

Contingent universalism in the Nordic countries: Unemployment and economic security for young adults in Finland, Norway and Sweden

Thomas Lorentzen, Anna Angelin, Espen Dahl, Timo Kauppinen, Pasi Moisio & Tapio Salonen

Introduction

Nordic welfare states are often characterised by their universal social protection and welfare services. However, this universalism has in many ways been conditioned by full employment. As Nordic welfare states have faced unemployment, we have seen a situation where especially young unemployed are excluded from social insurance schemes, leaving them to rely on means tested benefits. In this article, we look into the development of social protection for young adults' in Finland, Norway and Sweden in the last 20 years'. We review recent policy development, and whether the alleged development of prolonged and complex transition process from adolescence to adulthood have influenced the economic security of unemployed youth. The interrelationship between policy framework and patterns of youth transitions is reciprocal. Policy changes can occur as a result of external pressure, such as increased youth unemployment, but the welfare framing also has the potential of influence the behaviour of the youth. Our ambition in this paper is not to explain the complex interrelationship between welfare state framing and individual behavioural patterns, our intent is merely to describe how the combined development within these two areas have influenced the social protection for young adults.

The welfare state restructuring that took place in Finland and Sweden, and to a lesser extent Norway, during the 1990s must be seen on the background of the economic climate at that time. Sweden and Finland faced a severe recession at the beginning of the 1990s. Norway was struck by the economic downturn at the beginning of the decade, but thanks to oil revenues, Norway never reached the depths experienced by Finland and Sweden (Jonung et al. 2009). All three countries experienced a similar strong upturn in the business cycle during the latter part of the decade. Timonen (2003) argues that Finland and Sweden makes excellent cases for a study of what happens to institutional welfare states during a serious economic crisis at a time when globalization is argued to make generous welfare states unsustainable. Conversely, Norway makes an excellent case for comparison, since it was not part of the EU integration that took place in Finland and Sweden, and, furthermore, the welfare state was under less economic pressure than in the former two countries.

It is often claimed that the transition from adolescence to adulthood is not as smooth and seamless as it used to be in the industrial era. This implies a development where the adolescence to adulthood transition is characterised by unstable and reversible establishment patterns. According the statistics on youth employment rates, years in education and the age of marriage and parenthood, the transition has at least prolonged in Europe (Eurostat 2009). A large share of the cohorts in the transition age is now enrolled in tertiary or other education. Hence, the literature suggests that young adults in Western welfare states enter the labour market considerably later than previous generations and often lack stable employment for long periods of time after exiting upper secondary education. This prolonged transition phase entails risk of being excluded from the basic welfare insurance. In many cases, Nordic youth have not earned entitlements to social security benefits and social assistance is often the only income protection.

Alongside this development, there has been a tightening of welfare benefits, where benefits have become more dependent on employment history. The work orientation of the Nordic welfare states, and the crucial role work plays in defining rights to social security, prompt the question how

universal these welfare states are for young people. Furthermore, it question's whether the work oriented requirements in the welfare insurances are adjusted or compatible with the prolonged transition phase where young adults to a high extent are outside of the labour market.

We start by looking at the institutional changes that has taken place in unemployment protection and social assistance systems in Finland Norway and Sweden during the last two decades. The focus is how these policy changes are affecting the situation for unemployed youth in these countries. Here, we look at both the unemployment benefit coverage for unemployed youth and social assistance development. Secondly, we review the literature covering the phenomenon of prolonged and complex transitions from adolescence to adulthood, and scrutinise whether this acclaimed phenomenon can explain the development in unemployment protection among young people. Lastly, we discuss whether the three countries' welfare states' meet the challenges of young people in the transition from adolescence to adulthood.

Income protection of unemployed in Finland, Norway and Sweden

The general trend in the Nordic countries after the WWII has been the move away from the residual social assistance and towards social insurance as the main elements of income protection of unemployed (Johansson and Hvinden 2007). However, it may be argued that during last two decades, the trend has shifted and the Nordic welfare states have adopted more and more residual characteristics in their welfare protection (Timonen 2003). This is particularly the case for young adults, whose situation have changed considerably over the last two decades when it comes to social security coverage.

Although universal welfare services are considered a hallmark of the Nordic welfare states, unemployment benefits is based on the principle that paid work qualifies for better benefits (Timonen 2003). These characteristics were reinforced by the welfare system restructuring that took place during the 1990s, which led to a situation where benefits now are more dependent on employment history and contributions, and it has become more difficult to qualify for some earnings-related benefits (Timonen 2003). This development have resulted in more people being excluded from social insurance based unemployment protection and, thus, have to rely on social assistance.

The unemployment protection is structured differently in Finland, Norway and Sweden. While Norway has a one-tier unemployment benefit, the Swedish system is a two tier system and the Finnish is a three tier system. However, the basic elements are the same. Both the eligibility as well as the level of benefits is conditional to the previous work history. In Norway, unemployment insurance is compulsory for wage earners. In Finland and Sweden unemployment insurance is voluntary but the non-insured unemployed with the required work history are entitled to basic benefits (NOSOSCO 2008). In Sweden under 20 year-olds are not entitled to basic unemployment benefit. The third tier unemployment benefit in Finland is the means tested labour market subsidy for those non-insured unemployed who have no previous work history or have received basic benefit over the maximum time.

Both in Finland and Sweden, social assistance is the last resort support for those who are not entitled to basic benefit or labour market subsidy. In Norway, those who do not qualify for earnings related unemployment benefits are dependent on means tested social assistance as their only option. In general, social assistance programs are a last-resort form of means-tested economic assistance that is available to nearly all citizens as a guaranteed minimum level of subsistence. Social assistance often includes a basic cash benefit for daily living expenses and housing costs, and possible supplements to cover the special needs of the household and case-specific payments for occasional needs. This is also the case in Finland, Norway and Sweden.

Some of the earlier attempts to classify countries in clusters based on national social assistance characteristics correspond with the well known welfare state typologies of Esping Andersen (Kuivalainen 2004). However, more recent attempts to classify countries according to social assistance schemes show a more diverse picture (Gough 1997: 2001: Kuivalainen 2004). Thus, according to Gough et al. (1997), Finland and Sweden belongs to the citizenship-based but residual assistance regime, while Norway belongs to the decentralised, discretionary relief regime. The former is characterised by a high degree of codified rights to the recipients, and relatively generous benefits. Norway, on the other hand, separates itself from its Nordic neighbours by having fewer recipients, less generous benefits and being highly discretionary.

Gough et al. (1997) used data collected in the early 1990s. Since then, there have been several major and minor changes to the three countries' social assistance schemes. As a general trend, Finland and Sweden have moved in the direction of a more residual system (Kuivalainen 2004), while the Norwegian system has kept its discretionary character. All three countries have made stronger attempts to tie work obligations to social assistance receipt. In the following sections, we will go through the country specific characteristics and changes in more detail and show how the economic safety of unemployed young adults has changed over the last two decade.

