

# Social Welfare in Sweden

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*Since the end of the war, countries all over the world have been studying and revising their social security systems. Sweden is among the countries that have enacted new legislation, and in this article the Director General of the Swedish Royal Pensions Board reports on current programs and on the provisions that have been enacted but will not come into force until later.*

SWEDEN is spending much effort on developments in the social field at the present time and is making considerable progress. In practically every branch of the social services either new legislation has been passed or the regulations in force are being revised. Royal commissions, notably the Social Welfare Committee, have been entrusted with this work of revision. The following account will touch on the national pensions scheme, child allowances, health insurance, accident and unemployment insurance, and poor relief.

## National Pensions System

The national pensions system was first introduced in Sweden in 1913.<sup>1</sup> It was soon found, however, that the pensions were too small; subsequent increases still left them inadequate. To remedy the deficiency, the National Pensions Act of June 29, 1946, was enacted and came into force on January 1, 1948. The basic idea underlying the new legislation is that, as a rule, the national pension must be large enough to afford a subsistence level of living without supplementation from poor relief.

In principle, only Swedish citizens registered in Sweden are eligible for a pension, which may be an old-age or invalidity pension, a sickness allowance, or a widow's pension.

All benefits except the widow's pensions are paid whether the beneficiary has other income or not, but certain important supplements, as will be shown, are granted only after an income test. In computing the amount of those benefits that vary with the amount of other income, the first 400

kronor<sup>2</sup> of income for a person living alone and the first 600 kr. for a man and wife are ignored. Should the income of a person without dependents exceed 400 kr., the benefits are reduced by half the excess amount of income.

*Old-age pension.*—The old-age pension is payable to a person who has attained the age of 67, while the invalidity pension, sickness allowance, and widow's pension are payable before the attainment of that age. The benefits differ not only in the qualifications necessary for their receipt but also in other respects, including the method of calculating the amount.

The old-age pension is paid, irrespective of the existence of income from other sources, at the rate of 800 kr. annually for certain married pensioners—that is, for a husband with a national pension whose wife is in receipt of a so-called "wife's allowance"—and at the rate of 1,000 kr. for any other person entitled to a pension. As noted below, supplements to these amounts are paid to persons with little or no outside income.

*Invalidity pension.*—An invalidity pension is payable to any person who, before reaching the age of 67, suffers from a physical or mental disease, disablement, or any other infirmity that makes him incapable of earning a living by performing such work as corresponds to his powers and talents, provided that the incapacity may be deemed permanent. The pension consists of a basic pension of 200 kr. a year, which is paid irrespective of the pensioner's income, and a supplementary benefit, up to a maximum of 600 kr. per annum to a married pensioner and 800 kr. to an unmarried pensioner. The amount of this sup-

plementary pension is related to the amount of income from other sources.

*Sickness allowances.*—Sickness allowances are designed to provide aid under the national pensions system for persons who are incapacitated for work but are not eligible for an invalidity pension because their incapacity, while assumed to last for a considerable period, is not deemed to be permanent. The allowance is paid to any person who has suffered uninterruptedly for at least a year from an incapacity of the same degree as that required for receipt of an invalidity pension. It is payable for a certain period fixed in advance, and the amount of the payment and method of calculation are the same as for the invalidity pension.

*Widow's pension.*—A widow's pension is payable after an income test to a woman who is at least 55 years of age at the time of her husband's death and has been married to him at least 5 years. The amount of benefit depends on the size of the widow's income from other sources but may not exceed 600 kr. a year. In certain circumstances a younger widow (or widower) with children under age 10 may receive an allowance in the same amount as the widow's pension.

*Supplementary payments.*—The pension benefits indicated above are in certain cases raised by means of increments, which are likewise regarded as national pension payments. These supplementary payments are a housing increment, a special housing increment, a wife's allowance, and an extra allowance for blindness.

In view of the higher housing and fuel costs in certain areas, the country is divided into five housing-cost groups, and the size of the housing increment depends on the group in which the pensioner's census district is situated. The housing increments, payment of which depends on the recipient's other sources of income and marital status, vary in size between 100 and 800 kr. Thus a married couple of small means in the more populous areas may receive 2,400 kr. a year.

