

UPSKILLING TO AVOID JOBS' POLARISATION AND GROWING INCOME INEQUALITIES: THE SWEDISH EXPERIENCE

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Taking a broad historical perspective, this article analyses the development of the Swedish class structure. During the last decades, Sweden experienced a relative decrease in its middle class and a stronger polarisation of its class structure. Three potential factors can explain this development: changes in labour market behaviour, a reduction of the extent of decommodification of the Swedish welfare state and large structural changes in employment and occupational structure. We show that the long-term tendency towards an upgrading of occupational structure in Sweden has benefitted the upper middle-income and the top-income groups. Indeed, the large investment in research and development, the expansion of education and the increase in the demand of high-skilled jobs have limited the tendency towards job polarisation found in liberal market-orientated welfare states. Weakly linked to the modifications in the skill structure, the decrease of the middle class appears to be better explained by the postponement of entry into the labour market related to the expansion of education and by social protection reforms that negatively affected the disposable income of vulnerable groups.

Adottando un'ampia prospettiva di impronta storica, il presente contributo analizza lo sviluppo della stratificazione sociale in Svezia. Negli ultimi decenni, tale Paese è stato interessato da una relativa contrazione della classe media e da un rafforzamento della polarizzazione della stratificazione sociale. Sono tre i potenziali fattori che possono spiegare questo sviluppo: i cambiamenti riguardanti il comportamento del mercato del lavoro, una riduzione nella portata della "demercificazione" dello stato sociale svedese, nonché i cambiamenti strutturali di larga portata riguardanti il mondo del lavoro e la struttura occupazionale. Nel presente contributo dimostriamo che la tendenza di lungo periodo verso una riqualificazione della struttura occupazionale in Svezia è andata a vantaggio delle classi sociali a reddito medio-alto ed elevato. Di conseguenza, gli investimenti significativi in ricerca e sviluppo, il prolungamento dell'istruzione e la crescita della domanda di lavoro altamente qualificato hanno posto un freno alla tendenza alla polarizzazione del lavoro, riscontrata nei Paesi con *welfare state* di stampo liberale orientato al mercato. L'erosione della classe media – legata in via marginale ai cambiamenti occorsi alla struttura delle competenze – sembra trovare una spiegazione migliore nell'accesso tardivo al mercato del lavoro, frutto di un allungamento dei percorsi di istruzione, nonché nelle riforme dei sistemi di protezione sociale, che hanno avuto un impatto negativo sul reddito disponibile delle classi vulnerabili.

1. INTRODUCTION

Fundamentally egalitarian, the Swedish social democratic political project aimed at reducing class inequalities through the implementation of an ambitious redistribution

system and a series of measures to promote upward social mobility. The incremental development of an encompassing and generous welfare state, an ambitious redistributive and progressive tax and benefit system, a system of industrial relations limiting wage inequalities and promoting good working conditions, massive investment in education and measures favouring occupational mobility, as well as full employment up to the end of the 1980s are crucial factors explaining the rise and importance of the Swedish middle class, which remains one of the largest among modern societies, by international standards. However, in the wake of the severe economic crisis of the early 1990s and the implementation of several institutional and labour market reforms, income inequality has been on the rise in Sweden. The successive reforms of the social protection system, the deregulation of financial markets and the implementation of labour market reforms during the 1990s can partly be attributed to the diffusion of neoliberal ideas within the social democratic movement and also to changes in societal norms and attitudes regarding fairness and equity, in particular among the upper middle-income group. During this period, the labour market reforms – in particular, the reforms of the employment protection system but also the changes in the Swedish industrial relations system (tendency towards a decentralisation of collective bargaining) and wage formation (introduction of a performance-related individualised wage system) – have contributed to the rise of inequality in Sweden. Despite this clear tendency towards increasing inequality and a weakening of the decommodification of the Swedish social model, the Swedish middle class has remained supportive of the Swedish welfare state and the financing that this involves, entailing a relatively high tax burden (Svallfors, 2004). This continuous support has several explanations: a relatively efficient public administration and the provision of high-quality public services, the importance of the public sector for female employment and the awareness among the still large Swedish middle class that is no longer exempt from the risk of unemployment in a context of increased globalisation, more exposure to market forces and a reduction of employment stability.

