Dichotomies of Utility

– Experiences of Refugee Reception, Integration and Demographic Challenges in Rural Sweden

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Abstract

In the years immediately following the so-called “refugee crisis”, Swedish municipalities that had received many refugees improved their financial position in a quite remarkable way. Overall, 2016 might have been the best financial year ever for the municipal sector. In sharp contrast to this, 2019 saw an estimated third of all municipalities run deficits. In the public debate, this has generally been explained as a result of refugee reception and integration, which are seen as major cost factors draining the municipalities of funds. Other issues which have seen less prominence in the public debate include ongoing demographic challenges stemming from birth deficits, emigration and the continued ageing of the population. These are particularly sensitive areas in the case of smaller, rural municipalities, which generally have smaller populations than the major towns and cities. The purpose of this thesis is thus to examine how municipalities within this category have experienced refugee reception and the integration process during and in the aftermath of the refugee crisis. This has been achieved through a qualitative approach centred around thematic and qualitative content analysis frameworks. Theoretical concepts based around citizenship, integration, welfare studies and macroeconomics have been consulted. The macroeconomic framework employed stems from the heterodox school of economics, primarily centred around the school of thought known as Modern Monetary Theory. The empirical material consists of various documents published by the central government, government agencies and municipalities in order to frame what has turned out to be a contradictory and conflict-ridden account of refugee reception. During the crisis, an overwhelming majority of the Swedish municipalities saw unprecedented economic growth as a result of government spending, which has since stagnated as a result of the central government returning to its pre-crisis fiscal policy framework. In 2015, the Swedish central government turned from a relatively open asylum policy towards a very restrictive one, a shift primarily motivated with reference to financial concerns. However, this turn resulted in decreased opportunities for rural municipalities to benefit from increased migration inflows, which has turned out to be a decisive factor for economic growth and demographic sustainability. The results show that municipalities that have worked actively with integration have not only managed to accommodate the sudden needs of refugees, but actively benefitted from population growth and increased tax revenue. While the ensuing result does not necessarily advocate for increased immigration, it challenges established macroeconomic principles and the presumption that a stricter migration regime would mend the financial woes of all Swedish municipalities.

Keywords: political economy; integration; demographics; refugee reception; macroeconomics; citizenship; welfare; rural municipalities; Modern Monetary Theory.
Acknowledgements

This thesis has been incredibly difficult for me to write. As someone who possesses very little knowledge in the field of macroeconomics, this thesis has truly tested my mettle. While I am hesitant towards my own ability to properly explain and assert myself within this field, I still regard this topic to be of utter importance. As such, challenging my own comfort zone was crucial in writing this thesis. I hope the end result can be regarded as a somewhat successful attempt at integrating ethnic and migration studies with ongoing debates on political economy.

First and foremost, I would like to thank my supervisor, Peo Hansen, for his guidance and advice throughout this project. His own research, which I have been most privileged to access, has been truly inspirational. As such, many of the concepts used throughout this thesis have been inspired by his work, and I do by no means claim their innovation as my own. Again, thank you for your support throughout this journey!

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Abbreviations

EBO Law on Independent Living
ECB European Central bank
ESF European Social Fund
EU European Union
GDP Gross Domestic Product
JG Job Guarantee
MMT Modern Monetary Theory
NCB National Central Bank
NGO Non-Governmental Organization
NPM New Public Management
OECD Organization for Economic Co-operation and Development
QCA Qualitative Content Analysis
RKA Council for Promotion of Municipal Analyses
S Swedish Social Democratic Party
SD Sweden Democrats
SEK Swedish Crown
SFPC Swedish Fiscal Policy Council
SKR Swedish Association of Local Authorities and Regions
UNHCR United Nations High Commissioner for Refugees
WSGI Welfare State Generosity Index

Figures

1: Åre - Number of refugees received in relation to demographic distribution, page 42.
2: Laxå - Number of refugees received in relation to demographic distribution, page 45.
3: Krokom - Number of refugees received in relation to demographic distribution, page 49.
4: Boden - Number of refugees received in relation to demographic distribution, page 53.
5: Sollefteå - Number of refugees received in relation to demographic distribution, page 57.
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1. Introduction

In March 2019, Mark Collins, representative of the Sweden Democrats (SD), presented a motion to the local governing council in Kramfors municipality, located in the Swedish province of Ångermanland. In this motion, he proposed that a mosque and a Muslim cultural centre should be built in order to attract Muslims to the locality. The Sweden Democrats is a political party which is often defined by its anti-immigrant politics – a hallmark of the various right-wing populist movements that have gained traction in Europe and the Americas during the last few decades. As such, one could expect the backlash to have been severe, but not without hints of internal confusion and suspicions of misguidedness from party colleagues. However, while anecdotal and perhaps even humorous, Collins’ proposition was not introduced with the purpose of inducing party-wide mass-confusion. Rather, it highlights a very real concern shared by many lesser municipalities in Sweden in the form of demographic projections: They are steadily losing more people than they are gaining.

In the 2019 October issue of their annual economic report, the Swedish Association of Local Authorities and Regions (SKR) estimated that a rough third of all municipalities in Sweden would run budget deficits by the end of the year, leading to further cuts in welfare services and investment. This matter has been thoroughly debated in the media at a bi-weekly and sometimes daily basis, often pointing towards the so-called “refugee crisis” and the influx of refugees in 2015 as the common denominator for complications within the economy. This sentiment has gradually transitioned into doctrine, as the Swedish government moved away from an inclusive migration policy framework toward a more restrictive migration regime. In mid-January, prime minister Stefan Löfven of the Swedish Social Democratic Party (S) proclaimed that the amount of asylum seekers in the future should become “much fewer” in number, motivating that integration of those already here is a priority concern.

Representatives of the Sweden Democrats have likewise argued that the municipalities cannot afford another “migration crisis”, and that the very core of the Swedish welfare system is under threat from having let too many people inside the country. While the government and some municipalities speak of refugees in terms of “problematic abundance”, other municipalities have a different view of

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2 Sveriges kommuner och regioner, Ekonomirapporten, oktober 2019: Om kommunernas och regionernas ekonomi (Stockholm, 2019), 7.
the situation, as previously mentioned. It would seem like municipalities in both camps are of the conviction that their respective stance towards refugee reception is a matter of economic interest. However, despite claims on economic sustainability and socio-economic development, their motivations are different to the point of contradiction. As such, it is evident that there exists some degree of contradictory discourse within the local-national dichotomy. This thesis attempts to address this discourse in a manner that invokes a discussion on the political economy of migration in Sweden in relation to macroeconomic perspectives. The terms “migrant” and “refugee” are used interchangeably throughout the thesis. While these terms generally refer to different forms of movement, here they are used to denote forced migration as distinct from voluntary labour migration.