The special housing increment, in-

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<sup>1</sup>See Helen Fisher Hohman, "Social Democracy in Sweden," *Social Security Bulletin*, February 1940.

<sup>2</sup>The exchange value of the krona (April 1949) is approximately 28 cents in United States currency.

tended for districts with exceptionally high housing costs, is paid subject to the decision of the local authorities, and its size depends on the principles which they have laid down. Generally speaking, the principle applied is that the increment shall be sufficient for payment of a reasonable rent insofar as such cost may be presumed not to be covered by any other form of national pension.

*Wife's allowance.*—This benefit is payable to the wife of a pensioner, provided she has reached age 60 and the couple has been married at least 5 years. The wife's allowance consists of the supplementary pension—600 kr. in absence of other income—in the same amount as she would have received had she been entitled to an invalidity pension. The housing increment, up to a maximum of 800 kr. a year, is also payable, so that the old-age pension and the wife's allowance, plus housing supplement, may total 2,200 kr. annually.

*Extra allowance for blindness.*—An allowance of 700 kr. per annum, irrespective of the size of other income, is paid in addition to the national pension to persons who have become blind before attaining age 60.

*Administration.*—Matters concerning old-age and widow's pensions are as a rule handled by the local pensions committees. Other matters are examined both by the local committees and by the central authority, the Pensions Board.

Since the beginning of 1948, all pensions have been paid directly by the Pensions Board, usually by means of national pension money orders. An estimated 700,000 payment orders are sent out every month.

The pension fees—the insured person's contributions—range from 6 to 100 kr. per annum, and all persons between the ages of 18 and 66 are liable to pay a premium. The fulfillment of this liability has no bearing, however, on the right to a pension. The premiums are levied in conjunction with the collection of the public taxes. Only a very small proportion (about 11 percent) of the cost of the national pensions system is covered by the premiums. The bulk of the cost is met by the State.

To supplement the national pensions scheme, the Pensions Board is

doing a great deal in the field of the prevention of invalidity. These activities comprise (a) medical care in the Board's own hospitals for diseases that tend to cause invalidity—notably arthritis, neurosis, and asthma, (b) occupational training, and (c) any other activity in the interest of the national pensions scheme intended to prevent or remove incapacity for work or to promote public health.

The Pension Board also conducts a voluntary pension insurance business, through which any person may, by voluntary contributions, increase his national pension benefits.

### *Family Allowances*

A new (1947) law relating to child allowances also came into force on January 1, 1948. These allowances consist partly of general child allowances, which are paid at the rate of 5 kr. a week (260 kr. a year) to practically every child in the country below the age of 16, and of special child allowances, which are payable for the subsistence and upbringing of certain groups of children—for example, the children of widows and invalids. The maximum special allowance is 420 kr. a year, payable to orphans and, in certain circumstances, to fatherless or motherless children, while a maximum of 250 kr. is payable to certain other groups of children specified in detail in the act, including as a rule the children of persons in receipt of a national pension.

### *Health Insurance*

Health insurance is operated, at present, on a voluntary basis. The new system, which was introduced by an act dated January 3, 1947, and which was to have come into force on July 1, 1950, is Nation-wide and obligatory. Voluntary insurance will continue, however, within the framework of the new insurance program. The effective date has been postponed indefinitely.

Medical care and cash sickness allowances are provided under the new obligatory system. Medical care insurance does not cover hospital care, medicines, or assistance during pregnancy and childbirth. Free hospital care and free or cheaper medicine are to be provided outside the framework of insurance, while assistance during pregnancy and childbirth is subject to

special arrangement.

The medical care program is Nation-wide, while the cash sickness benefits system, on the other hand, covers only those members of a sick benefit insurance society whose annual earnings amount to at least 600 kr. Married women are protected even if they are not members of such a society. (As a rule, married women are not members of sick benefit insurance societies but are merely insured in their capacity as members of the family. The same applies to children under 16 years of age. Accordingly, persons in these categories do not pay contributions to the sick benefit insurance societies.)

Medical care insurance is intended, in accordance with certain principles specified in detail in the act, to cover three-fourths of medical expenditures, including the doctor's traveling expenses and compensation for the journey to and from the doctor, and the cost of traveling to and from the hospital.