Taking a broad historical perspective, the main objective of this article is to analyse the development over time of the Swedish class structure and to attempt to link this development to the major transformations in the world of work that Sweden has undergone in the past three decades. After a short description of the evolution of the Swedish class structure during the past three decades, in Section 2 we attempt to link the major transformations in the world of work to the changes in income distribution in general and class structure in particular. Section 3 analyses the extent to which the long-term transformation of the Swedish occupational and skill structure can explain the trends in class stratification. The last section provides some concluding remarks.

1.1. The evolution of the Swedish class structure 1987-2012

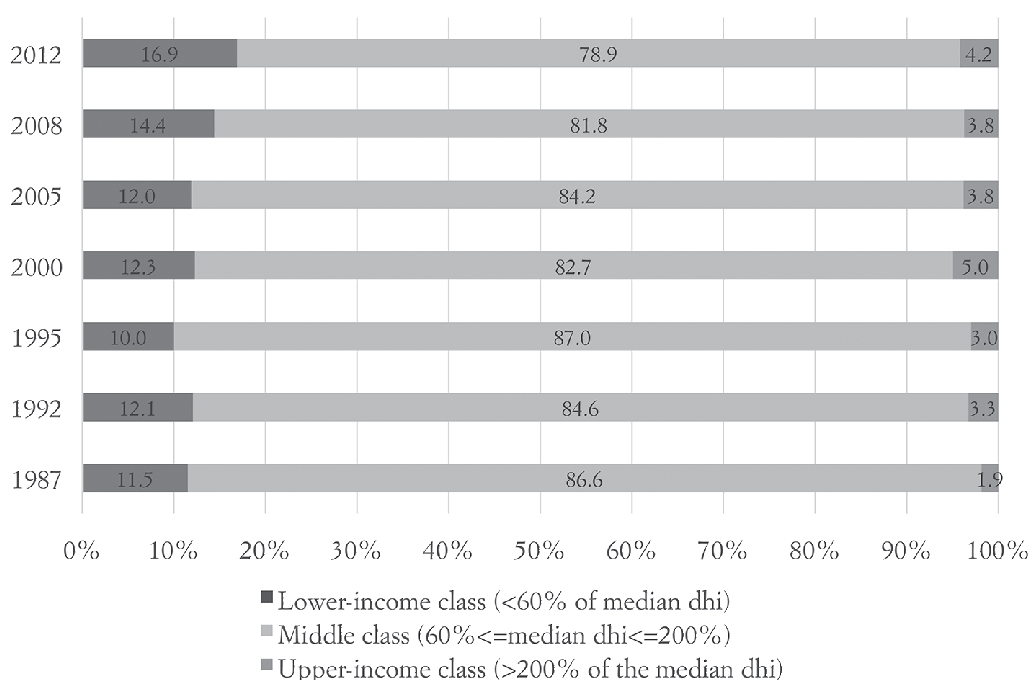
Figure 1 depicts the evolution of the Swedish class structure between 1987 and 2012. As shown by the figure, the Swedish middle class¹ has declined by almost 8 percentage points (p.p.) since the late 1980s. Two broad phases can be distinguished: a phase of relative

¹ We define the bottom-income group as the share of adult population (18 years and older) with an equivalised disposable income less than 60% of median disposable household income (dhi), the middle class as the share of the adult population with an equivalised disposable income ranging between 60 and 200% of median dhi, and the top-income group as the share of the adult population with an equivalised disposable income above 200% of median dhi. We furthermore divide the middle class into three income groups: lower middle-income group (60-120% of dhi), medium middle-income group (120-160% of dhi) and upper middle-income group (160 to 200% of dhi).

increase of the middle class between 1987 and 1995, the share of the Swedish middle class reaching a maximum with 87% of the adult population in 1995, followed, despite some fluctuations, by a phase of decline after the mid-1990s and an acceleration of this decline from 2005 onwards.

Looking at the period as a whole, the share of the adult population in the bottom-income group grew by more than 5 p.p., while the top-income group increased its share by around 2 p.p., implying that around two thirds of the decline of the Swedish middle class might be ascribed to some form of downward mobility and one third to upward mobility. Not only the population share of the middle class has decreased but also its income share. Over the period as a whole, the decline of the income share of the medium middle-income group was particularly severe (–11.9 p.p.) while both the bottom and top-income groups have seen their income share increase (respectively 2.7 and 6.6 p.p.).