Income protection of young unemployed in Finland

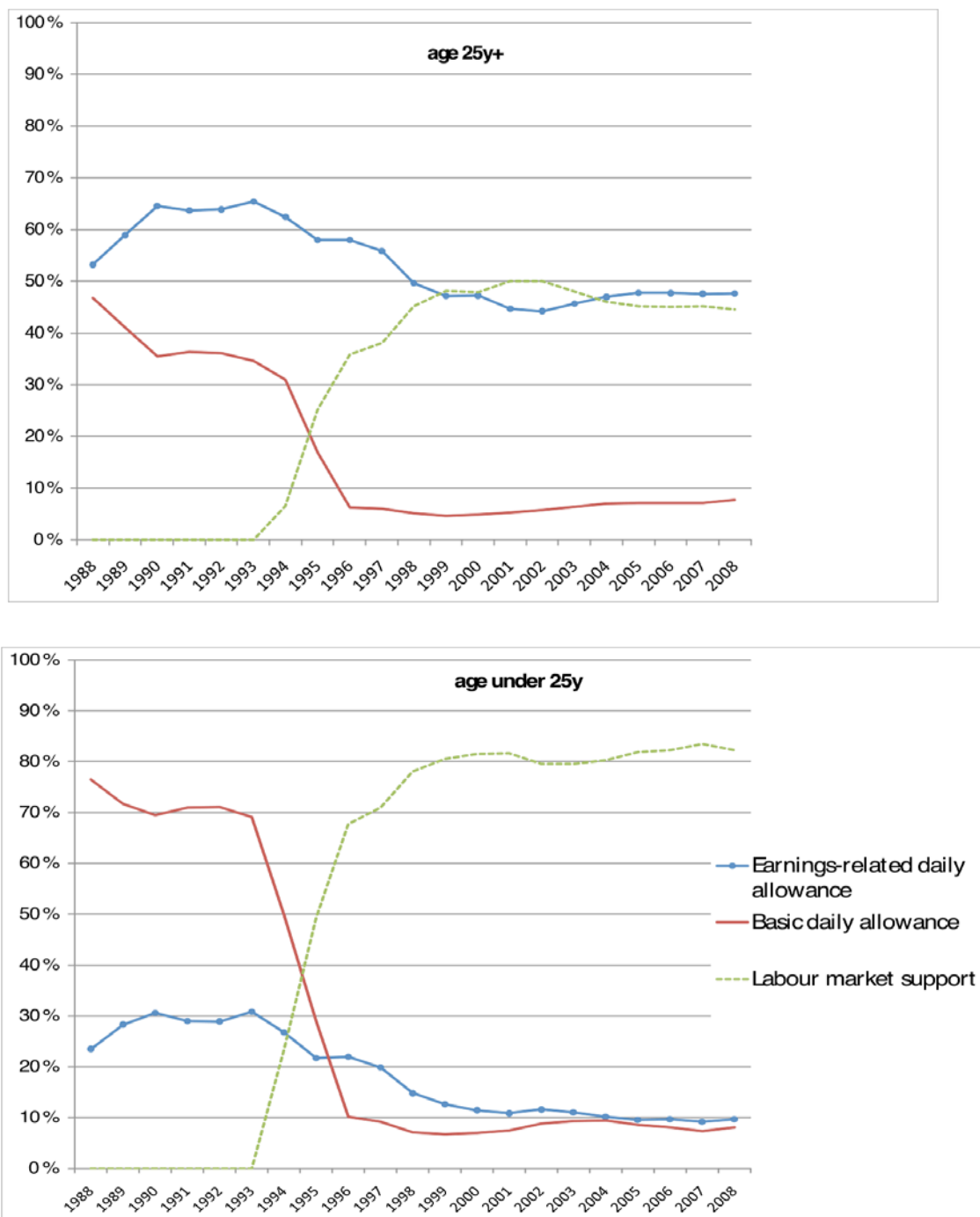
There have been several retrenchments and tightenings of eligibility criteria in the unemployment benefit in Finland since the early 1990s, and the target group of these tightening have been young job seekers. A major reform took place in 1994, when means-tested labour market subsidy was introduced for those unemployed who did not have work history or who have been in basic unemployment benefit over the maximum time (500 work days). With this reform, Finnish unemployment protection system turned into a three-tier system. First tier is for those who have been members of an unemployment fund at least 8 months preceding the unemployment and meet the conditions regarding previous work history: worked at least 18 hours per week for at least 8 months during the 28 months preceding the unemployment.

Maximum time of the earning related unemployment benefit is 500 work days, after which unemployed can apply the basic unemployment benefit. Those who meet the conditions regarding previous work history but are not member of an unemployment fund (or have received earning related benefit maximum time) can apply basic unemployment benefit. The basic benefit is flat-rate and it can be paid for 500 work days. Those unemployed job seekers who do not have previous work history (or have received basic benefit maximum time) can apply labour market subsidy. The labour market subsidy is means-tested and can be paid for an indefinite period.

The second major reform regarding young unemployed took place during 1996-1997 when eligibility for labour market subsidy was restricted for young job seekers, when the obligation for 25 year olds without vocational education to seek student place came into operation. There have been several smaller tightenings of eligibility criteria and sanctions in the labour market subsidy since then, where the latest took place in 2006, when the sanctions were made harder for those who have received subsidy over 500 days. Several tightening and cuts were also made to all unemployment benefits during the 1990s, including shortening the time of professional immunity, widening the geographical area for which accepting a job offered is obligatory, and tightening the sanctions for refusal to accept an offered job. These tightening has caused that many young unemployed are not eligible for unemployment benefits.

Figure 1 below depicts the coverage rate of the Finnish earnings related, basic and subsidy unemployment benefit separately for those unemployed under and over 25 years old. The coverage of income related security was substantially lower among young unemployed already in late 1980s. Roughly 30 per cent of unemployed under 25 years old were covered by the income related security, compared to over 60 per cent among unemployed over 25 years old. During the 1990's the coverage fell among young and older unemployed. The earning related security coverage fell to 50 per cent among unemployed over 25 years old. However, the fall in coverage rate was more substantial among the young unemployed. In the 2000s only 10 per cent of young unemployed were covered by the earning related benefits and over 80 per cent of the young unemployed were eligible only for the labour market subsidy.

Figure 1 Unemployment benefits coverage by age in Finland, 1988-2008

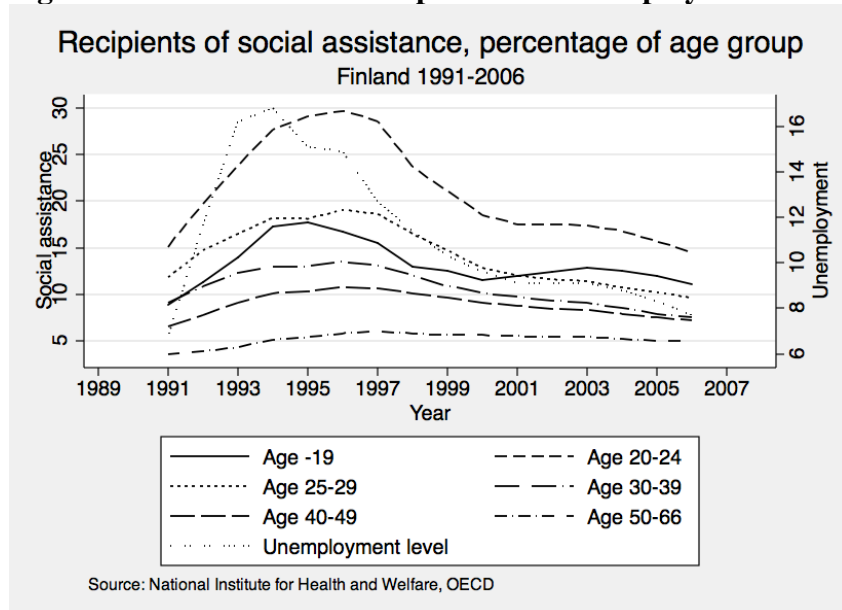


The labour market subsidy is means-tested benefit, so those young unemployed who are living with their parents, or with a working spouse, are not usually eligible for the benefit. Also under 25 year olds are not eligible for labour market subsidy without vocational training. This leaves social assistance the only available financial support for this group of young adults in Finland. Unlike labour market subsidy, social assistance in Finland is comprehensive and it is not targeted at special (age) groups. Persons over 18 years living with her parents is considered as an own household in respect to social assistance benefits. However, if the recipient is living with her parents, housing cost are usually considered non-existing and the recipient is only eligible for daily living expenses, i.e. basic benefit. Labour market subsidy and basic unemployment benefit are higher than basic benefit in social assistance. Hence, a person receiving (full) unemployment benefit is not usually eligible for social assistance without housing costs. Also, if the unemployment benefit is withheld because of refusal to accept an offered job or training, the basic benefit is often cut 20 or 40 per cent.

