

## **Poverty in Sweden 2018**

- Facts, trends, experiences and reflections

### **Poverty in Sweden, problems and challenges**

Poverty is a social disease that causes great human suffering. The economic situation affects the entire life span. Research shows that economic vulnerability increases the risk of ill health, poorer social life, poorer education and upbringing conditions for children and youth, and also reduces involvement and trust in society and politics.

### **Poverty not seen**

Poverty has continued to grow in recent years in Sweden. This is largely a hidden problem that is not fully reflected in the statistics available, partly because Statistics Sweden (Statistiska Centralbyrån) primarily takes account of only those who have a national registration address, which means that, among other shortcomings, homeless people and paperless migrants fall outside the statistics. The increasing poverty also concerns those living at or below the poverty line, but who do not seek or, for various reasons, do not receive any support, or do not receive enough support. This concerns working poor with low and / or merely periodic income, people with long-term illness, families with children (especially single parents), and poor pensioners (mainly women). Particularly vulnerable are the highly exposed EU migrants, third-country nationals permanently resident in the EU, and paperless refugees.

### **The increasing visibility of poverty**

Poverty has become more and more visible. Partly due to an increasing number of homeless people and people who beg in streets and in public spaces. Partly because needs have forced more and more emergency support efforts from NGOs and other actors, for example in the form of food distribution, soup kitchens, etc, needs that previously could be met within the framework of different welfare systems.

That poverty is now perceived as a real societal problem among the population is confirmed by the large Sifo (a Swedish polling company) survey that was made in 2017, where 45% of a representative sample of Sweden's population believes that poverty is a "fairly" or "very big" social problem in Sweden today.

## **Poverty can be defined and measured in different ways**

There is real poverty in Sweden - both in absolute and in relative terms. As poverty can be defined and measured differently, there is room for different interests in society to use and highlight the information to their own purposes. Therefore, in order to discuss how best to combat poverty, it is important to choose and to use established and well-defined concepts.

**Absolute poverty** is defined internationally by, inter alia, the World Bank as income below 2 US dollars a day. This is difficult to apply in Europe. When the National Board of Health and Welfare uses the concept of "absolute poverty", it is based on an estimate of the income needed for the necessary expenses, a "shopping basket" that is needed for an adequate level of living. This is calculated on the indexed norm for social welfare allowance. The measure is absolute in the sense that the poverty line defines the same purchasing power from one year to another, and that a person who does not have a certain purchasing power is considered poor regardless of how many others do. In Sweden, this is also called a *low income standard* and is used as *absolute poverty line*.

**Relative poverty** is defined, according to the National Board of Health and Welfare, and others, as having an income below 60 percent of the median income in Sweden, and is also called a *low financial standard*. Examples of other concepts in use are: *severe material poverty; material poverty; low income standards; low economic standard; and the risk of poverty and social exclusion*.

According to Statistics Sweden (2016), less than 1% of the population in Sweden live in **severe material poverty**. This is defined as a certain standard of living, specified to not being able to afford at least 4 of the following 6 items;

- can pay unforeseen expenses,
- can afford a week's holiday a year,
- can afford a meal with meat, chicken or fish every other day,
- have sufficient heating of the dwelling,
- have capital goods like washing machine, color TV, phone or car
- can pay debts (mortgage or rent, bills, installments or repayment of loans).

**Low Income Standard (Absolute Poverty)**, ie. that disposable household income is insufficient to pay the necessary living costs. 6% or 570,000 people are expected to live under such conditions. Another term is **low economic standard**, which means that household income is less than 60% of the median income. This is not an absolute measure of poverty but shows income relative to other residents in the country. Within the EU, this measure is equivalent to the "**risk of poverty**". In Sweden, 16.2% live at risk of poverty. During the period 2008-2016, the proportion of

Sweden's population with low disposable income has increased from just over 13 percent to just over 16 percent. This can be compared to just over 17 percent in the EU as a whole.