The sickness allowances paid a member of a sick benefit insurance society amount, as a rule, to 3½ kr. a day, irrespective of his earnings. This amount is supplemented by a husband-or-wife allowance of 2 kr. a day and a child allowance, generally at the rate of ½ kr. per child per diem. The sickness allowance is not payable for the first 3 days of an attack of illness or for longer than 730 days for any one period of ill health. The amount paid to a married woman who is not a member of a sick benefit insurance society is 1½ kr. a day.

As already mentioned, the benefits under the obligatory insurance system may be increased by voluntary insurance, provided the member at the time of application is under age 55 and is in good health. Only certain forms of treatment specified in detail in the act are provided.

Voluntary insurance provides a cash allowance of 1½, 3, or 4½ kr. a day. However, the benefits from both voluntary and compulsory insurance, plus such wages or compensation as the member is otherwise entitled to during his sickness, may not amount per diem to more than ⅓ of his annual earnings.

For the compulsory insurance, members of sick benefit insurance

societies must pay contributions based on the amount of the sickness allowance. For example, the annual fees for members insured for a sickness allowance of 3½ kr., including medical aid, are estimated at about 24 kr. The size of the fees for voluntary insurance depends, in part, on the age of the insured and the scale of the assistance rendered to him during sickness.

Very substantial State grants—about 70 percent of the total costs—will be made for the compulsory insurance system. Certain State grants will also be made for the voluntary system.

The new insurance system will be administered by general sick benefit insurance societies, and it is assumed that the existing societies will be converted into general societies for this purpose.

### ***Accident Insurance***

The first legislation on insurance governing cases of accident while at work was passed in 1901 and was subsequently replaced by the act of June 17, 1916, now in force. In 1930 the program was extended to cover also certain occupational diseases.

Insurance against injuries sustained while at work or while traveling to or from work is granted to every person who is employed for wages by another person and also to any person who performs such work for training purposes, without a wage. However, certain categories of workers—domestic employees, home workers, and family workers, for example—are excepted. The insurance policies can be taken out with a State insurance institution or the National Insurance Institute, or in a mutual accident insurance company.

In the event of sickness resulting from an accident, an injured worker receives medical care, medicines, and artificial aids, as well as a daily sickness allowance. The cash allowance is payable, on the loss of capacity to work, at a minimum of 1½ kr. and a maximum of 9 kr. per diem. The former rate applies when the annual wages are less than 675 kr., and the latter when they exceed 4,725 kr. The allowance is lower when the incapacity is not complete.

In case of invalidity, the injured

worker is entitled to an annuity amounting to two-thirds of his earnings if he is completely incapable of work; if his incapacity is merely reduced, the benefit compensates for two-thirds of the wages lost.

If the accident has involved the death of the worker, a lump sum equal to one-tenth of annual earnings is payable; the minimum amount is 250 kr. In addition, annuities based on the amount of the deceased worker's earnings are paid; the benefit for a widow or widower is one-fourth of such earnings, and for each child up to 16 years of age, it is one-sixth. In certain circumstances an annuity may also be paid to parents. The maximum benefit payable to all survivors is two-thirds of the annual earnings of the deceased worker.

The insurance premium, paid entirely by the employer, is fixed at such an amount as, in consideration of the danger and other circumstances involved in the work, may be required to meet the risk covered by the insurance.

The accident insurance provisions apply equally in cases in which a worker suffers from an occupational disease.

An employer may take out voluntary insurance for workers—such as home workers and members of the employer's family—who are not covered by the obligatory accident insurance program. Furthermore, under an order issued in 1918, fishermen may insure voluntarily in the National Insurance Institute against injury incurred either at work or outside their occupation.

Certain of the benefits mentioned above are supplemented by cost-of-living bonuses paid out of public funds.

### ***Unemployment Insurance***

Unemployment insurance, which was introduced in Sweden in 1934, is voluntary and in its structure is similar in many respects to the existing voluntary health insurance system. Wage earners may establish unemployment benefit insurance societies, which are under the supervision of the Government authority—since January 1, 1948, the Labor Market Board. Each society, as a rule, draws its members from a particular industry.

An unemployed member receives a daily benefit, which varies according

to his wage class and the number of his dependents. A special housekeeper's allowance may likewise be payable, and compensation may also be paid for traveling expenses and costs of moving. To be eligible for benefits the worker must have registered with a public employment office and must have made 52 weekly contributions in the 24 months preceding his claim, with at least 20 contributions in the last 12 months.