The modern social assistance system came into effect in Finland during the depression years of early 1990s. Perhaps for this, no major reform was carried out during the 1990s, except the possibility to reduce the basic amount if the recipient refuses to take a job offered, or sanctions against those who refused participation in an activation program (1998). The major reform in the social assistance system took place in the beginning of the 2000s, when active unemployment policy and unemployment offices were married together both in legislation as well as physically in municipals. Reform took place under the Rehabilitative work experience act, where social service and unemployment office were obligated to tight co-operations. The act meant several tightening in work testing and sanctions. Together with the smaller reforms in 1997 and 2005, where the means-testing was tightened, social assistance in Finland contains now much more strict work testing, sanctions and means-testing than 15-20 years ago. However, unlike the situation for the unemployment benefit (labour marker subsidy), tightening is not focused on young people.

The number of social assistance recipients increased steeply in all age groups during the early 1990s depression, following the rise of unemployment (Figure 2). The increase in social assistance recipients was especially strong among 20-24 year-old young adults, where proportion of social assistance recipients increased from 15 per cent to 30 per cent during the depression. Among older age groups the increase of social assistance was much more subtle. After the depression the number of social assistance recipients decreased rapidly, especially among young adults. The sharp increase in the numbers of young adults in social assistance is partly explained by the fact, that economic crisis hit worst on the employment of young adults. However, the labour market subsidy reform explains also a part of this increase. Labour market subsidy was rejected for a substantial amount of young unemployed because of the refusal to seek vocational training, or the benefit was not paid after the income testing of parents and spouses (Heikkilä & Lahti 2001).

Figure 2 Social assistance recipients and unemployment in Finland 1991-2006.



Income protection of young unemployed in Norway

Norway has a relatively high degree of labour market protection/regulation (Enterprise Institute 2010). The Working Environment Act was effective in 1997 and has been revised a number of times. Most of these modifications have resulted in a higher degree of protection of labour, and has improved the worker's rights (Ot prp 2004-05). Some features in the legislation favour older workers: For the elderly, dismissals may be notified up to six months before it is executed, and the seniority principle is strong (Nordic Council of Ministers 2010:237). A review of comparative empirical research into these matters concluded that strong labour protection legislation especially impacts the employment among younger people (the outsiders) negatively, whereas it favours elderly employees, i.e. the insiders (Econ 2010). Again, such employment effects may vary by details in the designs of the institutional frameworks (Nordic Council of Ministers 2010:212).

The reforms in unemployment benefits during the past two decades are characterised by three features: a) less eligibility, b) shorter benefit periods and c) stricter behavioural requirements. Benefit levels have been left untouched, however.

There have been several changes to the unemployment benefit eligibility. Starting with 1994, there was a tightening in the requirement for work hour reduction. In order to qualify for unemployment benefit, there had to be at least a 40 percent reduction in working time. Before this change, the limit was 20 percent. This percentage was further increased to 50 percent in 2003. In 1997 participation in a labour market programmes no longer qualified for unemployment benefits. Thus, unemployed could no longer extend the qualification period for unemployment benefits by participating in labour market programmes. Instead a new benefit "ventestønad" was introduced. The purpose of "ventestønad" was to compensate for the loss of income after the expiration of unemployment benefits. The compensation rate was approximately that of unemployment benefits. This benefit was, however, cancelled in 2008. Meanwhile, the lowest income level that qualified for unemployment benefits was raised in 2003. Before 2003, the minimum income level was set to approximately EUR 8300, but after the changed income criteria the level was set to approximately EUR 10 000.

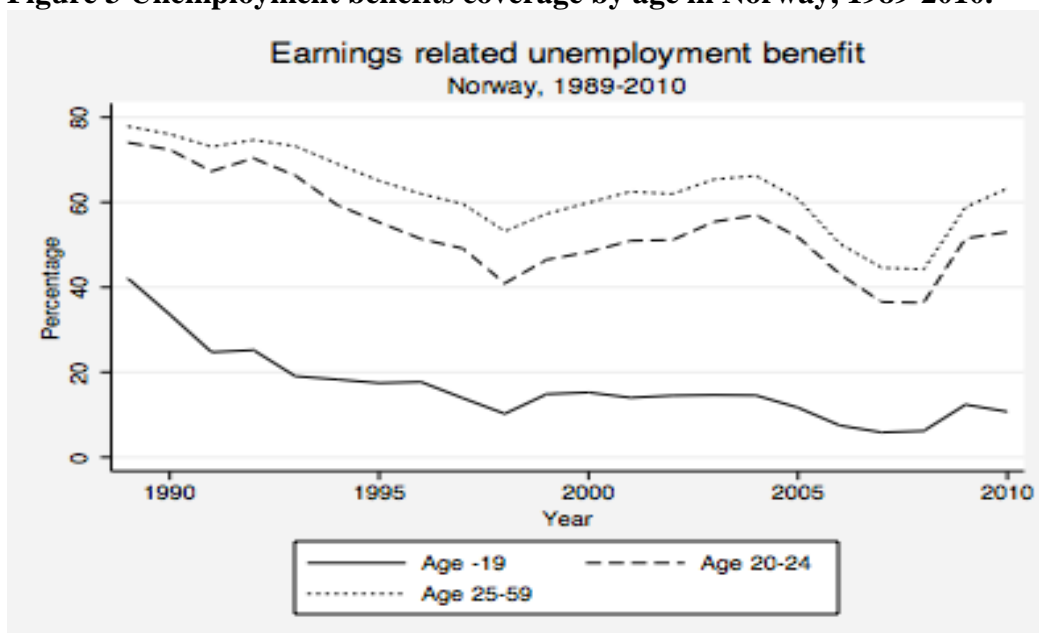
Over the same period, there have been several changes to the maximum duration of unemployment payments. In 1997 maximum duration was shortened from 160 to 156 weeks. In 2003 shorter benefit periods were introduced; recipients with an income level above approximately EUR 13 300, had their maximum benefit period reduced from 3 to 2 years, while recipients with a lower annual income had their maximum duration reduced, from 1.5 to 1 year (Reiersen and Årethun 2007).

Some of these changes were reinforced by behavioural requirements. Increasingly, over time, claimants have to demonstrate “active job seeking” for continued benefit rights. In 2003 the requirements were made explicit in a Government regulation. This implies that in order to qualify, the applicant must have lost his/her job involuntarily, (s)he must accept the job offered, (s)he must accept to move if required, and (s)he must accept to participate in an active labour market program if offered one. The stated intentions of the various were to curtail recruitment to unemployment benefits, and to enforce and stimulate the claimants to find work faster.

It is likely that young people were more affected by eligibility enforcements, whereas older employees were more strongly influenced by time limits since they more frequently were and are long-term unemployed (Reiersen and Årethun 2007). None of the referred policy change were, however, directly targeted at particular age groups.

Figure 3 depict the coverage rate of the Norwegian earnings related unemployment benefit. Like in Finland, the coverage rate for young unemployed was substantially lower than among older unemployed already in late 1980s. Approximately 42 percent of unemployed under 19 years were covered by income related unemployment benefits. In 2010 this proportion had decreased to roughly 10 percent. In contrast, almost 80 percent of those between age 25 and 59 were covered. Also this group has had a decreasing coverage rate over the period, but not as strong as the youngest age group. The age group in between, those aged 20 and 24, are placed below the older age group, but well above the younger unemployed. Thus, the coverage rate of young adults between 20 and 24 has not done any marked changes in relation to the older age group, while the youngest age group have experienced a dramatic change in coverage rate over the period. This development can not be explained by age specific policy changes. We will, however, look into how changes to the educational system might account for some of this development.