1.1 Aim and Research Questions

In this thesis I seek to investigate how the topics of refugee reception and integration are approached by the central government and rural municipalities, and to examine what different kinds of conflicts and contradictions have come to exist between the two. By integration, policy makers often refer to a process of mutual acceptance and cooperation between foreign-born individuals and their host society. However, integration is also a politically contested term that takes on different characteristics depending on context. In the years following the refugee crisis, the debate has largely become focused on the economic aspect of integration, that there is a cost and a price that has to be paid in order to sustain an active process to incorporate new subjects and citizens. However, many of the municipalities who are currently running budget deficits can also be classified as net-emigration societies. There are also reports on previously underperforming municipalities having undergone positive changes within their respective local economies due to recent demographic changes as a result of refugee reception, primarily from increased central government funding and population growth. Many of these municipalities are comparatively small, meaning that demographic transitions are noticeable to a greater extent compared to the larger towns and cities. This is the case for births and deaths, but also ageing, immigration and emigration. It is clear that an investigation into the economic aspect of integration is imperative in order to foster an understanding of this otherwise largely disputed and conflict-ridden field. As a means to facilitate a discussion on this issue, I ask the following questions:

1. How are refugees portrayed in relation to rural Swedish municipalities?
2. What disagreements, conflicts of interests and contradictory perceptions exist between local and national accounts of refugee incorporation?
3. From a macroeconomic perspective, what explanations can be attributed to government fiscal policy and public spending in relation to refugee reception and integration?
It is important to understand that the samples discussed in this thesis are based around a certain set of variables that are by no means universal for all municipalities in Sweden. These include statistics, particularly in regards to demographic development and trends. As such, I do not claim that the issues, thoughts and opinions discussed throughout this thesis are universally applicable or shared between all municipalities in Sweden. Rather, this thesis seeks to explain how integration can be approached under certain circumstances. For clarification of terms and definitions, see chapter 3.5.

1.2 Outline of the Thesis

Besides this first and introductory chapter, the thesis is structured around four main chapters. These chapters consist of a background, a theoretical and methodological chapter, results and a concluding discussion. The background chapter deals with political and legislative discussions on the national and municipal levels in order to establish a common ground for the subsequent inquiry into policies on refugee reception and resettlement. The sub-sections of this chapter delve into the main theoretical backgrounds of this area of research, including a limited discussion on some previous research that have been conducted similarly to this field of study. This chapter is followed by an exposition of the theoretical and methodological frameworks employed in the analysis. This chapter deals with various perspectives on citizenship, integration and macroeconomics. The theoretical and methodological discussion is followed by a presentation of the empirical material used in the main analysis. Following the chapter on theory, methodology and empirical material comes the results, which is structured around two main categories: An analysis of migration-related policy discussions by the central government and the Ministry of Finance, which is followed by an analysis of local accounts of integration featuring the selected municipalities. The final chapter contains a brief summary and discussion on the findings of this thesis, offering personal reflections, thoughts and opinions regarding the subject at hand. A bibliography containing all source material can be found at the end of the thesis, followed by an appendix displaying the coding frame employed throughout the thesis work.
2. Background

2.1 Municipalities and the State: An Introduction to Relevant Legislation

What is a municipality? In short, a municipality is a local governing body that is politically and administratively independent from the state in certain areas and subservient in others. There are currently 290 municipalities spread across 21 counties in Sweden. Like on the national level, municipal-wide elections, where citizens vote for representatives within their local governments, take place every four years. While all national legislation and national policy directives are derived from parliament and its associated institutions, the municipalities are the primary sites where said legislation and policies are practiced. All matters concerning the citizenry can thus be related to the politics of the local and national government simultaneously. Additionally, the municipalities are currently organized in a way that integrates them within the private domestic sector, which is due to directives imposed by the New Public Management (NPM) doctrine. Municipalities are to be run with efficiency among their core virtues, alongside marketisation and collaboration with other private entities. This means that municipalities conduct their business in a manner that facilitates public spending (the state’s fiscal policies) within the private domestic sector economy. This can be illustrated by construction firms being employed by municipalities to build housing and infrastructure, which is facilitated through public spending. Healthcare, education and other functions are tied to regional and municipal institutions rather than the state. As such, they are directly responsible for providing adequate welfare for their inhabitants.

The national strategy on integration is currently structured around making the municipalities the main actors in coordinating integration efforts alongside the Swedish Migration Agency (Migrationsverket), both of which are responsible for the resettlement of refugees sanctioned by the United Nations High Commissioner for Refugees (UNHCR) and the national reception effort in general. The central law governing this arrangement is the “law on reception of certain newly arrived immigrants for resettlement” (2016:38), which obligates municipalities to take responsibility for new arrivals in matters such as housing. The purpose of this law is to facilitate reception according to the overall population size of individual municipalities. In January 2020, changes were made to the so-called “law on independent living” (lagen om eget boende, EBO), which is derived from a section within

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the “law on reception of asylum applicants and others” (1994:137).\(^8\) The law, which has endured much criticism ever since it was introduced in 1994, previously granted asylum applicants some freedom in arrangement of accommodation, which meant that they would receive financial support as a means of sustaining independent living separate from the major facilities and agencies responsible for housing refugees.

The January revisions, which will be enacted in the beginning of July 2020, include limitations as to where applicants are allowed to settle without losing their benefits, which is intended to deter applicants from settling in what is commonly referred to as “socio-economically vulnerable areas” with the intention of combating segregation.\(^9\) What followed was a figurative “race to the bottom” in which a number of municipalities would come to describe the entirety of their respective administrative regions as being vulnerable areas, wishing to deter asylum seekers altogether.\(^10\) It should be noted that even though applicants receive financial aid for choosing to live elsewhere, it is important to understand the driving factors behind segregation and its linkage with factors such as agency and opportunity. Migrants are sometimes described as actively seeking settlement near others within their respective kin groups, which often leads to overcrowding and below-average living conditions.\(^11\) As such, segregation is sometimes seen as a consequence of cultural affinity and voluntary decision making rather than a condition of economic possibilities or lack thereof.

Former asylum seekers have stressed the importance of considering the alternatives presented by the housing market, which for economic reasons often do not allow migrants to settle elsewhere.\(^12\) In 2018, a study detailing the movement patterns of Swedish-born individuals in Stockholm was published. The study concluded that Swedes tend to avoid moving into areas where many foreign-born individuals live, which is a phenomenon the authors refer to as “ethnic avoidance”. Swedes moving out of areas with large migrant populations is sometimes referred to as “ethnic flight”, similar to how the term “white flight” has been used in the American context, although this phenomenon is less common than avoidance.\(^13\) It is important to consider the possibility that everyone, not just migrants, are actors in the shaping of urban landscapes. While agency certainly factors into

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\(^10\) Ibid.


individuals’ life choices, economic resources and capital are equally important variables. By now it should be clear that the issues of refugee reception and resettlement in Sweden is unquestionably conflict laden, which is reflected in national legislation, politics and opinion alike.

2.2 Previous Research and Literature Review

In this section I present a short review of literature, theory and case-related samples in order to set the stage for a more thorough inquiry into theory and methodology later on. The following sub-sections provide information about each of the aforementioned areas, including their respective strengths and weaknesses and overall relevance for this thesis.

