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# SWEDEN: THE ROLE OF THE STATE IN THE FOURTH INDUSTRIAL REVOLUTION

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## An Interview with Ylva Johansson

*Sweden is leading global efforts to shape the transition to a new era of digitalization and disruptive technologies associated with the Fourth Industrial Revolution. The Journal of International Affairs spoke to Ylva Johansson, Sweden's Minister for Employment and Integration, about emerging challenges for labor markets and social-welfare models, as well as the necessary governance arrangements to confront these. This interview took place on 8 October 2018 and has been edited for clarity and length.*

**Journal of International Affairs (JIA):** *Minister Johansson, Sweden has achieved under your leadership a win-win situation through broad agreement between social partners<sup>i</sup> to meet the needs of the evolving world of work. What role do governments, employers, workers, and the education system play as we adapt to the future?*

**Minister Ylva Johansson (YJ):** Sweden has, by international comparison, been quite successful in this regard. Two important factors drive this: first, we have strong social partners. They have huge responsibilities and are thus able to regulate considerable parts of the Swedish labor market by themselves. The agreements they negotiate are fully supported by the government and the rest of society.

Second, we reached an agreement a long time ago that Sweden should be a competitive economy: we should protect neither industries, nor jobs. We should protect workers.

This means that while we should not rush to structural reforms, we should at least not say no to them. The Swedish Government supports the labor market becoming more competitive and able to quickly adapt to new technology. It is part of the political responsibility of our government to redistribute wealth and revenue generated by this competitive economy through the welfare state so that everybody

can benefit. This way, we have reached a situation where union leaders welcome new technology. They sometimes even say they are more afraid of old than new technologies, because they are afraid of being weak compared to the international competition. This means that, even if some industry jobs disappear, the different social partners know they have to invest upfront so that new jobs and new industries can emerge. The government has to make sure that we protect individuals so that those who lose their job will not be poor and out of the labor market. It is both about protecting them economically and ensuring an active labor market policy to help people transfer to other jobs.

**JIA:** *The impact of technology is forcing us to think about what jobs we may need down the line and how the welfare state can support workers during a period of massive transformation. Against this backdrop, does the welfare model we find in many European countries need to be adjusted and who can, or should, drive this adjustment?*

**YJ:** From a Swedish perspective, the answer is both yes and no. Social protection models in the European Union are determined at the member-state level. Each of those models is very ambitious relative to international standards. In Sweden, we agree that the social model must continue to be ambitious to ensure ongoing public support for economic transition and a welcoming environment for new technology and competition. At the same time, the social model and welfare state need to adapt to new circumstances, mostly in the area of education. The traditional model of ‘educate yourself while you are young and then go to work and then continue working’ cannot continue. It is important that we invest in schools and avoid dropouts. In Sweden, for example, one needs to pass at least an upper secondary exam to succeed in the labor market and if you are at that level, you have very good chances of adjusting to transitions in the labor market. For those adults who were able to reach that level of education at a young age, we need to invest in lifelong learning. The public and firms need to invest in this, as well as in-service training, to benefit not only their own company but the broader society and economy.

**JIA:** *You said earlier this year that the fast pace of transformation is particularly challenging for newcomers to the world of work because they are jumping onto a train that is already moving. Which groups and sectors are most affected by these changes, and what policy adaptations are needed to address specific challenges?*

**YJ:** Newly arrived immigrants often have very different backgrounds. Some are well-educated, which makes it important to get them into the right profession as fast as possible. In these cases, we have a fast track into the labor market that

<sup>i</sup> “Social partners” is a term generally used in Europe to refer to representatives of management and labor (employers’ organizations and trade unions). <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/european-social-partners>

has been developed together with the social partners. But also we have people with very low levels of education. This is the real challenge because they need to quickly adapt to the high education standard needed in the Swedish labor market. At the same time, they need to learn what being Swedish means, the Swedish labor market model, the language, et cetera.