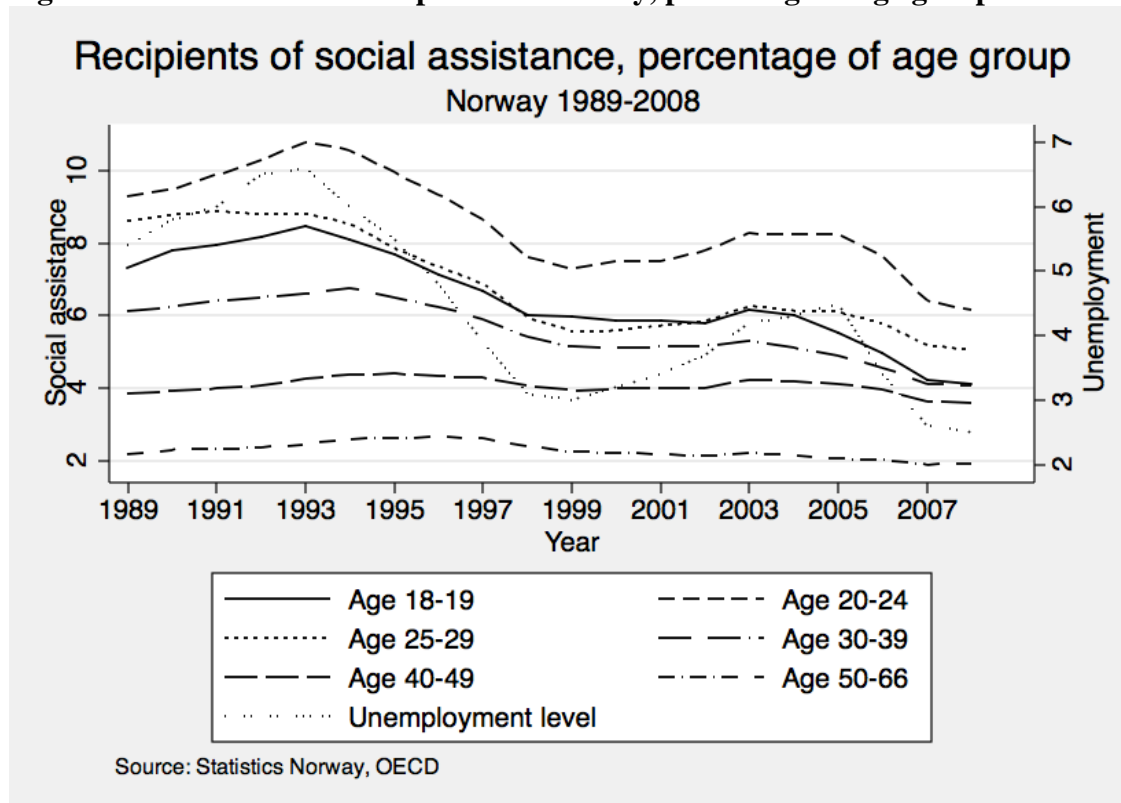
Figure 3 Unemployment benefits coverage by age in Norway, 1989-2010.



For unemployed that does not qualify for unemployment benefits, means tested social assistance is the only available alternative. Social assistance is the responsibility of the municipalities. The eligibility for social assistance is based on the principles of domicile and subsidiarity (Ministry of Labour and Social Inclusion, 2001). The minimum age for individuals to claim social assistance is 18 years. According to the law, social assistance shall ensure a sufficient or proper level of subsistence. State guide lines do exist, but they are of a non-binding nature. During the 2000s the recommended benefit level was adjusted several times, but did not keep up with the general improvement in living standards. The reason for this under-adjustment is that “work shall pay”. It is up to the municipalities, to the local welfare administration or to the discretion of the social worker to decide the concrete payment in each case. The Social Service Act which was enacted in 1991. Here the local authorities were allowed to require that recipients could carry out work for the municipality in exchange for benefits. This may be seen as the introduction of the “work approach” in social assistance. Several experiments in the organization of programs and tailoring of measures took place in the 2000s. These have now resulted in higher quality welfare-to-work programs like “The Qualification Program” and individually tailored action plans.

In contrast to Finland, Norway was struck relatively light by the financial crisis in the beginning of the 1990s. Neither the unemployment level nor the number of social assistance recipients reached the levels of Finland and Sweden. At the bottom of the financial downturn, in 1993, less than 11 percent (figure 4) of the age group 20-24 received social assistance. This is approximately one third of the level in Finland. Since the number of social assistance recipients was relatively low, even in the middle of the financial downturn, the potential for decrease in the social assistance population was less than in Finland and Sweden. Even so, the trend for the population of young social assistance recipients is to follow the overall unemployment level, however not as close as in Finland and Sweden. Like in Finland, older groups of social assistance recipients show little variation over the period, and are thus, less responsive to the economic climate than younger groups.

Figure 4 Social assistance recipients in Norway, percentage of age group 1989-2008.



Income protection of young unemployed in Sweden

The Swedish post-war era was characterized by an expanding universal welfare state but during the first half of the 1990s the severe economic recession in the Swedish economy resulted in major deteriorations in many of the welfare systems. This led to major cutbacks by lowering remunerations and increasing demands for entitlement to various social security benefits and unemployment benefits. Youths were specifically negatively affected because of their less stable work force affiliation.

The Swedish unemployment insurance has two components: a flat rate basic insurance, and a voluntary income-related insurance. Maximum duration of benefit has been 300 days, but extension of the period is possible through participation in activation programmes. There have been several retrenchments to the unemployment insurance over the last two decades.

Unemployment compensation rates were lowered from 90 to 80 percent in 1993, and further lowered to 75 percent in 1996. In 1997, however, it was brought back to 80 percent. In 2007, the compensation rate was structured according to unemployment duration; 80 percent the first 200 days, 70 percent the next 100 days, and 60 percent from day 301. For those who only are entitled to the flat-rate basic insurance the maximum compensation is as low as 320 SEK (33 euro) per day (Salonen 2010).

The unemployment insurance has been intensely debated as the Swedish government has implemented several substantial retrenchments since 2006. In 2007 the Government realised policies that resulted in dramatically raised membership fees. During the years that followed almost 450 000 individuals left the unemployment insurance. During the retrenchment period many young adults aged 30 or under also actively exited their membership. In addition to the raised fees there were also in 2007, as mentioned above, a distinct deterioration in compensation rate for members who became long-term unemployed.

In 2007 the possibility to earn rights to unemployment benefits by studying were also abolished and the requirement of previous work experience were increased. These alterations further decreased youths' qualification to unemployment benefits. The general conclusion is a development towards increased thresholds to be included in the unemployment insurance. As many as 80 per cent of Swedish youths are not included in the unemployment insurance (Salonen, 2010).

Instead it is the social assistance-based welfare that has become increasingly central in providing basic living expenses for youths that lack possibilities to be self-sufficient. In 2009 youths between 18-29 constituted the largest category of all social assistance recipients in Sweden as 41 per cent of the total recipients belong to this age group (The National Board of Health and Welfare 2009). And as only 20 per cent of the Swedish youths are entitled to unemployment insurance the policies concerning social assistance are very relevant in understanding the living conditions for those outside the labour market.