Figure 1. Evolution of the Swedish class structure, 1987-2012



Source: LIS 1987-2005, Eurostat for 2008-2012 and author's calculations.

As shown in Anxo (2015), the size of the middle class would have been much smaller without Sweden's ambitious redistributive system: by around 41% if one uses factor income and 79% if one uses disposable income. Also worth noting is that the Swedish tax and benefit system seems to be, among the middle class, more beneficial for the medium middle-income group and, as expected, less redistributive for the upper middle-income group, reflecting the progressivity of the Swedish tax system. The increase of the bottom

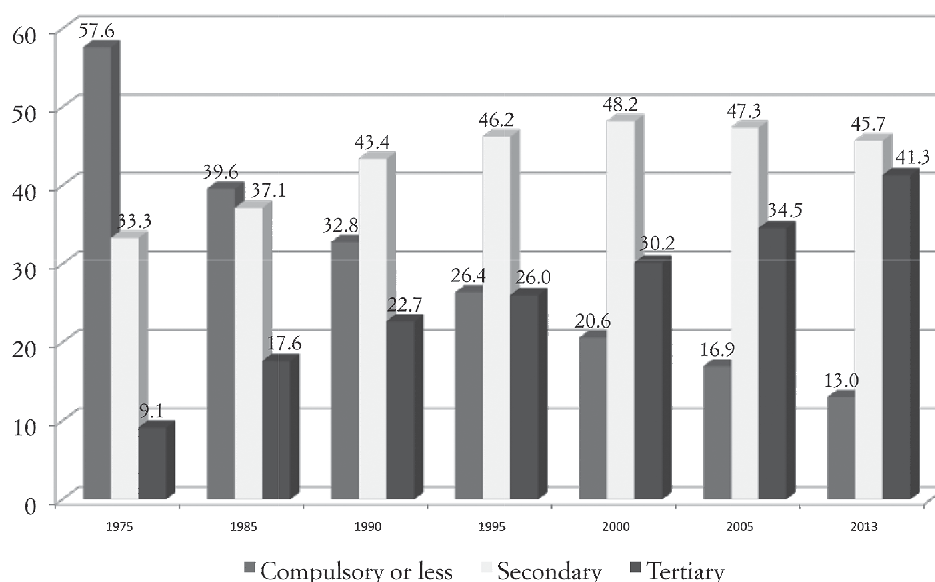
and top-income groups over the whole period would, as expected, have been much more pronounced without the prevailing redistributive measures, implying a much more polarised class structure. Conversely, the decline of the middle class over time would have been much more pronounced than the actual fall without redistributive measures. In other words, the redistributive impact of the Swedish welfare state has significantly improved the situation of the middle class, as well as of the bottom-income group, and cushioned the increase of the top-income group, thereby reducing the increasing tendency to class polarisation in Sweden.

2. MAJOR TRANSFORMATIONS IN THE WORLD OF WORK AND THEIR IMPACT ON THE SWEDISH CLASS STRUCTURE

2.1. Trends in educational attainment

Sweden has one of the most educated labour forces among modern economies and has experienced a clear educational upgrade during the past half century. The educational attainment of the Swedish population is significantly higher than in most European Member States and OECD countries. Figure 2 depicts the trends in educational attainment of the adult population (25-64 years old) between 1975 and 2013. In 2013, more than 45% of the adult population had upper secondary education and 41% a tertiary education. During the school year 2010-2011, almost 45% of young persons aged 19-26 years were enrolled in tertiary education in Sweden or abroad (Swedish Agency for Higher Education, 2012).

Figure 2. Trends in educational attainment as a percentage of the adult population, Sweden, 1975-2013



Source: Statistics Sweden (2015), Labour Force Survey.

Over the past ten years, there has been little change in school enrolment rates in compulsory schooling, while those for upper secondary school have increased significantly. In 2012, 98% of each cohort was enrolled in upper secondary school. During the late 1980s, the university enrolment rate started to increase after having fallen continuously during the previous decade. When the youth labour market deteriorated in the early 1990s, the university enrolment rate also increased as a consequence of a significant expansion in the volume of places at public universities. One of the main features of the development of the youth labour market during the past two decades has therefore been the gradual postponement of entry into the labour market and a longer transitional phase from the educational system to the labour market². Another characteristic of the Swedish educational system is the considerable opportunity it provides to complete educational attainment through adult education. Students aged 20 years and above who fail their upper secondary school examinations have the opportunity to go back to school within the extensive adult educational lifelong learning system.