2.2.1 Citizenship and Comparative Welfare Studies

Our imagination of a public network of institutions, goods- and service providers existing for the purpose of redistributing resources among the citizenry, what we today think of as the welfare state, is often traced back to Thomas Humphrey Marshall’s now classic text *Citizenship and Social Class*. Marshall was among the first to incorporate the notion of citizenship into a comprehensive historical and sociological model of explanation. He argued that citizenship emerged in three separate phases, each phase constituting the emergence of civil, political and social rights respectively. Shortly summarized, civil rights concern matters of individual liberties (freedom of speech, thought and justice), political rights maintain the individual’s right to participate within established political arenas, and social rights preside over the right to welfare and other societal functions and services.14

Marshall argued that these rights emerged in the eighteenth, nineteenth and twentieth centuries respectively, each encompassing certain legislative reforms defining each century. At the zenith of this gradual shift lay the welfare state, which Marshall argued would ease or perhaps even put an end to the inherent inequalities of the capitalist system.15 There have been various criticisms of Marshall’s theories throughout the last few decades. For instance, one needs to remember that Marshall dealt with an explicitly Eurocentric perspective, and even then critics have pointed out that Marshall’s model of gradual linearity between civil, political and social rights lacks analytical depth in comparative studies beyond the British context.16 Additionally, critics argue that Marshall constructs the citizen as an inherently passive subject who receives their rights through legal procedures rather than citizen-centred action and political activism.17

17 Dahlstedt et. al., 89.
Other influential works include Gøsta Esping-Andersen’s *The Three Worlds of Welfare Capitalism*, which is a cornerstone in what has become known as comparative welfare studies. Esping-Andersen argues that the development of the welfare state can be categorized into three regime-types: *Liberal, corporatist* and *social democratic*. The purpose of this categorization is to understand how issues related to welfare and social stratification of welfare differ between countries and regime-types. These issues include everything from work ethics and employment strategies to insurance schemes, pensions and the role of the state in securing welfare for its citizens. These issues can be further examined by utilizing terms such as *commodification* and *de-commodification*. The term ‘commodity’ can be used to denote the market value of a product or service. By analysing the degree to which the welfare of individuals is dependent on the market, or is treated as a social right granted by the state, it is possible to attribute different characteristics to certain regime-types. In the case of Sweden, which is classified as a social democratic regime, welfare expenditures are described as being covered by the state rather than private actors. According to Esping-Andersen, tax expenditure and high taxation rates are the primary means with which various welfare programs are financed. Additionally, Esping-Andersen argues that unlike the liberal and corporatist regime-types, one of the core principles of the social democratic model is the pursuit of full employment.

Both Marshall and Esping-Andersen have endured much criticism in how they relate to subjecthood and citizenship in their respective theories. Diane Sainsbury, who has conducted a critical analysis of comparative welfare studies in the context of immigrant rights, is one such critic. Throughout her analysis, Sainsbury consults three major categories: *Welfare regime, entry category* and *incorporation regime*. Sainsbury’s inclusion of the latter categories is imperative for recognizing the need for a thorough examination of the migrant category, since the traditional welfare regimes more or less presuppose an already established linkage between citizen and state. As such, a common critique of both Marshall and Esping-Andersen is that they both entirely or partially miss out on a sizable part of the population in the form of migrants, for whom inclusion in the form of citizenship is often limited or non-existent. Migrants as a stratum is often associated with precarious jobs with minimal political representation, as exemplified by Carl-Ulrik Schierup, Peo Hansen and Stephen Castles. A more practical example of why entry categories and incorporation regimes are important can be identified by comparing countries within the same category. For instance, while

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19 Esping-Andersen, 21-22.
20 Esping-Andersen, 28.
both Sweden and Denmark are positioned within the social democratic typology, their incorporation regimes vary in regards to openness towards immigrants.\textsuperscript{23}

There is also reason to be critical towards the process of categorization as a whole. While Esping-Andersen’s vision of the social democratic regime-type is characterised by widespread de-commodification embodying the social rights of citizens, it should be noted that historically certain services has been extended to include people without formal recognition as citizens, such as labour migrants. This can be exemplified by the post-war labour migration movements from southern and eastern Europe and from colonies and former colonies to mainly north-western Europe, but is still visible in contemporary refugee migration. Thus, the Swedish incorporation regime should be noted for not only implying the inclusion and subsequent de-commodification of the welfare of its citizens, but for the inclusion of non-citizens as well.\textsuperscript{24} It should be noted that Esping-Andersen’s typology is an ideal type, meaning that it serves as a descriptive model rather than abstract totality. However, by highlighting that there is a fundamental divide between inclusionary social policies at the one hand and potentially exclusionary incorporation regimes at the other, the epistemological core of traditional comparative welfare studies is challenged.

\subsection*{2.2.2 Welfare Chauvinism and Neoliberal Transformation}

As the reader should have acknowledged by now, integration is a contested phenomenon for economic and political reasons. Some argue that it enriches society and stimulates growth. Others argue that it intrudes upon the funding of the welfare state. This is a common sentiment among anti-immigrant groups and is a popular slogan among Swedish right-wing populists and others. A useful tool when theorizing the discourses of citizenship and the welfare state is the concept of welfare chauvinism, which according to Frida Boräng is a means to explain anti-immigrant sentiment as a matter of competing interests regarding the distribution of resources in society.\textsuperscript{25} What this means is that migrants are often perceived as fiscal burdens, perhaps even as “welfare scroungers” who migrate not out of necessity, but out of personal interest in order to enrich themselves at the cost of native working families. While a popular narrative among right-wing populist movements in Sweden and elsewhere, the welfare chauvinism-discourse is primarily intended to theorize the correlation between state policies on welfare and migration control. Due to the aforementioned reasons, institutions that are ascribed welfare chauvinist attributes tend to favour labour migrants over forced migrants due to their expected participation in the labour market.\textsuperscript{26}

\footnotesize{\begin{itemize}
\item \textsuperscript{23} Sainsbury, 19.
\item \textsuperscript{24} Sainsbury, 85.
\item \textsuperscript{26} Boräng, 46.
\end{itemize}}
Welfare chauvinism is problematic not only because it channels and concentrates popular mistrust against migrants, but because it ignores the main factors for issues such as segregation or unemployment. Despite this, welfare chauvinism is not a hegemonic concept. Boräng explains that while many countries in Europe have very strict policies regarding border control and refugee admission, countries with a high Welfare State Generosity Index (WSGI) are shown to admit larger quantities of forced migrants compared to countries with lower values, while still retaining relatively generous welfare policies for most residents. Sweden is an example of such a country, having retained a relatively high index throughout the last few decades at a WSGI mean of 43 between 1980-2007, making it the de-facto most “generous” country in the world in regard to general welfare and migration. Even if Sweden has retained a very high WSGI, other scholars have pointed out major causes for concern such as rising class divides and other aspects of social exclusion. In the Swedish case, a period of change occurring somewhere between the 1980’s and the financial crisis of the 1990’s, which was hallmarked by the introduction of neoliberal policy adaptations, has been explained as one of the core reasons for increased socio-economic disparities. This is not to deny the existence of barriers between social groups before the early-mid 1990’s, but rather to emphasize that these existing barriers became higher and that new ones were erected. Other expressions of the financial crisis was through the labour market, in which high unemployment figures among foreign-born individuals grew even higher. Ever since the 1990’s, full employment (which, as previously mentioned, is a core tenet of the social democratic regime-type) was no longer approached as an achievable goal.