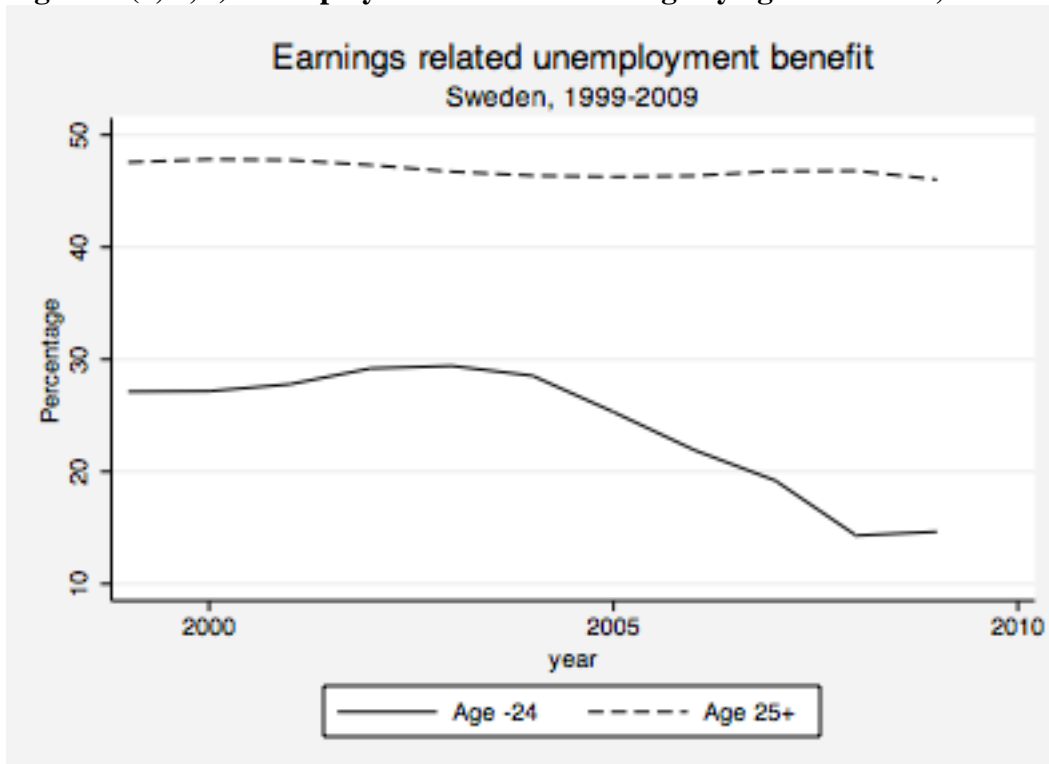
The very high levels of youths with need of social assistance was initiated during the 1990s welfare crisis. The increasing number of young social assistance recipients during this recession resulted in various retrenchments and policy changes aiming at reducing costs and implement restricted criterions.

Youths responsibilities and obligations became more pronounced than in previous legal interpretations of the right to social assistance (Johansson 2001). The Supreme Administrative Court also laid down a strategy where parents' financial responsibilities as providers for their adult

youths were emphasized. The attitude towards youths applying for social assistance were characterized by a more selective and means-testing approach. An amendment in the Social Services Act in 1998 also enabled for municipalities to require participation in activation programmes as a criterion for entitlement to social assistance. This only applied to citizens under 25 years of age. In the new Social Services Act of 2002 social assistance recipients were given a strengthened right to appeal refusal of applications but the specific targeting of youths responsibility to participate in municipal activation remained.

In summation, the Swedish labour market policies can be described as a dual categorization of unemployed citizens, the national policy that applies to those established on the labour market and entitled to the relatively generous compensation from unemployment insurance and the municipal one for social assistance recipients with lacking connections to the labour market with demands on activation according to the “work principle” (Ulmestig 2007). The Swedish welfare model are well functioning for those who are included or previously established on the labour market. However, the recent policy development shows a tendency towards exclusion of youths that have to depend on municipal means-tested social assistance schemes.

Figure 5 (a, b, c) Unemployment benefits coverage by age in Sweden, 1999-2009.



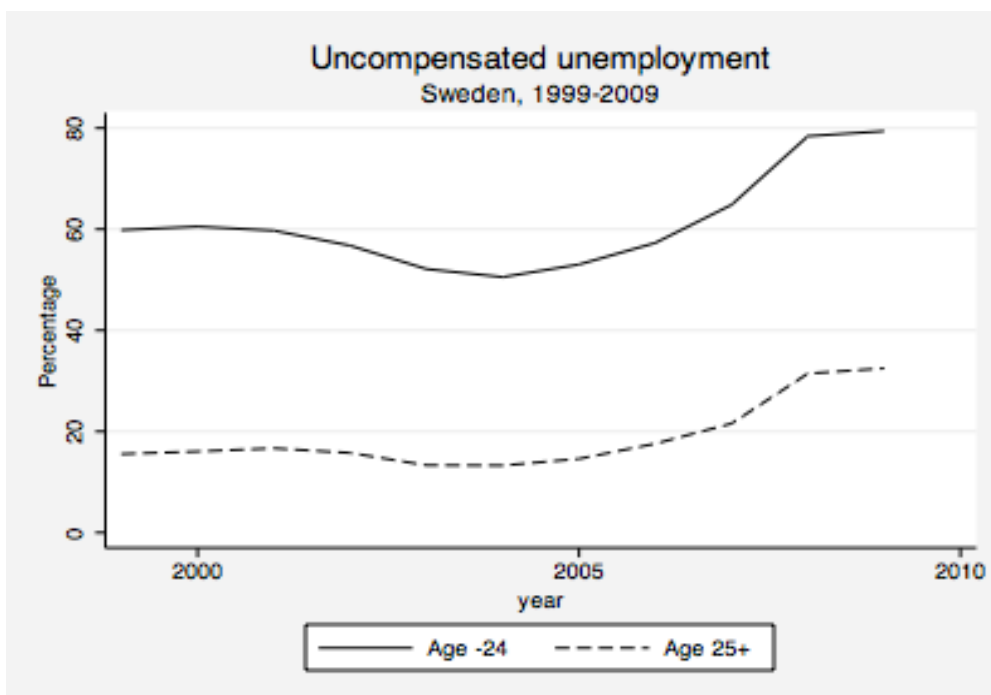
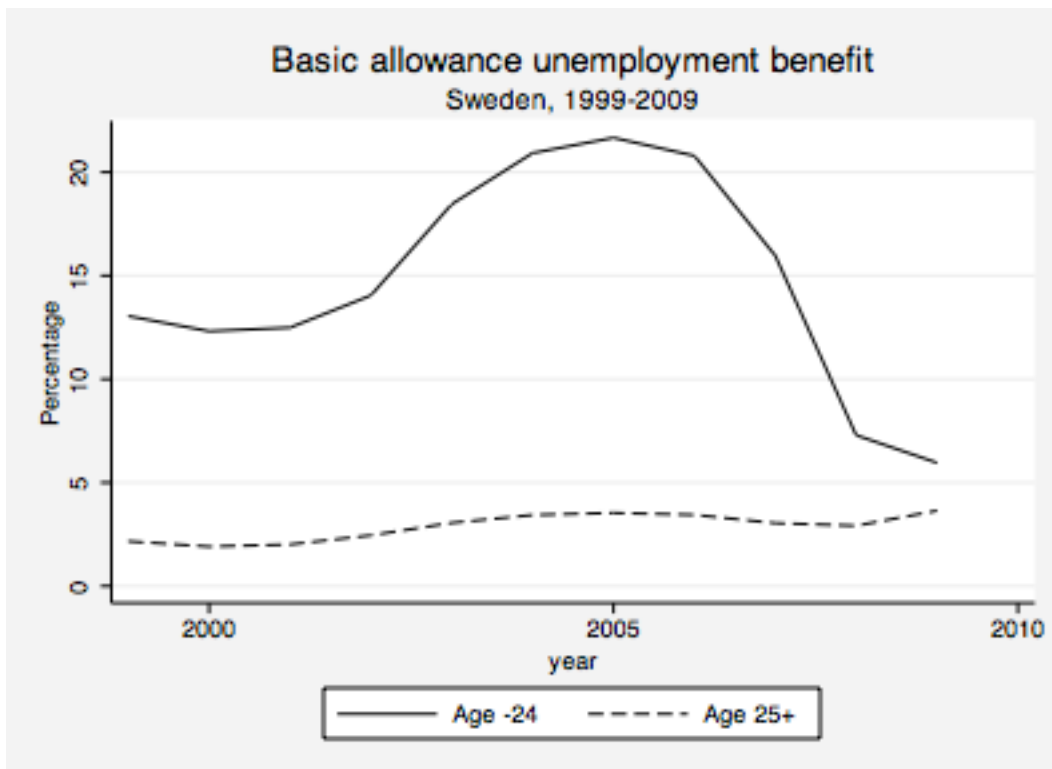
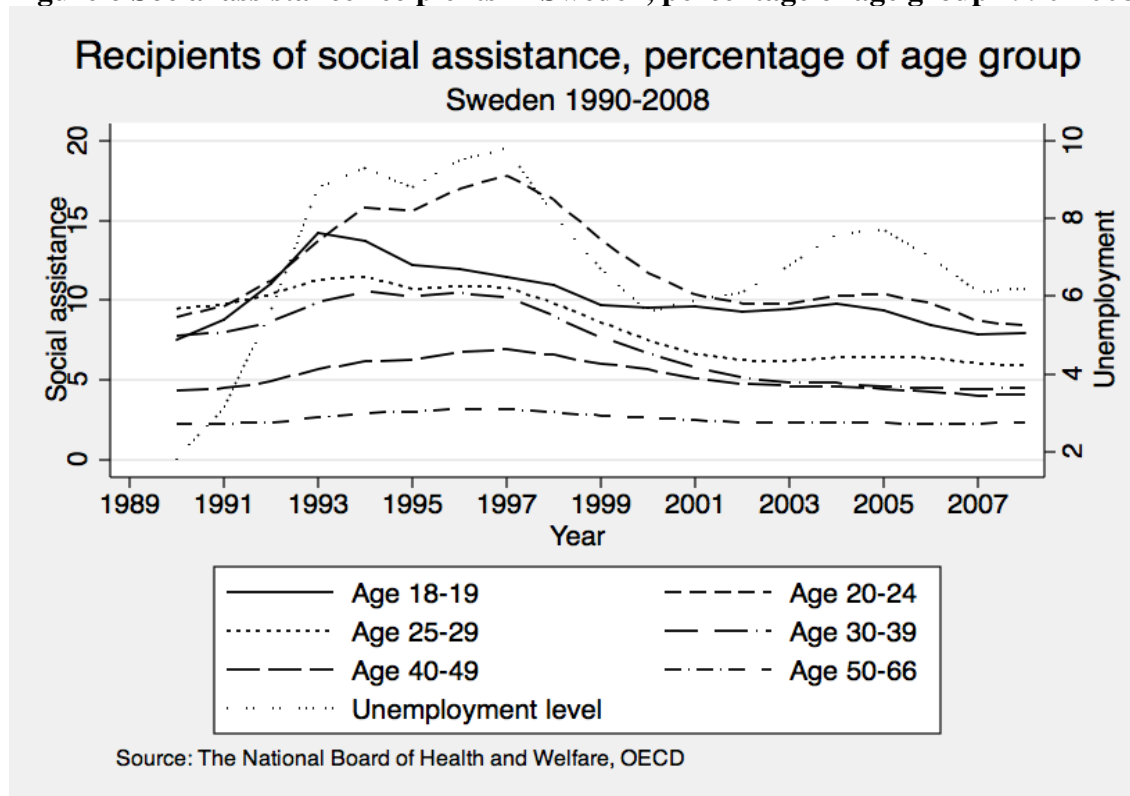