Many immigrants who have been well integrated into the labor market tell me that the biggest challenge for them was adapting to Swedish workplace culture, which is very different from other countries. We have a very flat organization. There is almost no top-down policy. Each individual, even on the lowest level, is expected to take their own initiatives, monitor their own job, and take on considerable responsibility with very little oversight. This culture helps to adapt to changes and new technology. We are not afraid of ongoing transitions because most employees deal with changes and decisions every day. This is a strength of the Swedish labor market.

Newcomers represent a big opportunity for Sweden because many refugees fleeing from war are young people. Once they are here, they realize that Sweden is a country with free education. There are no fees for universities or other higher education whatsoever. They have a lot of ambitions and really use this opportunity to educate themselves. As Minister for Employment, helping train those young people for new jobs and the new skills that are needed in this emerging new world of work is a big opportunity.

**JIA:** *At the beginning of your tenure, you pronounced an explicitly feminist labor market agenda. How does this feminist agenda translate in relation to digitization and automation, specifically in the context of women asylum seekers and refugees?*

**YJ:** In Sweden, we have one of the highest female employment rates in the world, and immigrant women in Sweden have some of the highest employment rates among immigrant women anywhere in the world. Still, with asylum seekers and refugees this is a big challenge. Some women who arrived here as refugees have never done paid work but, instead, they have been fully responsible for housework and family. Now, they have to transition their own and their husbands' lives into the Swedish way of organizing the family, with two people working and a lot of government support for the family.

At the same time, it is encouraging to meet these women and see the energy they bring. Many refugees choose to come to Sweden because they would like to come to a more gender-equal society that respects women's own decisions. Seeing how we can help refugee and immigrant women adjust to the Swedish labor market model is a specific target for me as Minister for Employment and Integration.

Despite the high employment rate of Swedish women, more women than men work part time and in low-level or lesser-paid jobs with fewer career possibilities. It is therefore important to create policies that enable families to share housework and family responsibilities so that both parents take full responsibility in both areas. We have generous parental-leave insurance of 16 months. This government has implemented a provision that reserves a portion of this time for each parent, so that fathers too can stay at home to take care of their children. We also introduced new legislation to systematically require all workplaces to annually go through a special survey to detect any discrimination, including regarding wages.

This is important to consider because the impact of the Fourth Industrial Revolution is not limited to a specific sector but is characterized by a transition in almost all sectors at the same time and on many levels. This transition will not lead to many jobs disappearing but to almost all jobs changing. It thus affects almost everybody in the labor market. That is why it is important to have a good system in place that may help people to transfer from one job to another. Furthermore, we need to develop new ways to transfer within the same job, meaning on-the-job training and in-service training, but also lifelong learning. I am not so afraid that women will be losers in this because women in Sweden have a higher level of formal education. That means they are better prepared for learning new things than some of the men who are less well-educated. But it is important to have support for when these changes in the workplace happen through a high level of social protection. We must continue investing in very high-quality and affordable education that is accessible for everybody, and invest in good elderly care that is affordable and accessible for everybody. If we do not, women will be trapped with responsibilities. So, it is important that we have this connection to other areas of policy and a high level of ambition for the social-welfare state.

**JIA:** *What form of support, advice, or cooperation could Sweden offer to less developed countries?*

**YJ:** Each country has to make their own decisions. From Sweden's experience, it is crucial that working people organize themselves and are able to talk for themselves and argue and fight for their rights. In Sweden, they do it through unions. That is why we think it is so important to have a constructive dialogue with social partners and work together. Our experience is that many times, different actors share a common interest in helping to adapt to the new world of work. That is why Sweden took the initiative of the Global Deal, through which we can support social dialogue in different countries around the globe. It is growing, and we are cooperating with the International Labor Organization (ILO) and the Organization for

Economic Cooperation and Development. Sweden's prime minister is one of two chairpersons for the ILO Global Commission on the Future of Work, which will deliver its results at the beginning of 2019. That is in part because other countries see that, although Sweden has not solved all problems, in many aspects we are well prepared for this transition. 