The turn towards neoliberalism meant that the Keynesian handling of the welfare state, which generally favoured state involvement as a means of assuring full employment and sufficient welfare, would gradually shift towards favouring private forms of investment and less public expenditure in general. While this shift certainly changed the nature of the welfare state itself, the Keynesian welfare state still remains romanticized in public discourse. This is of course a simplified depiction of the situation, seeing that Sweden still retains a significant public sector. However, by reflecting on Marshall’s idea of a system in which the needs of the citizen would eventually triumph over the needs of the market, one can see that reality turned out to be something quite different from the Keynesian system. As Schierup and Scarpa have pointed out, the turn towards neoliberalism essentially serves

27 Boräng, 72.
28 Boräng, 73-74.
29 Schierup et. al., 204.
30 Schierup et. al., 207.
as the “antithesis” to Marshall’s vision of the welfare state, which contemporary scholarship is adamantly trying to address in its critique of comparative welfare studies.\footnote{Carl-Ulrik Schierup & Simone Scarpa, "How the Swedish Model Was (Almost) Lost. Migration, Welfare and Politics of Solidarity", in Aleksandra Ålund et. al. (eds.), Reimagineering the Nation: Essays on Twenty-First-Century Sweden (Frankfurt am Main: Peter Lang, 2017), 47.}

### 2.2.3 Migration, Demographics and Public Finances

Throughout recent years, the question of migration and border control have become the major, if not the most debated political topics in Sweden. Many politicians are in agreement that refugee reception is a matter of cost, as exemplified by the Swedish government’s turn towards restrictive measures otherwise advocated by the Sweden Democrats, to whom they have previously been vehemently opposed. Other actors see the issue differently. In 2015, at the height of the refugee crisis, Anders Nilsson and Örjan Nyström argued that the refugee situation in Europe and Sweden should be approached with a mindset based on the actual ‘reality’ of the situation, rather than ‘crisis’, meaning that politicians should accept and structure their approaches around the issue of demographic change. They argue that while issues such as wage depression and reallocated tax expenditure is often blamed on Sweden’s proportionally large effort (by European standards) to receive and integrate refugees into Swedish society (à la welfare chauvinism), there is little evidence to support such a claim.\footnote{Anders Nilsson & Örjan Nyström, 
Flyktingkrisen och den Svenska modellen (Lund: Celanders förlag, 2016), 23.}

Instead, Nilsson and Nyström argue that immigration could constitute significant long-term benefits if certain criteria are met. In particular, they highlight the fact that the demographic trend in Sweden, especially in rural municipalities, has become severely unbalanced in terms of working-age adults constituting a smaller portion of the population compared to an increasing amount of people either too young or too old to work.\footnote{Nilsson & Nyström, 28-30.} Another important issue is the discrepancies between urbanized and rural areas, the latter in which this demographic trend is generally more pronounced.\footnote{Trygged, 24.} Immigration and refugee resettlement has been proposed as viable solutions to this problem.

The demographic argument has also been recognized by the government, who commissioned a public inquiry (SOU 2015:95) into the long-term effects of immigration in Sweden. According to the report, the quota for maintenance and support for the elderly is estimated to rise as high as 39.1 percent by 2050, or a staggering 49.8 percent in an alternate scenario in which less immigration has been considered.\footnote{Bilaga 6 till långtidsutredningen 2015 (SOU 2015:95), Migration, en åldrande befolkning och offentliga finanser (Stockholm, Finansdepartementet, 2015), 13.} This translates into an increased demand for labour within work related to care work coupled with a projected reduction in tax revenue due to the high amount of people exiting the workforce. However, the report also comes to the conclusion that public finances are still affected
negatively due to migration mostly consisting of refugees instead of labour migrants, hinting towards challenges in securing jobs and subsequent reliance on welfare.\textsuperscript{36} The situation is portrayed as a trade-off between benefit and cost factor: The demographic challenge can be addressed, but at the cost and subsequent weakening of public finances.

However, the challenges of sustaining an ageing population is not endemic to Sweden. Massimo Livi Bacci argues that Europe needs to come to terms with the prospect of immigration being a feasible solution for sustaining an ageing population. He acknowledges that while the arguments commonly employed by nativists and other anti-immigration proponents are often based on welfare chauvinist principles, there is a social dimension based around principles that elude economic rationality altogether. These issues include notions such as national unity, security and the sanctity of the national body.\textsuperscript{37} In other words, economic stagnation is a prize some are willing to pay if it results in the preservation of national purity through means such as fortifying the nation’s physical and cultural borders. This stance is sometimes taken to its logical extreme, exemplified by far-right conspiracy theories such as the “Great Replacement”, which explains immigration as a deliberate effort by the ‘liberal establishment’ to replace native populations with immigrants.\textsuperscript{38} Such theories have come to inspire anti-immigrant atrocities such as the Christchurch and El Paso massacres in 2019 and continue to foster xenophobic attitudes toward migrants in Anglo-American and European nations. But in some places the fear of “replacement” has also gained some ground within the mainstream.

Some countries have adopted a similar rhetoric in their respective migration policies. Hungary is such a country, which despite ongoing demographic challenges is very reluctant to let migrants inside the country, although it tries to mitigate its labour shortage by recruiting labour from some neighbouring countries, such as Ukraine. Scholars have described this phenomenon as “protectionist nationalism”, “demographic nationalism” or sometimes as a kind of “demographic panic” in that the political establishment needs to mobilize the population in order to combat the perceived threat that migrants pose to the preservation of national and ethnic identities.\textsuperscript{39} A practical example of this doctrine is the introduction of Hungary’s so-called “slave law”, a controversial labour reform which gave employers the right to demand several hundreds of hours of overtime each year.\textsuperscript{40} This reform

\textsuperscript{36} SOU 2015:95, 14.
has been widely regarded as having been introduced in order to compensate for the lack of available labour in Hungary, coupled with the country’s refusal of accepting migrants and simultaneously accounting for nationwide net-emigration.

Demographic challenges are of course different depending on national legislative frameworks and migration history. Contrary to the Hungarian shortage of labour, Sweden is currently in possession of a national labour surplus, barring regional variations and other difficulties in mobilizing the labour force. To add to this discrepancy, recent research shows that Sweden, as a result of its large refugee migration, is the only country within the European Union (EU) that has not seen an increase to the median age of its population in the last decade (stretching from 2008-2018), which further encapsulates the urgency of the European situation. Livi Bacci stresses that immigration can bring about revitalization where it is needed the most, particularly in rural communities where population stagnancy is most common. Such is the situation in many parts of Europe.