Unemployment insurance, like health insurance, is subject to a waiting period. In unemployment insurance, it is 6 days within a period of 21 days. A longer waiting period is required for seasonal unemployment.

The benefit is paid almost without exception in cash, and the daily amount ranges as a rule between 2 and 7 kr. An additional allowance of 1 kr. a day is payable for each child under age 16, and a husband-or-wife allowance and housekeeper allowance are payable at the rate of 1¼ kr. Since 1945 an extra bonus of ¾ kr. a day has been paid to help meet the higher cost of living. As a rule the total financial assistance from the unemployment insurance society may not exceed four-fifths of the wage earnings of a breadwinner and three-fifths of those of any other member of the family.

The period during which the daily benefit may be paid is limited to a maximum of 156 days within 12 successive months or within a continuous period of unemployment.

A member of an unemployment insurance society pays contributions only when he has a job, and the amount payable depends on the size and nature of the unemployment risk within the various occupations and the amount of daily assistance to be received. On October 31, 1947, there were nearly 943,000 members in 36 societies.

In 1946 the Government contributed 43.3 percent of the combined expenditures of the approved unemployment societies. Of the premiums paid in by members, 14.8 million kr. were at the same time funded.

The Social Welfare Committee is engaged in a reform of this branch of insurance, and the question of making it compulsory is being considered.

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**Table 2.—Contributions and taxes under selected social insurance and related programs, by specified period, 1946-49**

[In thousands]

Period	Retirement, disability, and survivors insurance			Unemployment insurance		
	Federal insurance contributions <sup>1</sup>	Federal civil-service contributions <sup>2</sup>	Taxes on carriers and their employes	State unemployment contributions <sup>3</sup>	Federal unemployment taxes <sup>4</sup>	Railroad unemployment insurance contributions
Fiscal year:						
1946-47.....	\$1,459,492	\$481,448	\$380,057	\$1,001,504	\$184,823	\$141,750
1947-48.....	1,616,162	482,585	557,001	1,007,087	207,919	145,148
8 months ended:						
February 1947.....	1,016,778	394,035	176,469	686,773	155,961	73,255
February 1948.....	1,118,833	399,745	283,375	749,847	177,488	71,983
February 1949.....	1,191,950	435,103	292,492	732,881	197,578	5,018
1948						
February.....	277,662	18,579	6,499	109,583	138,448	1,212
March.....	30,415	18,978	132,618	6,864	12,912	36,401
April.....	74,324	19,256	5,663	112,188	2,921	76
May.....	376,000	19,998	11,598	132,475	13,417	1,289
June.....	16,590	24,807	123,808	5,713	1,181	35,399
July.....	63,057	244,676	2,378	112,097	1,586	6
August.....	379,573	24,331	17,161	152,242	12,924	5
September.....	7,968	26,779	121,632	10,978	242	12
October.....	58,804	25,904	4,649	95,185	1,683	3
November.....	357,617	29,454	14,050	176,088	12,336	2,407
December.....	7,062	27,763	125,842	8,707	1,531	3
1949						
January.....	38,039	28,489	1,201	80,053	14,492	2,564
February.....	279,829	27,707	5,578	97,631	152,784	19

<sup>1</sup> Represents contributions of employees and employers in employments covered by old-age and survivors insurance.

<sup>2</sup> Represents employee and Government contributions to the civil-service, Canal Zone, and Alaska Railroad retirement and disability funds; in recent years Government contributions are made in 1 month for the entire fiscal year.

<sup>3</sup> Represents deposits in State clearing accounts of contributions plus penalties and interest collected from employers and, in 2 States, contributions from employees; excludes contributions collected for deposit in State sickness insurance funds. Data reported by State agencies; corrected to May 2, 1949.

<sup>4</sup> Represents taxes paid by employers under the Federal Unemployment Tax Act.

<sup>5</sup> Represents July contributions of \$17.3 million from employees, and contributions for fiscal year 1948-49 of \$225.4 million from the Federal Government and \$2.0 million from the District of Columbia for certain District government employees.

Source: *Daily Statement of the U. S. Treasury*, unless otherwise noted.