All in all, several factors have contributed to the increased polarisation of the class structure in Sweden. A reduction of employment rates among young people was due to the postponement of entry into the labour market, a worsening of the employment prospects of low-educated young people and low-skilled workers, and an increase in the share of retired people in the lower-income group (see Anxo, 2015). The postponement of entry into the labour market has, in any case in the short run, resulted in reduced earnings capacity for the younger cohort and contributed to a transitory downgrading of their position in the class structure, which also explains the relative decline of the middle class. For a large proportion of these young people, this downgrading is temporary and their reduced earnings capacity limited to the longer transition from school to work. We may assume that their investment in education and training will normally entail upward mobility later on in life. On the other hand, the worsening employment prospects of low-skilled young people and the scarring effect of early periods of unemployment on subsequent earnings and future employment trajectory might have more long-lasting negative consequences and strengthen class polarisation in Sweden, even in the long run. There are also reasons to believe that the decrease in income of some retired people in the wake of the pension reforms has contributed to the decline of the middle class. By linking the income replacement rate to lifetime earnings, this reform has penalised individuals with less continuous, more erratic employment trajectories, shorter employment spells and shorter working time across the life course.

2.2. Changes in employment and industrial relations systems

By any international standard, up to the 1992 crisis Sweden was remarkably successful in combining low unemployment – ranging between 1 and 3 % between the mid-1960s and the end of the 1980s – not only with high and growing employment rates but also with limited gender disparities. In the wake of the deep recession of the early 1990s, the employment crisis became dramatic. In just three years – from 1990 to 1993 – the employment rate decreased by more than 10.5 p.p. to about 73 %, and the rate of open unemployment quintupled from less than 2 to almost 10% of the labour force. The employment rate

² In 2008, the median age of entry into tertiary education was 22 and the age of graduation 28. The average age of entry into the labour market was 20 years in 1990 and was almost 26 years in 2008 (see Anxo, Bosch, Rubery, 2011).

started to grow again from the mid-1990s onwards but never reached its 1980s level. The decline of employment rates and the inability of the Swedish economy since the early 1990s to preserve full employment is related to the 1990s' fiscal consolidation measures and a re-orientation of fiscal and monetary policy giving priority to fighting inflation and budget balance (see Anxo, 2013 and 2015). Obviously, other factors might explain the decline of employment rates, such as the major investment in education during the 1990s³, but it is clear that the 'political acceptance' of a higher 'equilibrium rate of unemployment' reflects the re-orientation of macroeconomic policy and not only a structural imbalance in the labour market and/or turbulence in the world economy.

While the reduction of the generosity of the social protection system, reform of taxation, in particular capital taxation, and the growth of financial markets⁴ might explain part of the rise in income inequality, other factors might also have contributed to the widening of income distribution during the 1990s, such as the changes in industrial relations and wage setting systems. Since the breakdown of centralised bargaining in 1983, Sweden has witnessed a clear tendency towards decentralisation of wage setting. This tendency was accompanied in both the public and private sectors by a marked trend towards differentiation and individualisation of wages and terms and conditions of employment. The reinforcement of individualistic values, in particular among individuals belonging to the upper middle-income group, explains the weakening of the 'solidaristic' wage policy (same wage for the same work), where the setting of wages was based primarily on job content and tasks. These normative and societal changes can be one element explaining the evolution towards a wage-setting system based on individual performance. The long-term decline in low-skilled jobs and the concomitant increase in demand for high-skilled jobs, combined with the higher return to education witnessed during the past two decades, help to explain this increase in wage inequalities, because wage formation among high-skilled occupations is more individualised and differentiated. The increase in income inequality can also partly be ascribed to the weakening of the bargaining position of trade unions, partly to the decline of union density, but also the deterioration of the situation in the labour market, with high and growing unemployment. There are strong reasons to believe that the tendency towards more decentralised and individualised wage setting has increased wage dispersion, particularly for high-skilled white-collar workers. If the reduction in the share of the middle class and the corresponding increase in the share of bottom and top-income groups explains the increased income inequality and polarisation of Swedish society, the consequences of this increase are much more difficult to assess. However, the decline of the demand for low-skilled jobs (see next section), and the increase in relative wages for high-skilled workers might have contributed to this development.