How does ‘rural revitalization’ actually work? In the Swedish context, more concrete efforts to analyse the correlation between immigration and public expenditure have been conducted, with varying results. One study came to the conclusion that immigration, while full of potential in terms of addressing demographic concerns, has generally failed to address the overall fiscal situation in rural communities, particularly due to high unemployment rates. The situation of the labour market is explained as particularly unfavourable in rural areas compared to urban areas, which creates a bias for migration towards urban areas. The combination of unemployment and further migration is described as being detrimental to the local economies of these areas. In 2013, a study analysing municipalities’ expenditure in relation to immigration came to the conclusion that it is difficult to assert whether immigration has a direct positive or negative impact on the local economies of the selected municipalities. In the study, municipalities were categorized into cities, towns, commuting municipalities and rural municipalities. An interesting result of the study is that rural municipalities are presented as being more likely to run deficits relative to immigration compared to the other categories. This is interesting in relation to the premise of this thesis since the vulnerability of rural municipalities could likely be a result of their small and relatively fragile demographic composition, though this is not emphasized in the aforementioned study.

41 Peo Hansen, Forthcoming (2020).
42 Livi Bacci, 702.
44 Hedlund et. al., 407.
In sum, the authors describe immigration as having a positive impact on public finances granted that the needs of the local labour markets are met. It should be noted that the authors of the study have acknowledged limitations related to their data, which means that these figures should not be seen as universal.\textsuperscript{46} A common observation in these studies is that there is a correlation between the general situation of the labour market and regional variations in urbanization. How to address the employment gap, as well as making refugees stay where they are most desperately needed, are ongoing concerns that need further examination. It should be noted that economists have also come to more positive conclusions at the macro level of analysis. A study has shown that countries within the Organization for Economic Co-operation and Development (OECD) have on average experienced an increase in per-capita GDP growth and overall fiscal balance in a 35-year span stretching from 1980-2015, which is linked to the effects of immigration on recipient countries’ increased share on average in respective workforce.\textsuperscript{47} It should be noted that the last two studies presented data sets that do not cover a timeframe stretching beyond 2015. This only strengthens the conviction that further research is needed.

\textsuperscript{46} Danesh & Johansson, 40.

3. Theoretical Framework, Method and Material

In this chapter I present the main theoretical and methodological frameworks employed in the analysis of the material. Each segment is divided into thematic categories that continue to elaborate on questions raised in the literature review. These segments include theories on citizenship and integration. Additionally, some basic theoretical tools used within the field of macroeconomics have been consulted. This primarily concerns the approach commonly known as Modern Monetary Theory (MMT). It should be noted that none of the theoretical concepts introduced in this chapter constitute totalities of knowledge on their own. What this means is that I seek to incorporate various aspects of these theories in order to produce a nuanced and thorough analysis that is by no means bound to a single perspective. Following the theoretical section, I elaborate on the methodological and empirical foundations of this thesis. The main methodological approaches consist of thematic analysis and qualitative content analysis (QCA), which are flexible methods used to analyse various forms of oral and text-based materials. This is followed by a brief overview of the method with which data has been collected. The empirical material is presented with the intention of providing transparency and guidance for the reader and, if so desired, the possibility to conduct studies in the future under similar circumstances.

3.1 Citizenship Beyond Marshall

Marshall’s 1949 Cambridge lectures, which culminated in Citizenship and Social Class, was critically examined in the previous chapter. While Marshall has been criticized for his blindness towards the role of migration in negotiating social citizenship, his theoretical contributions have built the foundation on which more recent discussions on citizenship, welfare and democracy have been conducted. Marshall’s perspective on citizenship is based around the concept of modernity, primarily focusing around materialist concerns such as the redistribution of resources and wealth in the context of a class-based society. Does this mean that we are approaching a new, post-modern form of citizenship? This is uncertain. The issue of class, however, has certainly not lost its prominence over the years. On the contrary, the neoliberal era has brought with it ever-increasing income inequality gaps between native and foreign-born individuals, between rich and poor, and further commodification (or “re-commodification”) of the labour and welfare of individuals.\(^\text{48}\) French philosopher Étienne Balibar constructs citizenship as a dialectic process that positions citizenship and democracy in a contradictory relationship. Citizenship is a historically contingent term that has

evolved new tenets over time, which define the inclusionary and exclusionary properties of the term. While this thesis does not seek to examine the dialectic struggle or the complete history of democratic citizenship, the dialectic perspective can be utilized in order to understand the inclusionary and exclusionary properties of citizenship. Balibar underlines the importance of institutional rules in regulating systems of inclusion and exclusion. Social inclusion and exclusion can be “violent” in the sense that individuals who are ostracized from a community based on their deviance towards the institutional rules (normative behaviour, culture, nationality etc.) and those who are forcefully included through assimilatory processes (based on relevant power structures) both experience some degree of metaphorical violence.

Discussions on citizenship, inclusion and exclusion do not have to be bound to particular nation-states. These discussions can be linked to a supranational level of analysis, which in this case involves the institutions of the European Union and the wider historical project of EU citizenship. Hansen and Hager argue that the EU, through a variety of projects launched from the mid-1980s and onwards – most importantly the Single Market, the Maastricht Treaty and the European Monetary Union – created a foundation for a neoliberal state-market relationship that was driven and had the support of both political and economic actors. One of the consequences of the EU’s turn towards neoliberalism was changing citizenship ideals. In the 1980’s variables emphasizing European unity such as civilization, culture and heritage became prominent in addition to a larger emphasis on the responsibilization of the competitive and flexible individual rather than collective needs such as workers’ rights and social rights. These changes constituted an ideological shift within the nature of EU citizenship itself. The European Single Market and the transnational mobility it entails has been explained in terms of creating a less regulated market unshackled by institutions that previously would have intervened in developments jeopardizing EU citizens’ social rights. Whereas European neoliberal citizenship was built on the ideas of free movement and individual responsibilization, the cultural dimension (civilization, culture and heritage) worked excluding towards non-EU migrants, refugees and anyone living in the EU who could not lay claim to the cultural heritage propagated by the EU. Consequently, even in cases where people from these groups were able to acquire formal EU citizenship, the ethno-cultural elements of European citizenship would serve as an innate

50 Balibar, 72-73.
52 Hansen & Hager, 71.
53 Hansen & Hager, 72-73.
contradiction for their inclusion. How does someone become European? Is it possible for people born outside of Europe to become European? Citizenship does not prevent cultural and social exclusion on its own, regardless of whether it is attained through birthright, naturalization or by other means.

While citizenship bestows formal membership within a community, this does not necessarily equate fair treatment or equal participation in society. Borrowing from Stephen Castles, Hansen and Hager argue that it is important to distinguish between “being” and “becoming” a citizen, which draws on the eligibility of groups and individuals to exercise their civil, political and social rights. This raises questions on the actual meaning of social exclusion. Balibar approaches this issue by referring to the following logic: While citizens may be discriminated against, the fact that they are formally recognized as citizens, with the associated rights and privileges this entails, means that they are technically not excluded per se. However, Balibar also explains the logical fallacies in addressing social inclusion and exclusion solely in terms of nominal status, as the previous statement would suggest. He argues that since discrimination often takes place in a structurally imposed manner that eludes the ‘insider’ and ‘outsider’ categories altogether, it is crucial that citizenship is not viewed synonymously with social inclusion in ways other than nominal status. Following this description, it can be assumed that social exclusion affects citizens and non-citizens alike, albeit with different implications on formal rights. There are examples to support this idea.