Figure 5a identifies a decreasing coverage rate of earnings related unemployment benefit for young people. Over the short period of observation (1999-2008), the coverage rate for young people went from almost 30 percent to 15 percent. Over the same period, the coverage rate for persons above 24 years was stable on approximately 47-48 percent. The basic allowance, which had been important for young people coming from the educational system, showed a sharp decrease in coverage rate from the year 2005. Over the same period (figure 5c), the number of uncompensated unemployed persons in the age group below 25 increased from 55 percent to almost 80 percent. There was a similar development in the age group above 24, but from a starting point well below the former group.

Figure 6 Social assistance recipients in Sweden, percentage of age group 1990-2008.



Sweden was struck quite hard by the economic recession, but not as hard as Finland. Like Finland and Norway, it is the young groups that are most sensitive to the economic downturn. In the 1990s there were no other age group in Sweden that increased their welfare dependency as much as young adults (Socialstyrelsen 2001). Almost a third of all young adults received social welfare benefits before the age of 24 during the years of the welfare crisis (Salonen 2000) and young adults have since then remained one of the major categories among the Swedish social assistance recipients.

Figure 6 shows that the number of social assistance recipients aging 20-24 follow the overall unemployment level quite closely, while the younger group between 18 and 19 experience a sharp drop in the midst of the economic downturn. The groups of older recipients are, as in Finland and Norway less responsive to the economic climate than younger persons. It is also worth noting that the share of young recipients (18-24) continues at a high level after 1999, while the groups between 25 and 39 drops over the same period.

The transition process from adolescence to adulthood in Nordic countries

So far, we have looked at how welfare state arrangements have influenced the financial safety of young people. Triggered by the economic downturn in the mid 1990s, both changes to the unemployment insurance and the uncertain labour market situation have left young people more exposed to economic insecurity. Even though the labour market situation has improved since the financial downturn in the mid 1990s, the economic safety of unemployment benefit coverage has remained low until the end of the observation period. Thus, making young people more exposed to business cycle changes and economic downturns.

Accompanying these developments, are the acclaimed changes that have found place to the transition process from adolescence to adulthood. According to several scholars, the western world have witnessed a development where youth transitions have become less stable and predictable, leading to the postponement of family formation and more flexible forms of partnership (Mills et al. 2005). These developments might leave young people further exposed to financial insecurity in the transition process into adulthood, especially if reinforced by tightenings in the unemployment benefits.

Entering adult life consist of several transitions related to finding a source of income, housing and create new family formations (Coles 1997). Youth is often perceived as a transitory state where societal and cultural norms formulate desired trajectories. The Nordic countries generally emphasize thorough education followed by a stable labour market establishment for both sexes and early independent living from family of origin. It is obviously complex to map out a general description of this life phase for youths as one category as transitions are highly differentiated as they can be interpreted and understood as classed, gendered and culturally diverse (Toljonen 2008; Bottrell & Armstrong 2007). Despite this there are some quite apparent features that characterize youth transitions in the Nordic countries.

A common pattern in the Nordic countries is to leave the parental home before finishing education and establishing a stable career in the workforce. Using the European Community Household Panel (ECHP), Aasve et al. (2006) have showed that in the Scandinavian countries, 60 percent have left home by the age 20-24. The corresponding number in Southern European countries is between 7 and 20 percent, while Central European countries is placed somewhere in between. In an earlier article, Aasve et al. (2002) explains this phenomenon by referring to the generous welfare services in the Nordic countries. This explanation is, however, dismissed by more recent findings indicating that the poverty rate among Nordic youth is among the highest in Europe (Aasve et al. 2006). The latter also points to another interesting phenomenon, while unemployed youth in most Western countries live with their parents; unemployed youth in the Nordic countries tend to live on their own. The proportion of unemployed Norwegians below age 30 that are still staying with their parents was only 13 percent in Norway, while it was as many as 78 percent in Italy (Vogel 2002). The early exit from the parental home can most likely best be understood from a perspective where the normative expectation in the Nordic "culture" advocate independent living from a (too?) young age.