³ Besides the abovementioned large investment in secondary and tertiary education, during the period 1997-2002 the Swedish government implemented a new major adult education programme called "Adult Education Initiative" or "Knowledge Lift" (KL) with the explicit objective of raising the educational level of low-educated workers to three years' upper secondary school. Participants were eligible for the same grants and loans as for ordinary adult education, and special educational support was given to participants receiving unemployment insurance benefits. The size of the programme was unprecedented: in the period 1997-2002, more than 10% of the labour force was enrolled in KL. To illustrate, in 1999 228,000 persons were enrolled in the KL programme – by comparison the number of pupils in the regular upper-secondary school system was 300,000.

⁴ The stock market flourished during the second half of the 1990s and equities became a common means of saving for an increasing share of Swedish households. By the end of the 1990s, around 60% of all households were shareholders (Gustafsson, Palmer, 2002).

3. LONG-TERM TRANSFORMATION IN THE SWEDISH EMPLOYMENT STRUCTURE: SOME IMPLICATIONS FOR CLASS STRUCTURE

3.1. *Changes in employment and skill structure*

Like many modern societies, Sweden has undergone large structural changes during the past half-century. The long-term evolution of employment by broad sectors has entailed a large decline of employment in agriculture and manufacturing and a significant increase in employment in the services sector. The shift from a traditional industrial society towards a modern welfare state and knowledge-intensive service economy in Sweden has also had important implications for the development of the skills and occupational structure. Following Goldthorpe and McKnight (2006), we use ISCO occupational categories for assessing the trends in the Swedish class structure.

Table 1. Trends in the population share of social classes based on Goldthorpe's occupational groups, Sweden, 1987-2011

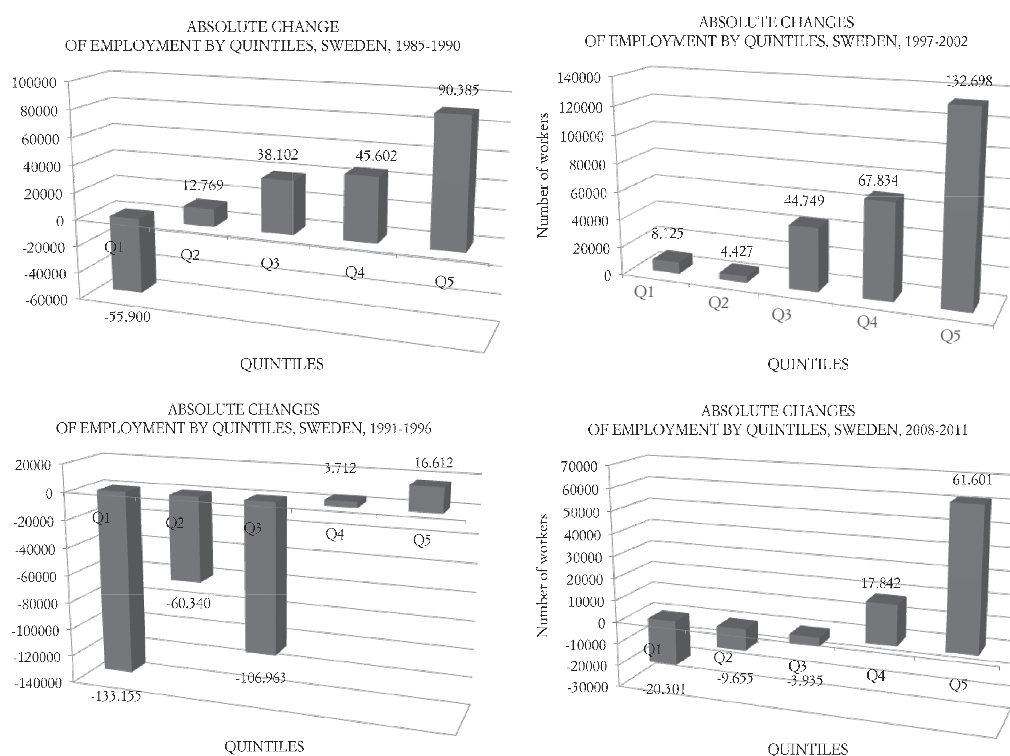
	1987	1995	2001	2005	2008	2011	Change in p.p.
Bottom	25.0	20.7	16.6	16.2	17.7	17.1	-7.9
Middle class	60.1	62.1	60.0	59.9	58.3	58	-2.1
Top	14.9	17.2	23.3	23.4	24.0	25.0	+10.1

Source: Author's calculations based on LIS (1987-2005, except 2001) and Eurostat (2008-2011), Statistics Sweden for the year 2001 (Labour Force Survey).