Viktor Vesterberg has shown that measures aimed at integrating migrants in Sweden through projects sponsored by the European Social Fund (ESF) have yielded results hinting at innate contradictions of social inclusion. The projects in question are described as implemented with the intention of empowering migrants through employability measures, whose unemployment is depicted as a symptom of social exclusion. As a result, these projects can be viewed as a benign gesture acting in the best interests of marginalized groups. However, participants are often confronted with neoliberal and ethno-cultural ideologies reflecting of Swedish and European citizenship in a manner that alienates them. This takes place through instances of ascribed gendered oppression, cultural bias and lack of self-responsibilization as factors of Arab/Muslim culture, which are addressed as problematic hinderances to ideas of self-competitiveness and entrepreneurship. The neoliberal and ethno-cultural features of neoliberal citizenship – both at EU and national levels – coupled with

54 Hansen & Hager 76-77.
55 Hansen & Hager, 34.
56 Balibar, 64-65.
57 Viktor Vesterberg, “Rationalities of Exclusionary Inclusion: Constructing Others while Combating Social Exclusion”, in Aleksandra Ålund et. al. (eds.), Reimagineering the Nation: Essays on Twenty-First-Century Sweden (Frankfurt am Main: Peter Lang, 2017), 150-152.
repeated work placement contracts (irregular employment) among migrants in particular, serve as a basis for what Vesterberg refers to as *exclusionary inclusion*.\(^\text{58}\) This example illustrates Balibar’s point that inclusion can have exclusionary properties regardless of how it is imagined. While it should be noted that the participants in this example are not defined in terms of citizens or non-citizens, there exist an undeniable linkage between European citizenship virtues negotiated at the member-state-level, which exposes several conflicts between presupposed European and non-European identities.

While citizenship is undoubtedly an important category, the question of non-citizenship is equally important in the context of migration. At this point citizenship has been addressed as a phenomenon encompassing all facets of social life in an ideologically contradictory manner. By distinguishing between the subjecthood of citizens and non-citizens it can be argued that social injustices, differences in status and formal rights are more easily identified and addressed. Balibar argues that non-citizens are “produced” not only by the bureaucratic institutions of a society, but by its citizens.\(^\text{59}\) This is commonly exemplified by racist forms of discrimination such as the dogmatic ethno-state, which acts on the exclusion of different ethno-cultural groups.

More recently scholars have begun to contextualize non-citizenship as a post-modern phenomenon. Tendayi Bloom uses the term *noncitizen* (un-hyphenated) to refer to a more complex theoretical relationship separate from the traditional notion of citizenship/non-citizenship as an individual-state relationship structured around the dichotomous parallel of inclusion and exclusion. Instead, “noncitizenship” seeks to explain noncitizen subjects as lacking aspects of what Bloom refers to as “quasi-citizenship”, that is the recognition that non-citizens have access to in the form of status.\(^\text{60}\) Most migrants arriving in Sweden during the last decade have been refugees. Those who have had their cases processed and approved have been granted refugee status and permanent residence, which, despite being a non-citizen status, grants numerous social and civil rights and also serves as a path to citizenship. Noncitizens are those who are not recognized as citizens or non-citizens, meaning their status alone is enough to instigate elements of precarity not found among non-citizens. Examples of this include José Antonio Vargas’ classical story about his experiences of being an undocumented immigrant in the United States, published in *The New York Times* in 2011.\(^\text{61}\)

Understanding citizenship, non-citizenship and noncitizenism is vital when studying the functions of the modern welfare state. It is crucial to understand how individuals in each category approach and lay claim to

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58 Vesterberg, 157.
59 Balibar, 76.
its associated institutions, but also how they in turn are approached, included and excluded by these institutions.

3.2 Integration and Incorporation

Integration is a politically contested term which also serves as the centre stage for the Swedish debate on refugee reception and immigration. This term has been used interchangeably with the term incorporation. Following the definition of Schierup, Hansen and Castles, the term ‘incorporation’ is a means with which various aspects of migrant participation in social and economic life (labour market, welfare services and political activity) can be granted context outside of the more politicized term ‘integration’. In practice these terms denote the same thing, although integration tends to be ascribed different ideological biases depending on how its proponents argue it should be achieved. Integration is constantly negotiated. Employment statistics are frequently used to denote whether integration has been successful, whereas variables such as segregation is commonly used to opposite effect. In academia these terms are often used synonymously.

Schierup and Scarpa describe Swedish integration policy in the 1990’s as oriented towards workfare, meaning that migrants were often pressed into accepting any job whatsoever in order to attain social rights vis-á-vis the welfare state. This would indicate that the primary objective in national integration policy was to secure employment at any cost, which implicates a disregard for working conditions, precarity and segmentation of labour. Drawing from this example, a distinction between integration and incorporation can be made. While incorporation serves as an indicator of activity (work and the possibility of social and political participation in society), it does not position itself towards the notions of social inclusion and exclusion.

Incorporation can be used to more accurately describe how migrants are incorporated into society and the national economy without implying that the process surrounding their participation is beneficial for migrants themselves. Conversely, integration implicates more concrete connections with concepts such as social inclusion and the combating of social exclusion. Sociologist Adrian Favell explains integration as a “collective goal regarding the destiny of new immigrants or ethnic minorities”, which can be summarized as deciding and planning for what comes after the migratory process is finished. More specific aspects of integration include sponsored claims to social justice, legal protection, naturalization, citizenship, redistribution of resources and education pertaining to

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62 Schierup et al., 40.
63 Schierup & Scarpa, 59.
64 Schierup et al., 40.
65 Adrian Favell, “Integration and nations: the nation-state and research on immigrants in Western Europe”, in Marco Martiniello & Jan Rath (eds.), Selected Studies in International Migration and Immigrant Incorporation (Amsterdam: Amsterdam University Press, 2010), 372.
the host society’s language and culture.\textsuperscript{66} Many of these terms are reformulated into concrete goals that are part of a greater vision that policy makers, academics and the state (government) set out to formulate, criticize and work towards. According to Favell’s nation-centred approach, the core notion of integration is the fact that the state issues formal policies aimed at implementing these goals, albeit civil society organizations are often participant as well.\textsuperscript{67} In other words, integration can be defined as the articulation and subsequent implementation of social and economic policies aimed at securing mutually beneficial results for migrants and host society. In this regard, it makes little sense to refer to migrant precarization and increasing native-migrant class divides as results of integration, but rather as effects of national incorporation regimes. Such outcomes are often referred to in terms of “failed integration”, hinting towards the common conviction that integration is a positively connotated term.

