



October 2019

# Poverty Report Sweden 2019

## Poverty in Sweden, problems and challenges

Poverty is a social disease that causes great human suffering. The financial situation affects the entire life. Research shows that financial vulnerability increases the risks of ill health, poor social life, poor schooling and growing conditions for children and adolescents, but also over-indebtedness and reduced commitment and confidence in society and politics.

EAPN [1] presents an annual poverty report. In this year's report, we first describe what poverty generally looks like in Sweden, followed by two examples where we delve deeper into the problem. The first example concerns people with experience in the correctional services who live in poverty and the second example concerns asylum seekers. Both of these groups are found in EAPN member organizations.

## Poverty not seen in the statistics

Poverty has continued to grow in recent years. This is largely a hidden problem that is not fully visible in the statistics available, partly because SCB, Statistiska Centralbyrån (Statistics Sweden) mainly measures those who have a registered official address. This means that homeless people, unregistered/ illegal employees and paperless migrants fall outside the statistics. Growing poverty is also about those living on or below the poverty line but not seeking or, for various reasons, not receiving the support that is available, or not receiving adequate support. It is also about "working poor" (those who work but are still poor) with low and / or periodic incomes, long-term sickness, families with children (mainly single parents), poor pensioners (mainly women). Particularly vulnerable are, of course, the underprivileged EU citizens, third-country nationals permanently residing in the EU and the paperless refugees.

1] EAPN Sweden is an independent part of the European Anti-Poverty Network, EAPN. EAPN Sweden is open to membership or associated membership for organizations at national and regional level. You can read more on the website: <https://www.eapn.eu/eapn-sverige-eapn-sweden/>

You can find more about EAPN-Europe at [www.eapn.eu](http://www.eapn.eu)

Members of EAPN Sweden:

Caritas, Salvation Army, ICSW (International Council of Social Welfare), RFHL (National Association for Rights, Liberation, Health and Equal Treatment), RSMH (National Association for Social and Mental Health), Security Guard in Stockholm, Unizon, Verdandi (Workers' Social Policy Organization), ÅSS (Anxiety Syndrome Society) and local / regional EAPN networks in Skåne, Örebro (The Social Affairs Network), Gävleborg and Stockholm.

Sweden has a welfare system, but being able to take part of it is not always an obvious possibility. In order to receive financial assistance, you must show that you have no assets whatsoever and usually present bank statements for both income and expenses. Hard work is required in the form of detailed applications with various supporting documents to be submitted and the applicant often has to wait a long time for answers. It is not uncommon for people to hesitate or even to avoid seeking financial support as the experience is that the application process itself is too difficult and demanding and many times it is humiliating.

### **Poverty has become more visible**

Poverty has also become more and more visible. Partly through a growing number of homeless people and people begging on the streets and public places. In addition, the needs have forced more and more emergency support efforts from voluntary organizations and other actors, for example in the form of food distribution, soup kitchens, etc. There are needs that could previously be met to a greater extent within the framework of society's various welfare systems. The fact that poverty is now perceived as a real societal problem in the population is also confirmed by the large Sifo survey conducted in 2017 where 45% of a representative sample of Sweden's population consider that poverty is a fairly or very large societal problem in Sweden today.

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

There is real poverty in Sweden - both in absolute and relative terms. Since poverty can be defined and measured in different ways, there is room for different interests in society to use and highlight the information that best suits their own purposes. Therefore, in order to discuss how to combat poverty most effectively, it is therefore important to choose and base on accepted and defined concepts.

#### **Absolute poverty:**

The National Board of Health and Welfare (Socialstyrelsen) calculates absolute poverty as an income below the standard for social assistance from 1985, calculated with the Consumer Price Index. The measure is absolute in the sense that a person who does not have a certain purchasing power is considered poor no matter how many others do. In Sweden, this is also called a "low income standard" and is used as the absolute poverty line.