As shown by Table 1 and contrasting with the income cut-off approach previously used, we found a lower decline of the middle class (-2.1 p.p. compared to -7.7 p.p. when we use the income-based definition of the middle class, see section 2). Worth also noticing is that, when we make use of an occupation-based definition of social stratification, the modification of the Swedish class structure over time is overwhelmingly related to a decrease of the bottom-income group, i.e. low-skilled occupations, and a significant increase of the upper middle and top-income groups (high-skilled occupations). This discrepancy between the two approaches might essentially be ascribed to the fact that the occupational approach restricts the sample to employed persons while the income cut-off approach includes the whole population (inclusive inactive and unemployed persons). The observed decline of the middle class in Sweden and the increased polarisation of its class structure when using the income cut-off approach is therefore not primarily due to major changes in the world of work but primarily due to a deterioration of income of individuals not employed (unemployed and out of the labour force), i.e. a worsening of disposable income among both young people (entry, longer transitional phase from school to work) and among individuals unemployed or out of the labour force (retirees, students). The observed significant skill upgrading of the employed population has implied a shift of the employed population towards the upper tail of the income distribution (upper middle-income and top-income groups). In other words, the decline of the Swedish middle class appears to be mainly due to an upward shift of the employed population from medium-skilled occupations towards high-skilled occupations.

Following Fernández-Macías, Ward, Stehrer (2012) and in order to take into account the differences in the ‘quality of jobs’, we use a wage-based measure to rank the existing jobs, a job being defined as an occupation in an industry. More precisely, we estimate in each period a full-time equivalent mean hourly wage for each job. We thereafter allocate the jobs into quintiles based on the wage ranking, where the lowest-paid job is assigned to the first quintile and the best-paid job to the fifth quintile. In order to assess the extent to which the change of employment is concentrated at the top, middle or bottom part of the occupational structure, we sum up the net employment change between the starting and concluding year in each period. The following quintile charts give a graphical representation of the modification in the distribution of jobs and employment structure between 1985 and 2011, distinguishing between periods of job creation (Figure 3, upper panel) and job destruction (Figure 3, lower panel).

Figure 3. Long-term changes in occupational structure, period of job creation (upper panel) and period of job destruction (lower panel). Average annual absolute change in job-wage quintiles, Sweden, 1985-2011



Source: Anxo (2014).

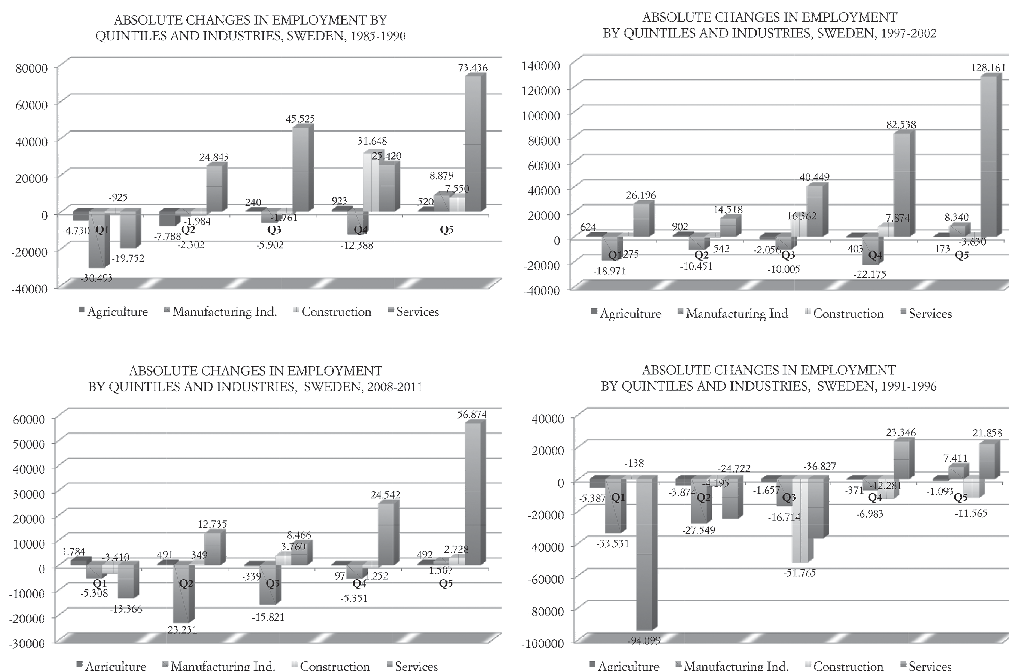
In contrast with other advanced economies, such as the United States and the United Kingdom, that have faced a polarisation of their job structure⁵ during the past

