimed at combating discrimination on the labour market.

Appendix to B and C

This appendix describes the classification of implemented labour market measures broken down into groups of subsidised employment, workplace schemes and training programmes. It also shows allocated programme expenditure.

Table A1. Classification of measures and allocated expenditure

| Measure | Tax | Group | Cost per month |
|--|-----|--------------|----------------|
| Employment incentive | 44 | Sub.employm. | 5,968 |
| Individual recruitment incentive | 45 | Sub.employm. | 5,968 |
| Start-up grants | 46 | Sub.employm. | 9,689 |
| General recruitment incentive | 47 | Sub.employm. | 5,968 |
| Extended recruitment incentive, min 2-year registration | 48 | Sub.employm. | 5,968 |
| Special recruitment incentive, persons over the age of 57 | 49 | Sub.employm. | 5,968 |
| Extended recruitment incentive, min 4-year registration | 50 | Sub.employm. | 5,968 |
| Public relief work | 51 | Sub.employm. | 9,201 |
| Working life development programme | 52 | Placement | 9 294 |
| Temporary trainee replacement scheme | 53 | Sub.employm. | 7 665 |
| Work experience | 54 | Placement | 6,993 |
| Work place introduction | 55 | Placement | 6 993 |
| Temporary public employment | 56 | Sub.employm. | 9,201 |
| Active use of unemployment benefits | 57 | Others | ----- |
| Resource employment | 58 | Sub.employm. | 9 201 |
| Youth placement programmes | 61 | Placement | 6,993 |
| Computer centres/activity centres | 64 | Training | 7,269 |
| Municipal programmes, young people under the age of 20 | 65 | Placement | 6,993 |
| Youth guarantee for young people between the age of 20-24 | 66 | Placement | 6,993 |
| Working life-oriented rehabilitation | 71 | Others | ----- |
| Special introduction incentive, SIUS | 72 | Others | ----- |
| Counselling and employment activities | 73 | Others | ----- |
| Employment and counselling incentives outside the activity guarantee | 74 | Others | ----- |
| Labour market policy-oriented projects | 75 | Others | ----- |
| Labour market training programmes | 81 | Training | 13,940 |
| Preparatory training programmes | 83 | Training | 13,940 |
| IT training programmes | 82 | Training | 13,940 |

Comment: Data on costs for different programmes is from Carling & Richardson (2001). Some programmes lack these figures and have therefore been assigned the same costs for similar programmes. Note for example that the same cost has been assigned different forms of subsidised recruitment.