There are various approaches toward migrant incorporation in Europe and elsewhere. Schierup, Hansen and Castles have identified three major modes of incorporation, all of whom have implications for integration policy measures. The first of these is \textit{differential exclusion}, which is linked to labour migration and the need to fill gaps and job vacancies within domestic labour markets.\textsuperscript{68} This mode of incorporation serves as yet another demonstration of the epistemological usefulness in separating integration from incorporation, as this mode of incorporation does not seek to integrate migrants in the conventional sense. Differential exclusion is inherently exclusionary in terms of counteracting migrants’ legal status and social rights, which critics argue serves as a deliberate attempt at creating an exploitable and often precarious migrant working class.\textsuperscript{69}

The second mode of incorporation is \textit{assimilation}, which presumes that migrants will be absorbed into the social and economic codes of the host society, eventually becoming part of society at similar terms as native citizens.\textsuperscript{70} Assimilation has been criticized for its disingenuous approach to issues preventing migrants from partaking in society on equal terms. Unlike native citizens, foreign-born subjects may face discrimination on account of their ethnicity or race, segmentation of labour and segregation.\textsuperscript{71} It should be noted that assimilation has the potential to challenge some fundamental human rights depending on the degree to which it is enforced. In the case of migrants adapting new names, customs or cultural identities, assimilation may be understood as a voluntary process. Cases where authorities have attempted to dictate assimilatory processes of minorities are many and have

\textsuperscript{66} Ibid.
\textsuperscript{67} Favell, 373-374.
\textsuperscript{68} Schierup et. al., 41-42.
\textsuperscript{69} Ibid.
\textsuperscript{70} Schierup et. al., 42-43.
\textsuperscript{71} Ibid.
often resulted in tensions or even armed conflict (e.g. the discriminatory treatment of Uyghur Muslims in China’s Xinjiang province or the Turkish government’s treatment of Kurds in the Turkish section of Kurdistan). Even though state-sponsored assimilatory policies are less common in European countries today, there is evidence of Muslims having changed their names to Swedish/European-sounding names in order to avoid stigmatization and discrimination in Sweden.\(^2\) This means that normative power dynamics affect voluntary assimilation as well. However, even if assimilation is commonly framed as a voluntary process, government-issued citizenship tests may constitute barriers aimed at discouraging people from attaining citizenship through forced absorption of cultural values and rigorous tests on national culture.

The third and final mode of incorporation addressed by Schierup, Hansen and Castles is \textit{multiculturalism}. Multiculturalism is commonly referenced in contemporary integration policy and has become somewhat of a buzzword within political and ideological debates on integration. In sum, multiculturalism is centred around mutual recognition and respect between ethnic groups in society, which unlike assimilation means that migrants are entitled to their own cultural identities.\(^3\) This is not to say that assimilation equates to advocacy and abolition of migrant identities altogether. Rather, some scholars have suggested that assimilation and multiculturalism are not contradictory in terms of ideological pretext. Mathias Bös and Antonio M. Chiesi describe assimilation as “becoming similar in certain respects” rather than adapting to rigid cultural rules, whereas multiculturalism does not equate to ethnic self-determination without some regard for the host society’s customs, norms and values.\(^4\) Much like the other modes of incorporation, multiculturalism has experienced widespread criticism and is frequently used as a metaphor for the shortcomings of globalization. \textit{Neo-assimilationism} is a term that emerged as a response to multiculturalism in different political camps. Neo-assimilationism can be exemplified by Rogers Brubaker, who describes how the public discourse in France between 1980-1990 went from emanating multiculturalism (droit à la différence) towards assimilation (droit à la ressemblance), particularly in regard to the rising popularity of Jean-Marie Le Pen and the Front National.\(^5\) This turnout was not unique to France and could be observed in several European countries by the turn of the millennium. This stance was adopted not only by the populist right and parties on the political fringes, but was adopted by the wider establishment as well. Eventually European leaders such as German chancellor Angela Merkel and former British prime

\(^3\) Schierup et. al., 44.
minister David Cameron would pronounce multiculturalism “dead” in a metaphorical address of its shortcomings.

3.3 Macroeconomics

While this thesis does not offer a complete inquiry into matters concerning the national economy, some basic macroeconomic tools have been consulted in order to provide context and perspective on public finances in Sweden. Macroeconomic theory as presented in this study is derived from William Mitchell, L. Randall Wray and Martin Watts’ understanding of the subject. They follow a model of explanation drawing upon Modern Monetary Theory, which is a school of thought that distinguishes itself from mainstream economics in various ways. MMT draws upon the general division between orthodox and heterodox economics, which are distinguishable in their view on resources. The orthodox approach views resources as being scarce: Resources are finite and aggregated by supply and demand, and it is up to the individual to make sure that they utilize their resources strategically. As such, the orthodox approach emphasizes individual responsibility over state involvement, à la laissez faire market capitalism. A topical example of orthodox economics in practice includes the neoliberal project spearheaded by Ronald Reagan and Margaret Thatcher in the 1980’s. Neoliberal policies are often criticized for deregulating the market and imposing austerity measures on institutions tied to the welfare state. Despite emphasizing laissez faire, it is important to remember that neoliberalism was a state-driven project engineered by politicians in tandem with globalization. This is especially clear with the European single market, the creation of the Eurozone and the changing virtues of European citizenship as previously explained.

The heterodox approach, by comparison, is more involved with government and collective undertakings such as the creation and distribution of resources. Heterodox economics are diverse as it encompasses not only capitalist economic models but also Marxist ones. A defining feature of the heterodox approach lies in how it views labour. Labour, it is argued, is the single most important resource within the national economy since it presupposes the production and processing of all other resources. This serves as yet another distinction towards the orthodox approach, which is criticized for not accounting for labour as an abundant resource. Among the most prominent of the heterodox approaches is Keynesianism, which is often associated with the “golden years” of welfare capitalism in the post-war era between 1950-1970. MMT is derived from this tradition, albeit not exclusively. Rather, MMT draws upon the heterodox approach in general, which entails a critical stance towards

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77 Mitchell et. al., 4-5.
78 Mitchell et. al., 7.
79 Ibid.
neoliberalism and the public sector’s less assertive stance towards economic interventionism and public spending.\textsuperscript{80}

The defining attribute of MMT lay in its view of money. In cases where countries issue their own currencies (i.e. the United States, Great Britain, Japan or Sweden) these currencies are referred to as *sovereign*. They are sovereign in that their associated governments are the sole issuers of their respective currencies.\textsuperscript{81} This means that governments are able to influence monetary policies regarding public spending, loans and sovereign debt due to their approximation of national central banks (NCB). Since the abolishment of the Gold Standard and the subsequent collapse of the Bretton Woods economic system in 1971, the monetary value of a currency is no longer determined by national mineral reserves. This is another important aspect of MMT. The Bretton Woods economic system, which emerged in the post-war era, instituted a fixed exchange regime that, in addition to operating on the Gold Standard, installed the U.S. Dollar as an adjudicator currency against which other currencies were valued.\textsuperscript{82} When the Bretton Woods economic system eventually collapsed along with U.S. president Richard Nixon’s decision to abolish the Gold Standard, so did the system of fixed exchange rates.