### **Risk of poverty and social exclusion**

We are also talking about living at **risk of poverty or social exclusion**, ie meeting any of the criteria for severe material poverty, low economic standard, or having less than 20% of employment. Measured in this way, 18.3% or about 1.8 million people in Sweden live at risk of poverty and social exclusion.

The proportion of people living on the margin and close to the poverty line, thus being likely to end up in economic poverty and social exclusion, varies greatly depending on background:

- majority Swedes: 12.3% (note: largely young adults, single mothers with children, singles as well as female retirees and widows)
- second generation Swedes: 33.5% (note: this figure is greatly increased by "second generation" Swedes with a background from outside of Europe)
- foreign born: 37.7% (note: this figure is greatly elevated among the overseas immigrants)

The quality of the analysis and the debate may be seriously impaired by the confusion between the concepts in circulation.

### **Many fall between welfare systems**

A growing problem concerns those people falling between the support of various welfare systems, due to conflicting rules, ignorance of the individual or the staff of the agencies etc. This is one of the most common problems that vulnerable people report in contacts with our organizations. As a consequence it is increasingly voluntary organizations that take on the role of providing support. In the metropolitan areas, Stockholm and Gothenburg for example, one quarter of the City Mission's efforts go to those who have fallen between systems.

Another problem is that support levels are too low. Above all, this applies to those who live on long-term financial assistance. Research shows that 56% of City Missions' reported efforts go to people who live on long-term financial assistance. According to the Social Services Act, financial assistance is supposed to be merely a temporary support. However, there are many who never get out of social and economic vulnerability and dependence. Since financial assistance is insufficient to provide for a person (or family) for a prolonged period of time, the individual's material and psychosocial situation deteriorates; s/he is forced to live day by day,

and ordinary expenses, such as winter shoes, eyeglasses or the like are not possible to pay for with long-term financial assistance.

Current regulations that, in principle, one should be completely destitute before receiving support, is counterproductive and only leads to the path from the situation becoming more difficult and longer.

Data from The National Board of Health and Welfare show that about one-third of those who receive financial assistance (which is just over 4% of the population) get it for a long period of time, and that proportion has increased slightly in recent years.

More than 215,000 households received financial assistance from the Social Services sometime during 2017. Statistically speaking, long-term financial assistance fell by 2% in 2017, partly due to an improved labor market. However, statistics do not tell the whole picture. Among many NGOs, the experience is rather the opposite. A large number of people in need do not get reported among the beneficiaries. Either because you do not fit into the rules or you can not, want not or dare not seek support. The demands on the individual and the differences in the assessment of work ability make many people drop out of social security systems (health insurance and unemployment insurance) and they are, instead, forced to live on last resort financial assistance from social services or, in the worst case, they are refused support. Many of these people, we in the voluntary sector meet in our daily work.

The claims of the government, in its UN report on Agenda 2020, that the general social security protection creates security for all and that it counteracts economic vulnerability is not correct.

### **Homelessness - a reality, but difficult to measure**

There are people in different forms of homelessness in almost all of Sweden, both residents of the country and EU citizens staying here temporarily, many of them in acute homelessness. In order to estimate the number of homeless people, the National Board of Health and Welfare collects data from the municipalities. The survey of 2018 shows that there are both more people and more who are parents of children under the age of 18, in acute homelessness compared with the previous measuring. Notably, the number of women in this situation have increased, most of whom have children and are born abroad. About 33,250 people were homeless in 2017.

Roughly a third (11,167) of all homeless people had children under 18 years of age. 5,935 people were estimated to live in acute homelessness, ie living on the street or at hostels, in trailer / tent, etc.

## **Many older people with low incomes in Sweden**

In 2017, 245,000 pensioners were living below the poverty line (low income standard), with a disposable monthly income of less than SEK 12,100 (EUR 1,200) per month. Sweden has a higher proportion of pensioners with relatively low economic standard compared to the rest of the Nordic countries. According to prognoses from the Swedish Pensions Agency, the proportion of older people with relatively low economic standards is expected to increase, and among them women especially. The Pensions Agency also finds that the proportion of people over 65 years of relatively low economic standard could be reduced by a quarter, or 60,000 persons, if all retirees with housing allowance or elderly support would receive the maximum level of these benefits.