#### **Severe material poverty:**

It is defined as not being able to afford a certain standard of living, ie you cannot afford at least 4 of the nine following items;

- can pay unforeseen expenses,
- can afford one week's vacation per year,
- can afford a meal with meat, chicken or fish every other day,
- have adequate heating of the home,
- has capital goods such as washing machine, colour TV, telephone or car as well
- can pay off debts (mortgage or rent, bills, instalment purchases or repayments) of loans).

#### **Relative poverty:**

This is defined according to the National Board of Health and Welfare, as having an income below 60 percent of the median income. That is, the income that is in the middle between the lowest and highest income. It is also called "low economic standard". In the EU, this measure is the same as "Risk of Poverty". This measure does not measure low living standards or poverty per se but low income relative to others in the country.

## How many are poor?

Absolute poverty:

The fact that the household's disposable income is insufficient to pay the necessary living expenses is estimated to apply to 6%, 570,000 persons.

Severe material poverty:

According to Statistics Sweden / Eurostat, 1.6% in Sweden live in serious material poverty. This corresponds to just over 160,000 materially poor persons in Sweden in 2018. In Sweden, serious material poverty is most common among those who are unemployed. Almost ten percent of the unemployed, compared with one percent of those who work, live in serious material poverty. It is also more common for foreign-born to live in serious material poverty compared to domestic-born who have two parents born in Sweden, four percent compared to just under one percent.

Relative poverty (low economic standard):

In Sweden, 16.4% live in relative poverty. During the period 2008–2018, the proportion increased from just over 13 percent to just over 16 percent. The proportion of people with low economic standards has increased, but the reason for this is not that income has been lowered but income differences have increased. Nearly 1.4 million people live in households with low economic standards.

## Risk of poverty and social exclusion

It is also talked about living with the risk of poverty or social exclusion. This means that you meet one of the criteria for serious material poverty, relative poverty or that your work is less than 20%. Measured in this way, 18.0% or around 1.8 million people in Sweden are at risk of poverty and social exclusion, which is an increase of 1.3% over the last 10-year period. A fact that is highlighted in the statistics recently published by Eurostat.

The proportion living on the margin and close to the poverty line varies greatly depending on the background:

- Swedes 12.3% (largely young adults, single mothers with children, singles and female pensioners and widows).
- Children born abroad of 33.5% (NOTE: this figure is greatly increased among "second generation" Swedes with an overseas background).
- Foreign-born Swedes 37.7% (Note: this figure is greatly increased among non-European immigrants).

## Low levels for welfare benefits

Another problem is that the subsidy levels are too low and have not been increased in line with the wage increases that have taken place. This is especially true for those living with long-term financial assistance, but it is also a problem for those living at the lowest levels for unemployment and sickness benefits. For single households, it becomes extra difficult as the lowest compensation levels do not fully cover the necessary costs such as housing, food and clothing. Research shows that 56% of all reported missions from city missions go to people living on long-term financial assistance.

The national standard 2019 for a household is the sum of the personal costs of all members of the household and the common household costs as follows:

Single	cohabitant
Personal costs SEK 4,080	SEK 6,670 / contribution per month

The national standard is meant to cover costs for food, clothing and shoes, leisure and play, hygiene, child and youth insurance, consumables, daily newspaper, telephone. In addition to this, you can get a contribution for rent, a certain part of electricity costs and some other costs.

According to the Social Services Act, financial assistance is actually a temporary aid for those who have temporary financial problems. Despite this, more and more people depend on financial aid for many years, and many never get out of social and economic vulnerability and dependency. Since financial aid is not at all enough to provide for a person (or a family) for a long period, the individual's material and psychosocial situation is torn down: they are forced to live for the day. Long-term financial assistance is also not enough for necessary investments such as winter shoes, glasses or the like. In addition, payments of aid are sometimes delayed, and sometimes it is uncertain whether you will receive the support you need at all.