⁵ That is, an increase in both low-skilled and high-skilled jobs and a destruction of jobs in the middle layers of the occupational structure (see Eurofound, 2015).

half century, Sweden has experienced a rather consistent and pervasive pattern of skill upgrading over time. This pattern of occupational upgrading took the form of a shift of aggregate employment from the lower tail of the job distribution to the top, with an absolute decline of low-skilled, low-paid jobs and an absolute increase in high-skilled jobs. This has also been particularly marked during recessions, in particular the dramatic economic downturn of the early 1990s that resulted in a massive destruction of jobs in the middle and lower tails of job distribution and a weak increase in jobs in the upper tail of the occupational structure. This pattern of job upgrading has also characterised the current economic crisis, as shown by Figure 3 (lower panel), with a clear destruction of jobs in the lower tail but also a significant increase in high-skilled, high-paid jobs.

Focusing on the development of the occupational structure by broad sectors, the deindustrialisation process in Sweden, which has brought with it a continuous decline of employment in manufacturing after the mid-1970s, has positively contributed to the overall job upgrading by a massive destruction of jobs in the middle and bottom layers of the job distribution and a weak increase in high-skilled jobs. This pattern of job creation/destruction in manufacturing was particularly obvious during the last two deep recessions (early 1990s and the 2008 financial crisis, see Figure 4, lower panel).

Figure 4. Long-term changes in the occupational structure by industries, period of job creation (upper panel) and period of job destruction (lower panel). Average annual absolute change in job-wage quintiles, Sweden, 1985-2011



Source: Anxo (2014).

Like many other advanced economies, the Swedish post-industrial society has been characterised by an increase in employment in the services sector. Two distinct periods should be distinguished, however. The first period was characterised by employment growth mainly in the public sector (1975-1991). From the early 1970s up to the early 1990s the creation and development of a modern and encompassing welfare state and the related expansion of public-sector employment in Sweden not only contributed to the strong feminisation of the labour force and the increase in the overall employment rate, but also to the clear upgrading of the job structure in Sweden. The second period, from 1992 onwards, was characterised by a decline of employment in the public sector and a significant increase in employment in the private services sector. Paradoxically, the massive reduction of public-sector employment during the 1990s – a reduction of 291,000 employees between 1990 and 2008 – had an upgrading impact since most of the employment destruction concerned the lower tail of the occupational structure. Taking a gender perspective, our analysis of the transformation of the Swedish skill structure shows also that the expansion of female employment in Sweden has clearly contributed to the upgrading of the occupational structure, female employment being strongly associated with the expansion of high-quality jobs (see Anxo, 2014 and 2015). The evolution of male employment, on the other hand, shows a decline in male employment in manufacturing and construction and also a pattern of job destruction concentrated principally at the bottom end of the job distribution (low-skilled, low-paid jobs). Job destruction in the male-dominated sectors of manufacturing and construction was particularly severe during the early 1990s deep recession. The process of deindustrialisation and the move towards a post-industrial society in Sweden resulted therefore in a destruction of low-skilled, low-paid jobs and a contraction of jobs in the middle layers of the industrial occupational structure. This destruction was compensated by a significant increase in high-skilled, high-paid jobs in the growing services sector, resulting in a clear pattern of overall skill upgrading in Sweden during the past 50 years.

Looking now at the implications of these long-term transformations of the occupational structure for the Swedish class structure, as shown in Anxo (2015) the relative share of elementary occupations has been diminishing in all income groups, reflecting the above-described trends in the Swedish occupational structure. Furthermore, the share of middle-skilled occupations has been decreasing within the middle and top-income groups, while the proportion of high-skilled workers has been increasing significantly in these two income groups. In other words, the overall upgrading of the skill structure has principally benefitted the Swedish middle class, particularly the medium and upper middle-income groups and implying a shift of the skill distribution to the right over time. Also worth noting is the significant increase in jobs in the middle layer of the skill distribution in the bottom-income group. In other words, Sweden has experienced a shift from low to middle-skilled jobs in the lower tail of the income distribution. Focusing our attention on the transformation over time of the occupational structure within the middle-income group, we see that the tendency of skill upgrading of the occupational structure of the middle class has been particularly marked among the upper middle-income group.