## **People who live in poverty, despite working**

A serious problem is also the proportion of **people who live poorly in working life** (“**working poor**”). In Sweden, 7 per cent of those working live in a household with disposable incomes below the EU poverty line. The average for EU countries is 10 percent. In Sweden, it is more common for youngsters, for single parents, and for foreigners to have a low income despite working. The data do not include all those doing undeclared work, receiving their salary in cash; they are probably tens of thousands.

People who, despite work, live in poverty:

- majority Swedes 4.5%
- "second generation" 9.8%
- foreign born 14.8%

Among unemployed Swedes in any age category, about half have a disposable income below the poverty line.

Many of the labor market policy proposals introduced primarily by the center-right coalition risk increasing the proportion of "working poor" through, inter alia, requirements for lower entry wages, weakening of employment security, etc.

## **The housing shortage increases poverty**

A specific problem for young and low and middle earners is a housing shortage and high housing costs. The lack of housing at a reasonable cost enhances vulnerability and further complicates the ability to get out of the poverty trap. The lack of housing has forced many to get heavily into debt, in order to acquire a home. Household overindebtedness is now a problem not only for the individual, but threatens the

stability of society, and risks becoming a severe poverty trap in the long run. The lack of housing is also a threat to labor market entry and mobility, and also the ability to move to find work and better living. Particularly difficult is it for those who are new to the housing market. They are usually forced to accept accommodation with very high rents even though they may often have low incomes.

### **A clear strategy is needed to combat poverty**

A complication in these discussions is that there is a confusion in the general debate about the concepts to be used and how poverty is to be measured. This, in combination with the great invisible poverty, makes it difficult to discuss and institute relevant action plans to combat poverty. This is one of the reasons why Sweden lacks specific targets and indicators on how poverty, and its reduction, is to be measured.

- **EAPN Sweden calls for** a broad social debate on how our welfare systems can be reformed and upheld to eradicate poverty.
- **EAPN Sweden wants to** see a policy that puts poverty eradication first.
- **EAPN Sweden therefore recommends:**

- That the government makes a comprehensive survey of poverty in Sweden, which is not limited to social services statistics only, but also includes categories not always seen in the statistics, such as "working poor", long-term sickness, families with children and low-income retirees.
- That, in this survey, interaction with civil society actors, and building on their experience and knowledge, becomes a priority.
- That a relevant definition of poverty in Sweden is elaborated, setting clear standards for how it is measured and how it can be eliminated / combated.
- That the government makes an investigation into the current system failures / system deficiencies in our welfare systems, and develops strategies that counteract these, including clarifying the responsibility of the authorities so that the individual does not end up "between the chairs", without support from the various welfare systems.
- That adjustments of the social security system's remuneration levels are made, so that pension levels, sickness compensation, etc. ensure the opportunity to live a dignified life with full participation in society, and that no one is forced to live below the minimum standards of living.
- That low levels of compensation in, for example, unemployment insurance and sickness insurance, as well as social security support, are raised and adjusted to general living costs and current needs in today's society.
- That the support is designed to help strengthen the individual and his or her ability to live an independent life with participation in community life, inter alia by providing

temporary support without the need for the individual to first be completely destitute. Current requirements make this difficult, and obstruct the way out of poverty.

- That the politicians work for everyone's right to subsistence and participation through work, support or employment.

- That the Riksdag (Swedish Parliament) decides on a national action plan to abolish poverty.

Sources:

Statistics Sweden (Statistiska Centralbyrån)

The National Board of Health and Welfare (Socialstyrelsen)

City Mission (Stadsmissionen)

Contributing member organizations of EAPN Sweden:

Verdandi

The Salvation Army

The Swedish National Association for Social and Mental Health (RSMH)

Ångestförbundet (ÅSS)