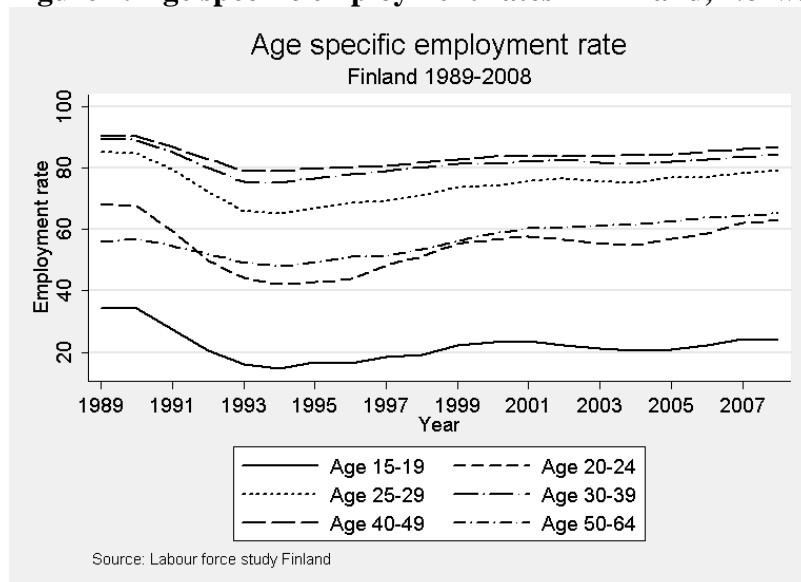
Youth in the Nordic countries seek early independence from parents, and also enter partnership at an early age. Compared to other countries, early partnership is a Nordic phenomenon, while the opposite coping arrangement (postponing partnering) has occurred further south (Vogel 2002). Vogel (2002) finds that the proportion of females who have entered partnership by age 25 is just above 80 percent in the Nordic countries in both cohorts, and there has been no change in this respect over the previous decade.

It is claimed that the structure of the traditional brief and predictable school-to-work transition has undergone substantial changes (Harslöf 2007). During the last decades the transition between youth and adulthood has evolved into becoming a prolonged, de-standardized and more unstable life phase for young people in the Nordic countries as well as in the rest of Western Europe. As these youths establishment patterns are less standardized and linear than previous generations they are often described as “yo-yo-transitions” characterized by a high level of unstable, varying and temporal occupations (du Bois-Reymond & Lopez Blasco, 2003). The post-industrial society has contributed to a development towards dissolving traditions and diversity where reflexive modernization require a higher extent of finding and actively choosing individualized pathways (Heggen, 2000).

The general trend in western countries is that youths enter the labour market at a higher age and that education comprises a substantially extended period of their lives (Furlong 2009). In Sweden, for instance, the “establishment age” (measured as when 75 per cent of a cohort is in employment) increased from 20 to 27 years for women between 1990 and 2000 (TCO, 2002). When young adults did enter the labour market during the 1990s and onwards they often encountered insecure working conditions as temporary employment contracts increased among the working youth population in EU (Harslöf 2007). Young adults in the Nordic countries are more likely to have temporal employment and a higher degree of mobility and transitions on the labour market than the older population (TemaNord 2010:515).

Figure 7 a, b and c, we have collected comparable age specific employment rated from the three countries’ labour force studies. The period covered is from 1989 to 2008. Unfortunately, we were unable to find comparable numbers on establishment age in the work force, but age specific employment rates still gives an impression of young peoples’ labour force attachment.

Figure 7. Age specific employment rates in Finland, Norway and Sweden, 1989-2008.



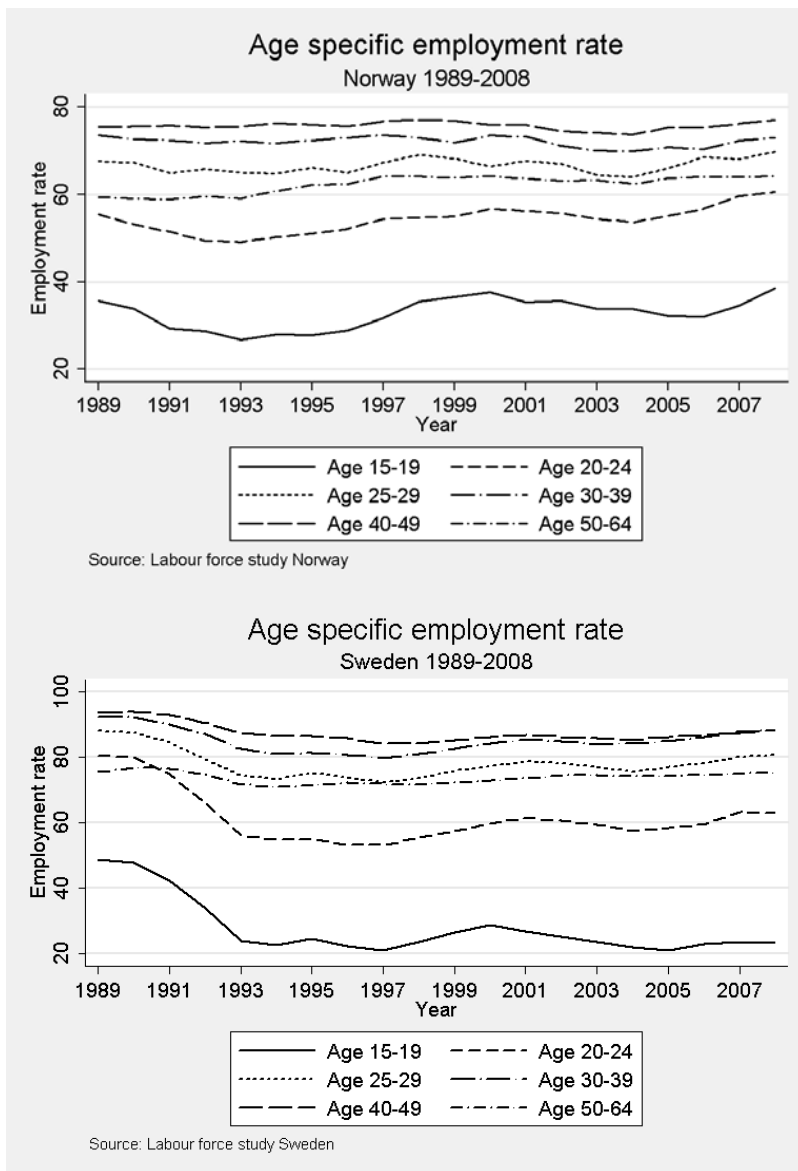


Figure 1 gives little support to the any claims on a general development of postponed entry into the workforce. The general trend is that the employment rate of all age groups vary with the economic situation. In Finland and Sweden, however, we can see that the employment rate among young adults during drop sharply during the depression years and never returned to the pre-depression level. The youngest age group, 15-19 years, shows a very significant drop in all three countries. Norway is, however, the only country where the employment rate of this age group has returned to its initial level by the year 2008. In Sweden, the employment rate of this group falls from almost 50 percent to approximately 25 percent over the period from 1989 to 1993, where it is stabilized. In Finland, we witness the same development, but from a lower starting point. The age group 20-24 shows a similar pattern, although from a much higher starting point than the age group below. Hence, over the period from 1989 to 1993, the employment rate fell from 80 percent to approximately 55 in Sweden. This corresponds to a drop from approximately 70 percent to slightly more than 40 percent in Finland.

In Norway, there was a drop from 55 percent to 50 percent over the same period. Judged from the employment rate of young people, the financial downturn at the beginning of the 1990s had less severe consequences in Norway than in its two neighboring countries Finland and Sweden. Interestingly, in Finland and Norway, the employment rate of young adults aging 20-24 slowly recover over the period following the recession. Sweden displays a very pronounced deviation from the situation in Finland and Norway, where the employment rate of the two youngest age groups

never caught up with the employment rate at the beginning of the 1990s. It is, however, possible that this phenomenon was caused by the fact that the Government chose to double access to tertiary education during the 1990s.

Summing up some of the youth establishment trends in Finland, Norway and Sweden leaves a picture of Nordic youth seeking early independence from parents and entering partnership at an early age. There is, however, no clear evidence that this development was accompanied by any far-reaching changes in the establishment age of young people in the workforce over the last two decades. Sweden is the only country that presents a possible deviation from this picture. Here, young people below the age of 25 have significantly lowered their employment rate since the late 1980s. Thus, only in Sweden have the establishment patterns of young people had any potential impact on the economic safety found in earned rights to unemployment benefits.

Discussion

Our ambition in this paper has been to describe the development in social protection for young unemployed people in Finland, Norway and Sweden over the last two decades. Our primary focus has been on policy development and young people's establishment patterns.