The current rules that you must in principle be completely devoid of support before you can receive support are counterproductive and only result in the way out of the problem situation becoming more difficult and longer.

The National Board of Health and Welfare figures show that about a third of all people who receive financial assistance (which is just over 4% of the population) receive it for a long time, and that this proportion has increased somewhat in recent years.

### **The welfare system does not protect everyone - many end up between the chairs**

A growing problem is those that fall between the support of the various welfare systems because of contradictory rules, ignorance of the individual or of the staff of authorities etc. It is one of the most common problems that people in vulnerability raise in contact with our organizations. For example, a person who loses his/hers sickness benefit and needs to apply for social welfare must show bank statements for several months back in time. Since the person usually had slightly higher income than the social security support standard, the social service considers that the person should have planned his finances and saved the money he had above the norm to use after he loses the sickness benefit. A planning that presupposes that the individual knows the practice that exists, and can foresee when he or she will not receive extended sickness benefit. This is extremely stressful for most people and it is not uncommon to slip with bills. Therefore, it is becoming more and more voluntary organizations that can step in and provide support. In the major cities, Stockholm and Gothenburg, for example, a quarter of all the City Mission's efforts goes to those who "fall between the chairs".

### **Many without support**

More than 215,000 households received financial assistance from the Social Services sometime in 2017. Statistically, long-term financial assistance in 2017 has decreased by 2%, partly due to an improved labour market. However, the statistics do not show the whole truth. Many voluntary organizations experience the opposite. A large number of the needy are not included among the beneficiaries. Either because you do not fit into the regulatory system or that you do not get, want or dare to seek support. The demands on the individual and the differences in the assessment of work ability mean that many fall out of the social insurance systems (sickness insurance and unemployment insurance) and are forced to live on financial assistance from the social service, or in the worst case, are denied support. Many of these people we instead meet in the voluntary sector. With this, a well-established culture has been developed in which responsibility is placed on the voluntary sector without providing the necessary resources for the work.

In its UN report on Agenda 2020, the government claims that the general social security protection creates security for everyone and counteracts economic vulnerability. This is therefore not correct.

## **Homelessness - a reality but hard to measure:**

There are people in various forms of homelessness in almost all of Sweden, both citizens of the country and EU citizens who reside here temporarily, many in acute homelessness. To estimate the number of homeless people, the National Board of Health and Welfare collects information from the country's municipalities on the number of homeless people. The 2018 survey shows that more people and more parents of children under the age of 18 are in acute homelessness, compared to the previous survey. Above all, the number of women has increased, the majority of whom have children and are born abroad.

About 33,250 persons were estimated to be homeless in 2017. A little over a third, 11,167 persons of all homeless had children under 18 years. 5,935 persons were estimated to live in urgent homelessness, i.e. living on the street or in hostels, in caravans / tents and the like.

The number of people who are homeless in the sense that they do not own their home or have a first-hand lease on a rental right is even more. Because the housing shortage is so great, there is an opportunity for landlords to place higher demands on the tenant and those with low and uncertain income easily fall outside. It will be especially difficult for those who have received a payment note and have debts with the Swedish Enforcement Authority. As a rule, a credit report is always made on anyone who wants to rent a home. There is no connection between having debts and not paying the rent but the explanation for the debts is often low income, irregular or lost income which in turn has led to the person not being able to pay all his bills.

### **A serious and growing problem is evictions.**

Current figures show that the percentage of children whose one or both parents have been evicted from their homes has increased by 10% in 2018. This despite the fact that the government already in 2008 introduced a zero vision when it comes to eviction of families with children.

### **Many elderly people with low incomes.**

Sweden has a higher proportion of pensioners living in relative poverty compared to the other Nordic countries and the EU in general. About 16 percent of those aged 65 and older in Sweden have an annual income after tax below the poverty risk threshold. For those aged 75 and over, about 22 percent compared to just over 16 percent for the EU on average who have an income below the poverty line.