**Table 3.—Federal appropriations and expenditures under Social Security Administration programs, by specified period, 1947-49**

[In thousands]

Item	Fiscal year 1947-48		Fiscal year 1948-49	
	Appropriations <sup>1</sup>	Expenditures through February 1948 <sup>2</sup>	Appropriations <sup>1</sup>	Expenditures through February 1949 <sup>2</sup>
Total.....	\$1,438,777	\$937,057	\$1,595,340	\$1,213,360
Administrative expenses.....	42,476	35,935	45,420	35,742
Federal Security Agency, Social Security Administration <sup>3</sup>	42,376	27,562	45,318	26,952
Department of Commerce, Bureau of the Census.....	100	61	102	79
Department of the Treasury <sup>4</sup> .....	( <sup>5</sup> )	8,313	( <sup>5</sup> )	8,711
Grants to States.....	881,455	571,294	949,000	787,642
Unemployment insurance and employment service administration.....	130,455	48,094	130,000	127,387
Old-age assistance.....		395,260		497,924
Aid to the blind.....		11,703		14,125
Aid to dependent children.....		99,223		130,306
Maternal and child health services.....	11,000	7,443	11,000	8,900
Services for crippled children.....	7,500	5,152	7,500	6,224
Child welfare services.....	3,500	2,558	3,500	2,706
Emergency maternity and infant care.....	7,300	1,861		69
Benefit payments, old-age and survivors insurance.....	511,676	328,018	599,000	388,530
Reconversion unemployment benefits for seamen.....	3,170	1,809	1,920	1,447

<sup>1</sup> Excludes unexpended balance of appropriations for preceding fiscal year.

<sup>2</sup> Includes expenditures from unexpended balance of appropriations for preceding fiscal year.

<sup>3</sup> 1947-48 data exclude expenses for administering U. S. Employment Service; the Service became a part of the Social Security Administration on July 1, 1948.

<sup>4</sup> Amounts expended by the Treasury in administering title II of the Social Security Act and the Federal Insurance Contributions Act, reimbursed from the old-age and survivors insurance trust fund to the general fund of the Treasury.

<sup>5</sup> Not available because not separated from appropriations for other purposes.

<sup>6</sup> Excludes grants for employment service administration.

<sup>7</sup> Amount appropriated for 1947-48 available until June 30, 1949.

<sup>8</sup> Actual payments from the old-age and survivors insurance trust fund.

<sup>9</sup> Estimated expenditures as shown in 1948-49 budget.

Source: Federal appropriation acts and 1948-49 budget (appropriations); *Daily Statement of the U. S. Treasury* and reports from administrative agencies (expenditures).

## SWEDEN

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### Poor Relief

Poor relief in Sweden has traditionally been in the hands of the local authorities. Since the municipal districts are numerous and vary considerable in size and population, poor relief obviously differs widely in different parts of the country. It is subject to an individual means test, and the assistance granted is adapted to the circumstances in each case. In relation to the forms of assistance mentioned above, poor relief is, by its very nature, supplementary.

Swedish relief differentiates between obligatory and voluntary aid. The former comprises assistance to minors, the aged, and the sick who are incapable of supplying their needs through work and who lack funds for

their maintenance. In other cases, the local authorities determine if such relief is justified. In practice, however, persons in distress generally receive assistance from the poor relief organization if the need for aid has not been met in some other way.

Relief is administered in the manner that may be found suitable in each individual case, primarily in the form of either financial assistance at home or institutional care. In the latter case, the poor relief authority also is responsible for providing some actual cash assistance.

In view of the supplementary character of poor relief, its scope depends not only on the existing need for such assistance but also on the effectiveness of the social insurance programs and other measures taken by the community to prevent or remedy distress.

In fact, the scope of the program is being gradually reduced by development of the social insurance system.

Preliminary recommendations for new legislation in the field of relief to supersede the act of 1918 now in force include a proposal that the local authorities should receive substantial grants from the National Government for their activities in this field.

Medical care is already available to all citizens at moderate fees, which in necessitous cases are paid by the poor relief authorities. Treatment and care at epidemic hospitals are given entirely free of charge. Moreover, there are local "panel" doctors, urban or district medical officers in the towns, and provincial doctors in the country districts. Thus medical care at low fees is assured to all who need it.