Our approach makes it possible also to analyse the modifications of the employment structure by better differentiating technological and institutional factors from short-term cyclical factors. Sweden is a small open economy strongly exposed to international competition. Despite the abovementioned tendency to rising wage inequalities, the

relatively centralised and coordinated collective bargaining system and a still compressed wage structure have prevented the development of a low-paid, low-skilled sector in Sweden and instead have boosted policies favouring skill upgrading. Indeed, the large investment in research and development, a well-developed lifelong learning and training system, the above-described expansion of tertiary education during the past three decades, as well as more balanced bargaining power between the two sides of industry have limited the tendency towards job polarisation that can be found, for example, in liberal market-orientated welfare states, and have promoted the development of a high-skilled, knowledge-intensive service economy.

4. CONCLUSION

The analysis of the development of the Swedish class structure during the past three decades has clearly shown that Sweden experienced a relative decrease in its middle class and a stronger polarisation of its class structure. Looking at the period as a whole, the share of the adult population belonging to the bottom-income group grew by more than 5 p.p., while the top-income group increased by around 2 p.p. This implies that around two thirds of the decline of the Swedish middle class might be ascribed to some form of downward mobility, and one third to some form of upward mobility. During the same period, Sweden also experienced a concomitant increase in income inequality, mainly due to a weakening of the level of decommodification of the Swedish welfare state, changes in the balance of power between labour and capital, decentralisation and individualisation of wage setting, as well as increased returns to higher education and to capital income. The modification in the Swedish class structure and the relative diminution of the middle class are the outcome of complex causal configurations. We have identified three potential factors: changes in labour market behaviour, principally concerning labour market entry, with a lengthening of the transitional phase from school to work; a weakening of the goal of full employment and a concomitant deterioration of the labour market situation since the early 1990s, in particular the significant increase in youth unemployment and the low labour market attachment of newly arrived migrants; and last but not least, in recent decades, large structural changes in the Swedish employment and occupational structure.

The patterns of job creation and destruction during the last three decades have implied a significant diminution, both in absolute and relative terms, of jobs in the lower tail of the job distribution and a clear increase in jobs in the upper tail of the distribution. The long-term tendency towards an upgrading of occupational structure has particularly benefitted the upper middle-income and the top-income groups. Despite a tendency to the abovementioned rising wage inequalities, the relatively centralised and coordinated collective bargaining system and a still compressed wage structure have prevented the development of a low-paid, low-skilled sector in Sweden and instead have boosted policies favouring skill upgrading. Indeed, the large investment in research and development, the expansion of education during the past three decades and the increase in the demand of high-skilled jobs, as well as more balanced bargaining power between the two sides of industry have limited the tendency towards job polarisation that can be found in liberal market-orientated welfare states, and have promoted the development of a high-skilled, knowledge-intensive service economy. On the other hand, the reduction of demand for less

qualified jobs has also impacted negatively on the possibility for low-skilled, low-educated workers to get a job, and has increased their propensity to become unemployed. In our view, the patterns of job creation and destruction in recent decades can scarcely explain the observed decline of the Swedish middle class. On the contrary, the increase in educational attainment and the associated skill upgrading of the employed population seem to have strengthened its position. Our results show that the decline of the middle class could be better explained by the reduction of employment rates among young people due to the postponement of entry into the labour market and a worsening of the employment prospects of low-educated young people and low-skilled workers due to the decline of the demand for low-skilled jobs related to skill-biased technological changes. Furthermore, the various reforms of the social protection system - in particular in the pension system and unemployment benefits, where more restrictive eligibility criteria and lower income replacement rates were introduced - have without doubt reduced the disposable income of vulnerable groups in Swedish society and contributed to the increase in class polarisation. However, in a cross-country comparative perspective, it should be recalled that Sweden still counts among the countries with the lowest income inequalities and, despite the relative decrease in its middle class, it still has one of the largest middle classes among modern post-industrial economies.

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