In 2017, 245,000 pensioners lived with a disposable monthly income lower than the one with the absolute poverty limit of SEK 12,100 per month. According to forecasts from the pension authority, this proportion is expected to increase, and most among women.

In a report, the pension authority notes that the proportion of relative poverty in the group over the age of 65 could decrease by a quarter. This is provided that all pensioners with housing allowance or old-age support would receive the maximum amount for these benefits. If everyone who could apply for housing allowance applied, the proportion of poor people would decrease further.

### **People who live in poverty even though they have jobs**

In Sweden, 7 percent of those who work are living in a household with an income in relative poverty. In Sweden, it is more common for younger, single people with children and foreign-born to have a low income despite working. The figures do not include all those who work so-called black and receive the salary in cash. They are probably in the 10,000's.

People who live in poverty despite work:

- Swedes 4.5%
- foreign-born Swedes 14.8%

Among unemployed Swedes, about half, regardless of age category, have disposable income below the poverty line.

Many of the labour market policy proposals, which are made primarily by the right wing and middle parties, risk increasing the proportion of working poor through, among other things, demands for lower entry salaries, weakened job security etc.

## **The housing shortage aggravates poverty**

For young people and for low- and middle-income earners, housing shortages and high housing costs are a major problem. The lack of affordable housing increases the vulnerability and further complicates the opportunities to get out of the poverty trap. The lack of housing has forced many to take very big loans to buy a home. Households' over-indebtedness is not only a problem for the individual but threatens the stability of society as a whole and risks becoming a severe poverty trap in the long run. The lack of housing is also a threat to the establishment and mobility on the labour market and also for the opportunity to move in order to find work and a better livelihood. It is especially difficult for those who are new to the housing market. They are usually forced to accept housing with very high rents, although they may often have low incomes.

A growing problem is also the trend towards speculative economics in the housing market and the gradual dismantling of the value-of-use principle for rental rates. Large housing portfolios are bought by venture capitalists and others who knowingly leave homes without adequate maintenance for speculation purposes or do unnecessarily costly renovations for the tenant, which in turn forces many from their homes.

## **Poverty as a consequence of prison and prison care**

Being in prison and being subject to prison care can have many reasons. But it also means a potential poverty trap for many. A fact that amplifies the problems and makes the way back more difficult.

Much of the problems and costs for society as well as the individual could have been avoided with more preventative measures, for example social investments in everything from youth centres, schools, social services, housing, labour market measures, the right tools to the justice system and much more. People living in criminal exclusion usually have no safety net, except for their gang. When he or she has served his sentence in the Prison and Probation Service, there is usually neither sufficient social- nor social protection network.

Problems for many who have served their sentences are:

- No money, possibly a small release contribution ("muckar bidrag")
- No housing, which also makes it difficult to look for a job
- Hard to get a job. Employers almost always request extracts from the criminal record if you are looking for a job.
- Many are indebted.

As many as 81% of clients who serve more than 12 months receive new debts during their confinement. Many have debts to victims of crime and society that cannot be repaid, you end up in a debt trap and become a regular customer of the **Enforcement Authority** (kronofogdemyndigheten). The debts are forcibly repaid after release by foreclosure on possible income or contributions. The individual may retain only one so-called. reservation amount based on the national standard for support payments, the remainder being deducted to pay debts. The individual is forced to live on a "minimum of existence" while at the same time trying to re-establish himself in society and create an organized social life with work and housing. This leads to

a high risk of recidivism in committing new crimes. According to the Swedish Prison and Probation Service's own statistics, approximately 29% of the crime falls within 3 years of release, but these are only those who end up in prison. The darkness is large.