Our findings show that young people in all three countries are more vulnerable when unemployed than others. Thus, young people in these countries are clearly overrepresented as recipients of means-tested social assistance in comparison with older cohorts. Moreover, young people have become more dependent on the economic safety provided by means tested benefits in all three countries because of the decreasing coverage rate of unemployment insurance.

In Finland, a total of 80 percent of all unemployed are receiving means tested basic allowance. Even so, young people are also overrepresented on the regular social assistance benefit. Norway provides something of an exception from the two neighboring countries; the coverage rate of unemployment insurance is still high for those between 20 and 24, but has decreased for the youngest. This latter tendency is probably caused by a far reaching school reform in 1994 guaranteeing access to secondary school for all persons between 16 and 19 years of age. Thus, changes to the unemployment insurance has probably not had any particular impact on young people in Norway. Sweden, in contrast, has a 80 percent share of uncompensated unemployed below the age of 25. This is far higher than in Norway, and Finland, where the latter has a third means tested coverage for those who are unemployed without earned rights.

It is our opinion that in the current situation, the two tier system in Sweden leaves Swedish youth more exposed to the receipt of ordinary social assistance benefits when unemployed than in Finland and Sweden. Furthermore, we believe that in times of increasing unemployment, Swedish youth are most likely to be at risk of social assistance receipt because of their low coverage rate and no other available income sources for unemployed youth.

The Norwegian exemption makes it doubtful that the recent changes in coverage rate is caused by young people's establishment patterns. Thus, establishment patterns alone can not explain the trend towards more dependency on means tested benefits. Only in Finland and Sweden did we find retrenchments in the unemployment insurance directly aimed at young people. Hence, the difference between Finland and Sweden on the one side, and Norway on the other, is most probably caused by tightenings in the unemployment insurance. One of the reasons why Timonen (2003) characterise young people as a weak group, is their lacking potential to influence policy decisions. Despite their large numbers, the young and long-term unemployed were unable to press for better benefits or to prevent cuts in their benefits as they lacked an organization or other significant

resources (Timonen 2003). Thus, we are not likely to see a situation where the young people will press forward any changes to the unemployment institutions.

How can this be understood when these countries belong to the Nordic cluster of institutional welfare states that recurrently are described as universalistic (Esping-Andersen 1990, Vogel 2002, Gallie & Paugam 2000)?

The Nordic universalism has for a long time, and even more recently, been dependent on full employment. Thus, universal coverage is contingent upon participation in the workforce. As the Nordic countries are characterised by a dual structure regarding social protection divided between social insurance (for those previously employed) and social assistance the “universal” regimes leave those yet not established in a marginal or non-included position within the welfare state (Johansson & Hvinden, 2007). Changes in the unemployment insurance has resulted in a problematic situation for youths that fail to fulfill the requirement of previous employment in order to be fully included in the countries social insurance system. This prompts the question of whether the Nordic welfare regimes have adequately adapted to the prevailing establishment patterns among youths. Judging from the appraisal of policy changes above, it might look like the authorities to some extent are aggravating a situation where young people are more vulnerable in the work force than others.

The political process of tightening the access to unemployment has had an impact on young people. In a situation where the number of unemployed is low, this might not seem like a big problem. Young people’s vulnerability will become a visible problem only in situations of economic crisis. Updated social assistance numbers will tell us if young people, once again, were the the biggest losers during the latest financial crisis. It is important to emphasise that even though the situation for Norwegian youth was less severe in the mid 1990s than it was for youth in the neighbouring countries Finland and Sweden, the unemployment coverage rate of Norwegian has not reached the level from before the last financial crisis. Thus, even though the situation for youth looks better in Norway with regards to the number of young people that receive social assistance, it is important to keep in mind that the financial crisis never reached the depths it reached in Finland and Sweden. Hence, with regards to the coverage rate of unemployment benefits, a serious economic downturn would most likely have negative consequence in Norway as in Finland and Sweden.

References

- Aassve, A., Billari, F. C., Mazzucco, S. & Ongaro, F. (2002). Leaving home: a comparative analysis of ECHP data. *Journal of European Social Policy*, **12**, 259-275.
- Aassve, A., Iacovou, M. & Mencarini, L. (2006). Youth poverty and transition to adulthood in Europe. *Demographic Research*, **15**, 21-49.
- Esping-Andersen, G. (1990). *The three worlds of welfare capitalism*, Cambridge: Polity Press.
- Gallie, D. & Paugam, S. (2000). *Welfare regimes and the experience of unemployment in Europe*, Oxford: Oxford University Press.
- Gough, I. (2001). Social Assistance Regimes: A Cluster. *Journal of European Social Policy*, **11**, 165-170.
- Gough, I., Bradshaw, J., Ditch, J., Eardley, T. & Whiteford, P. (1997). Social assistance in OECD countries. *Journal of European Social Policy*, **7**, 17-43.
- Harslöf, I. (2007). Changing Youth Labour Markets, Welfare Institutions and Young People's Control over Working Time. *Time & Society* 2007 ;Volum 16.(2-3) s. 207-230.
- Heikkilä, Matti & Lahti, Tuukka. *Työttömyysturvan karenssi*. Sosiaali- ja terveystieteiden tutkimuskeskus 2001:4.
- Johansson, H. (2001). *I det sociala medborgarskapets skugga: Rätten till socialbidrag under 1980- och 1990-talen*. Diss. Lund: Arkiv.
- Johansson, H. & Hvinden, B. (2007). Re-activating the Nordic welfare states: do we find a distinct universalistic model? *International Journal of Sociology and Social Policy*, **27**, 334-346.
- Jonung, L., Kiander, J. & Vartia, P. (2009). *The great financial crisis in Finland and Sweden : the Nordic experience of financial liberalization*, Cheltenham: Edward Elgar.
- Kuivalainen, S. (2004) *A Comparative Study on Last Resort Social Assistance Schemes in Six European Countries*. STAKES Research Report. Helsinki: STAKES.
- Mills, M., Blossfeld, H. P. & Klijzing, E. (2005) Becoming an adult in uncertain times. A 14-country comparison of the losers of globalization. In H. P. Blossfeld, E. Klijzing, M. Mills & K. Kurz (Eds.), *Globalization, Uncertainty and Youth in Society*. (pp. 423-441), London and New York: Routledge.
- Nordic Social-Statistical Committee (2007). *Social protection in the Nordic countries 2005: scope, expenditure and financing*, København: Nordic Social-Statistical Committee.
- Reiertsen, T. & Årethun, T. (2007) *En lavere andel arbeidsledige mottar dagpenger*. Arbeid og velferd. Oslo: Arbeids- og velferdsdirektoratet.
- Salonen, T. (2000). 'Ungdomars socialbidragstagande och försörjningssvårigheter under 1990-talet', i Bergmark, Åke (red.) *Välfärd och försörjning*. Kommittén Välfärdsbokslut. SOU 2000:41. Stockholm: Socialdepartementet.

- Salonen, T. (2010). 'Fyra av fem unga arbetslösa utan A-kassa', i *Socialpolitik* Nr 2 2010.
- Statistical Office of the European Communities. (2009). *Youth in Europe: a statistical portrait*, Luxembourg: Publications Office of the European Union.
- TemaNord 2010:515. *Labour Market Mobility in Nordic Welfare States*. Copenhagen: Nordic council of Ministers.
- Timonen, V. (2003). *Restructuring the welfare state: globalization and social policy reform in Finland and Sweden*, Cheltenham: Edward Elgar.
- Ulmestig, R. (2007). *På gränsen till fattigvård: En studie om arbetsmarknadspolitik och socialbidrag*. Diss. Lund: Lunds universitet.
- Vogel, J. (2002). European Welfare regimes and the transition to adulthood: A comparative and longitudinal perspective. *Social Indicators Research*, **59**, 275-299.