Summary

Like most other highly developed economies, Sweden is experiencing demographic changes that are gradually increasing the proportion of older people while reducing the share of the population typically considered to be of working age. As a result, the proportion of the population that is employed tends to decline. However, the trend toward a lower share of the population being of working age and employed varies considerably between countries. In Sweden, this development is not as pronounced as it is in most other highly developed economies. Nevertheless, Sweden also faces challenges associated with demographic changes that lead to a declining share of the population in employment, and these challenges are likewise expected to increase over time.

Making reliable long-term population forecasts is difficult, primarily because there is considerable uncertainty regarding both the scale and composition of international migration, as well as future fertility trends.

As the share of the people who are of working age declines, the proportion of the population that is employed also tends to decrease. In many countries, measures have been implemented to counteract the trend toward a steadily smaller share of the population being in employment. Such measures include encouraging people to remain in the workforce longer, facilitating a higher rate of labour market entry among young people, increasing female labour force participation, enabling more persons with disabilities to work, improving working conditions so that more people are able to remain in employment, increasing labour immigration, and raising employment rates among immigrants.

The latter is particularly relevant with regard to employment among those who have arrived as refugees, but also among those

who have migrated for family reunification or other family-related reasons.

In Sweden, people work until a higher average age than in most, though not all, other European countries. It is important to recognize the substantial differences in retirement age and labour-market exit patterns between different groups that also exist within Sweden. Many countries, including Sweden, have introduced measures aimed at encouraging people to work longer. These measures primarily include pension reforms moving in the direction of defined-contribution systems and increases in the minimum age at which pensions can be claimed. Equally important are increases in the retirement ages that apply to occupational groups that have traditionally had lower retirement ages than others. Another important measure is raising the age at which employees have the legal right to remain in employment. It should be noted that the effects of such measures may vary considerably across different groups. Measures to combat age discrimination may also influence both the proportion of older people who remain employed and the types of jobs they hold. Subsidized employment programmes for older unemployed individuals may have lasting effects beyond the subsidy period, increasing the likelihood that participants remain employed thereafter.

Young people in Sweden are generally either in education or in employment. A comparison across EU countries shows that the proportion of young people who are neither in employment nor in education (the so-called NEET group, Not in Employment, Education or Training) is the second lowest in Sweden; only the Netherlands has a lower share. Nevertheless, a significant challenge in Sweden, as in many other countries, is that young people often take a long time to complete their education. As a result, they become established in the labour market only at a relatively advanced age. Measures that can help shorten the time required to complete education, while maintaining the same educational level, are therefore important. It is also important that young people receive high-quality educational and career guidance so that they are less likely to regret their choices of education and occupation and consequently have less need to undertake additional training later in life.

It is equally important that young people who have completed their education receive assistance in finding employment through effective public employment services and other forms of labour-market support. The scale and composition of educational provision also play an important role in determining young people's labour-market opportunities. In this context, it is essential that the mix of educational programmes offered is aligned with the expected composition of labour demand. Both the private sector and the public sector are continuously undergoing structural transformation. This process alters the composition of labour demand and, consequently, the demand for workers with different educational backgrounds and fields of specialization.

In most highly developed economies, men have significantly higher labour force participation rates than women. This is not the case in Sweden, where the difference is considerably smaller than in most other EU countries. In Sweden, both women and men are established in the labour market to a very high degree. This means that there is relatively little to be learned from the experiences of other countries in this area. However, there is much to be learned from Sweden's own experience. Gender differences in employment remain in Sweden and deserve attention. For example, women are more likely than men to work part-time, and this is not always a matter of personal choice. Women also take a substantially larger share of parental leave and assume a greater proportion of childcare responsibilities than men. More extensive and flexible childcare provision could contribute to higher employment rates among women even in Sweden. The rules governing the distribution of parental leave between parents may also have an impact.

Various forms of support are important in enabling persons with disabilities to enter employment to a greater extent and to remain employed once they have entered the labour market. Close cooperation between labour market authorities, municipalities, and employers across different sectors is essential in this regard. Financial support to employers who hire persons with disabilities is one measure that may increase employment. There is reason to look closely at Danish policies in this area. For individuals who acquire a disability during their working lives, measures that facilitate a change of work tasks and, often, a change of employer or occupation are particularly important.

A good working environment can enable more people to work and encourage them to remain employed until an older age than would otherwise be the case. Working conditions can be improved through legislation, workplace inspections and enforcement, and reforms of occupational injury insurance so that it functions as a primary insurance scheme, as is the case in, among other countries, the Netherlands. Some occupations have working conditions that are less suitable for older workers, making it important to adopt policies that facilitate timely transitions away from occupations that are unsuitable for many older individuals. When comparing the share of older people in employment across countries, it is important to take account of differences in working conditions and work environments.

People migrate to Sweden for a variety of reasons: employment, refuge, family or studies. Those who arrive for work generally enter employment immediately, although some may subsequently lose their jobs and need to find new employment. Measures that facilitate labour market integration are particularly important for those who arrive for reasons other than work. It is essential not only that they find employment but also that they obtain jobs that correspond to their skills and qualifications. Refugees generally become established in the labour market, but the process often takes considerable time. Labour market integration also tends to proceed more slowly for women than for men. Various measures aimed at promoting integration are therefore important. Particular attention should be paid to migrants' educational qualifications upon arrival, ensuring that these qualifications are validated and supplemented when necessary so that individuals can work in the occupations for which they have been trained. Instruction in Swedish is also important. Discrimination against foreign-born individuals remains common and should be addressed through a range of policy measures. A current issue is the situation of refugees from Ukraine and the implementation of measures that can facilitate their access to employment in Sweden.

It should be emphasized that there is no single policy measure capable of solving the economic challenges arising from an ageing population and the resulting tendency for the proportion of the population in employment to decline. There are, however, numerous measures that can help mitigate these challenges. Some have effects

in the short term, while others operate primarily over a longer horizon. Measures with longer-term effects are also important because population ageing is a gradual process. The fact that other countries are experiencing similar demographic developments, and that some have been facing them for a longer period than Sweden, means that Sweden can benefit from the experiences they have gained, and will continue to gain, from different policy responses.

Many measures can increase labour supply and raise the share of the population that is employed. Some may produce results relatively quickly, such as policies that facilitate labour migration and measures that accelerate the labour market integration of those who have arrived in Sweden for reasons other than work. Other measures that may have effects in the near term are those aimed at increasing employment among persons with various types of disabilities. Measures intended to help more young people complete their education, or to complete it more rapidly, may yield results only in the longer term, but they are equally important given the gradual nature of population ageing. Policies that can be implemented relatively soon but whose effects will materialize only after several years are particularly important in counteracting the gradual decline in the share of the population that is employed.