### **Suggested solutions:**

- Investments in prevention and outreach to prevent exclusion.
- Active participation from Social services already during the period in prison to prepare housing and personal finances after prison time.
- Increased government cooperation both during prison time and in "aftercare" which aims to create a safety net and conditions for a life without crime for the inmate. For example, collaboration regarding debt restructuring, housing, work, etc.
- In collaboration with the social partners, achieve a more benevolent and knowledge-based approach to former prisoners when hiring.
- To a greater extent make use of alternatives to prison, such as foot cuffs and community service. The latter can in itself mean a step into the labour market. There are also lower costs for society.

At any given time, around 5,000 people serve time at the country's institutions. This means that inmates are released at roughly at the same rate as new ones are sentenced to prison sentences, of which a large number of people each year risk ending up in absolute or relative poverty unless the efforts for a functioning life without crime are strengthened.

## **Asylum seekers and poverty**

One problem that is rarely highlighted is the situation of the asylum seekers and the tough economic conditions under which they live.

A low daily income that does not cover basic needs means that asylum seekers live under both psychological and financial pressure. A pressure placed on top of the other traumas one often carries with one self from ones escape and the conditions that compelled one to leave ones country.

### **Asylum seekers' income**

The contribution you receive towards your living expenses as an asylum seeker is even lower than what you receive if you live on social benefits. The income depends on whether they are at a refugee facility where food is included or if they live somewhere where the food is not included.

If food is included:

- SEK 24 per day for a single adult
- SEK 19 per day for each person in a couple living together
- SEK 12 per day for children under 17 years

If food is not included:

- SEK 71 per day for single adults
- SEK 61 per day for each person in a couple living together
- SEK 37 per day for children between 0-3 years
- SEK 43 per day for children between 4-10 years
- SEK 50 per day for children between 11-17 years

Families with more than two children receive the full compensation for the two oldest children and half the compensation for the remaining children, per child. The income that asylum seekers receive must cover the cost of clothing, shoes, care, medicine, dental care, personal hygiene, leisure

activities and the like. If you live outside a refugee facility, SEK 71 per day must also cover accommodation costs.

### **The Swedish food basket**

This can be compared to the Swedish food basket as it was developed by the European Commission.

“The monthly budget for a healthy diet in Sweden is 215 Euro for a single person and 715 Euro for a family consisting of two adults and two children. If you include the social function of the meal (eating out, vacation etc.), the monthly budget for a single 249 Euro (about SEK 2,700) and for a family with two adults and two children will be 841 Euro (about SEK 9,150) ”.

“In addition to food, the budget includes wellness and expenses for the cultural, emotional and social function of the meal in Swedish society. It can be eating out sometimes, inviting friends home, spending time with relatives and children, cooking meals that are special for certain holidays, and expenses related to holidays. In all these contexts, the meal is important”.

### **Swedish financial assistance - national standard for support payments:**

This is often seen as the Swedish minimum income. As previously reported, it must cover necessary expenses, such as food, personal hygiene, clothing, shoes, leisure activities, insurance, consumer goods, newspapers, telephone and TV. For a single person the recommendation is 4080 SEK / month, for 2019

### **Differences in compensation - Comparison**

A single person	One day	One month
Daily allowance including meals for a single refugee (2019)	71 SEK	71x30=
This sum has not been increased since 1994. This means a loss in purchasing power of 25%.		2130 SEK
The Swedish food basket according to the EU (2015).		2809 SEK
The Swedish food basket with an increase of 8% compared to 2015.		3034 SEK
Financial Assistance (2019). The sum has been increased by 2% compared to 2018.		4080 SEK

### **Conclusion**

Taking into account that asylum seekers' waiting times are often very long, the contrast between the group's income and the cost estimate that underlies financial assistance and the food basket is even greater. Refugees are forced to live far below the poverty line. The food basket does not take into account costs for things such as clothing, health care, etc. This means that asylum seekers' income is not even enough to cover food costs as calculated by the European Commission. Financial assistance should cover approximately the same costs as the daily allowance for asylum seekers, although it is much lower. Asylum seekers are expected to live well below the Swedish minimum income, sometimes for several years.

The situation is made more difficult by:

- Lack of cheap housing
- No Swedish education or work internship before obtaining a residence permit
- Asylum seekers are allowed to work. But who offers a job if you do not know the language and have no experience in the Swedish labour market and also live in an isolated refugee camp.

- You only have the right to urgent medical care and care that cannot wait. This does not include care for mental health problems.
  - No family reunification before obtaining a residence permit.
  - Often refugee centres are very isolated, and they are often forced to move between different locations.
  - Often there are long waiting times before you can move to a municipality after obtaining a residence permit. The same goes for arranging a living, starting Swedish studies and introduction to Swedish society etc.
- All this makes the integration process more difficult. This makes it even more difficult for people who often carry traumatic experiences from their home country and from their escape.

The economic poverty here must be seen in this context.

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

Another complication of the problem of poverty in Sweden is that there is confusion in the general debate about what concepts should be used and how poverty should be measured. The poverty problem risks disappearing because of the confusion between the concepts. This, in combination with the great invisible poverty, makes it difficult to discuss and draw up relevant action plans to combat poverty. This is also one of the reasons why Sweden lacks concrete goals and indicators for how poverty reduction should be measured.

EAPN Sweden calls for a broad social debate about how our welfare systems can be equipped to fight poverty - EAPN Sweden wants to see a policy that prioritizes the fight against poverty. EAPN Sweden therefore recommends:

- That the government does a comprehensive survey of poverty in Sweden. The government cannot limit itself to the social services statistics, but must also include those that are not always visible in the statistics, for example, working poor, long-term sick, families with children and pensioners with low incomes.
- Collaborate with the civil society actors and make use of their experiences and knowledge in this survey, and includes a direct dialogue with vulnerable people on their terms. The EAPN has developed a model for such a dialogue.
- Develop a relevant definition of poverty in Sweden and set clear and measurable goals for how it should be measured and combated.
- That the government investigates the current system errors / system deficiencies in our welfare systems and develops strategies that counteract these, including clarifying the responsibility of the authorities to ensure that the individual does not end up "between the chairs"-without support, between the various welfare systems.
- That the social security system's reimbursement levels are adjusted so that pension levels, sickness benefits, etc. ensure the opportunity to live a dignified life with full participation in society and where no one is forced to live below the subsistence minimum. And that low levels of reimbursement within, for example, unemployment and health insurance systems, as well as support and daily allowance for refugees, are increased and adapted to general living costs and current needs in today's society. This also applies to the ceiling for salary and other labor market policy contributions.
- That the support is designed so that it contributes to strengthening the individual and his / her ability to live an independent life and participation in social life, among other things. by being able to provide temporary support without the requirement that the individual must first be totally devoid of. Current demands for total deprivation make it difficult and extend the way out of poverty.
- That preventive measures are given increased resources, for example social investments in everything from youth centers, schools, social services, housing and labor market measures.

Prevention is always more profitable than addressing problems in retrospect for people as well as society.

- That the "aftercare" in the prison services is developed and strengthened so that it provides real opportunities for functioning in society and prevents relapse. An important prerequisite for this is that collaboration between the various authorities' efforts is strengthened and, if necessary, done in parallel.
- That the welfare system is designed in a way that makes it more predictable, accessible and thus safer for those who need the support of the welfare system. People should not become more ill as a result of an unsafe welfare system.
- That politicians should work for everyone's right to livelihood and participation, - through work, support or employment.
- The Riksdag (parliament) decides on a national action plan to combat poverty.

EAPN Sweden

Lena Huss    Gunvi Haggren    Karolina Johnsson    Johannes Jörgensen    Inge Fäldt  
President

Sources:

Eurostat

SCB

Socialstyrelsen

Stadsmissionen

Kriminalvården

Kronofogden

EAPN Sveriges medlemsorganisationer