Currencies whose value is no longer mediated by physical goods and reserves are often referred to as *fiat currencies*. While it is true that there is no longer a physical indicator for monetary value, this does not mean that there is nothing backing up currencies at all. Rather, MMT argues that taxes are the primary determinant of monetary value. This is because most governments issue their respective currencies as the only legally accepted way of paying taxes, which creates and drives a demand for these currencies.\textsuperscript{83} The probably most important observation made by MMT is that currency-issuing governments can never run out of their own money. In this sense, and in sharp contrast to households, businesses and municipalities (that do not issue the currency), countries that issue their own currencies are not revenue constrained. However, while monetary sovereignty entails an unlimited access to financial resources denominated in the sovereign issuer’s currency, the value of these fiscal resources always has to be put in relation to the real resources available for purchase in the country in question.\textsuperscript{84} As demonstrated by the COVID-19 pandemic, for instance, countries may have all the financial resources to hire more nurses and buy medical equipment, but since the nurses and equipment often have proven unavailable for purchase the financial resources have little value.

\textsuperscript{80} Mitchell et. al., 13.
\textsuperscript{81} Mitchell et. al., 135.
\textsuperscript{82} Mitchell et. al., 141.
\textsuperscript{83} Mitchell et. al., 137.
\textsuperscript{84} Mitchell et. al., 318.
More specifically, since currency issuing government are not revenue constrained, this means that they do not finance anything from central government taxes. Currency issuers are thus operating fundamentally different from currency users – e.g. households, businesses and households. Whereas the latter first have to earn income, borrow or, as in the case of municipalities, collect taxes, the former must first spend the currency before it can collect taxes. Central government spending is what enables the use of a currency in the first place, meaning that governments have to spend money before they can collect taxes.\textsuperscript{85} This also how the central government can stimulate aggregate demand in the economy and economic growth through the “injection” of money into the economy. This is not the case for governments that do not issue their own currencies, such as members of the Eurozone or have fixed exchange rates, who first need to tax and borrow before they can spend. When countries, like those in the Eurozone, constantly have to worry about getting a currency that someone else issues – since bond markets may refuse to lend to them – this necessitates restrictive fiscal policies, which often corresponds to cuts to welfare and public investment: In other words, a policy of balanced or surplus budget targets that most often leads to a permanent austerity policy. It should be noted that politics of austerity are by no means exclusive to monetary non-sovereign countries. Ultimately it is up to the national government to choose how to conduct its fiscal policies, regardless of whether it is necessary or not. The important thing to remember, therefore, is that currency issuing countries do not need to apply fiscal rules of budget balance. If they do, it is a policy choice, not a necessary requirement for being able to borrow its own currency. This also means that a country like Sweden does not have to adapt to sound finance principles whereby the central government’s way of spending is made analogous to a household, business or municipality (i.e. currency users).

While sound finance is based on the premise that the central government needs to generate a fiscal balance or surplus at regular intervals, MMT has come to advocate what is known as functional finance. Rather than achieving set surplus targets, functional finance seeks to address the government’s actual duties and responsibilities with regard to the public interest and the public good, such as full employment, welfare, healthcare, schools and so on.\textsuperscript{86} Functional finance is made possible by the fact that the government spends before it taxes and so does not need the taxes in order to spend. Neither, therefore, does it a fiscal balance or surplus to spend from.

Similar to the social democratic regime-type of Esping-Andersen’s welfare state typology, full employment is among the main policy goals of MMT. Employment ensures participation in society, which itself is an aspect of social inclusion used to combat social exclusion. This has led to the positioning of employment not only as an economic policy goal, but as a fundamental issue

\textsuperscript{85} Mitchell et. al., 323.
\textsuperscript{86} Mitchell et. al., 15.
concerning social justice and human rights. Governments use different methods to establish and sustain full employment, although actually sustaining full employment is often difficult due to cyclical shifts in the economy. In most capitalist economies jobs are created not only by the government, but by private sector actors such as corporations and non-government organizations (NGOs). Mitchell et. al. outline two main approaches to job creation by the government: Private sector incentives and direct job creation by the government. Private sector incentives are when the government collaborates with private actors in an effort to create or distribute jobs, often with the policy goal of empowering long-term unemployed individuals. This approach is utilized by the Swedish government in the case of the Swedish Public Employment Service (Arbetsförmedlingen), which is a government agency that collaborates with private actors in distributing jobs, work placements and internship programs, their main target groups being the unemployed and newly arrived refugees.

The second approach concerns direct job creation by the government, which MMT refers to as a job guarantee (JG). The idea behind government job creation is to create new, permanent jobs that offer employment for those excluded by the private sector and the regular public sector or other marginalized groups so that all available resources can be put to use in order to establish full employment. Job creation is not exclusive to national governments. Swedish municipalities regularly employ people to fulfil various functions, sometimes under the guise of policy incentives aimed at providing jobs for certain vulnerable groups or individuals in particular. However, these programs are exceptional and do not represent a standardized policy format. As such, they are different in the sense that MMT envisions JG as a permanent rather than temporary addition to the economy in order to stave off unemployment.

Orthodox macroeconomics often construct the nation as a metaphorical household which operates with a limited set of financial resources. This analogy is problematic from the viewpoint of MMT. William Mitchell and Thomas Fazi argue that the state should not be seen as a household in the case where it issues, and by extension “creates” the financial resources it spends. The questions of who issues and who uses a currency are crucial for understanding the capabilities of different actors. Rather than treating the public domain as one homogenous unit vis-à-vis the private domain in a dichotomic manner, it is important to understand administrative and regional variations. As previously

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87 Mitchell et. al., 291-292.
88 Mitchell et. al., 294-295.
89 Arbetsförmedlingen, “Vårt uppdrag”, Available at: https://arbetsformedlingen.se/om-oss/var-verksamhet/vart-uppdrag [Accessed 2020-03-27].
90 Mitchell et. al., 295-296.
mentioned, Swedish municipalities are politically and administratively independent from the state in certain areas and subservient in others while still being part of the public sector. As such, there are major financial policy variations between municipalities and the state in how they relate to the monetary creation process. Again, the most important difference is that the state, not the municipalities, is the sole issuer of the currency. While municipalities can impose taxes, their status as currency users, rather than currency issuers, means that they face budget constraints and are operating with finite financial resources. In order to avoid this scenario, MMT argues for increased state economic interventionism, since tax money does not presuppose the monetary creation process or funding of the state in the first place. Instead, taxes serve as the most powerful instrument to control inflation and also has a huge impact on the level of inequality in any given society. As previously mentioned, resources can be defined in terms of “financial” and “real” resources. While financial resources have already been addressed, real resources are equally important. Other than labour, real resources consist of everything a nation has at its disposal, including food, material, people and intellectual as well as practical skill. While fiscal resources are virtually limitless for a currency-issuing government, its purchasing power and value are largely dependent on whether it is actually able to acquire and mobilize real resources.

3.3.1 A Critical Assessment of Modern Monetary Theory

The purpose of this sub-section is to demonstrate that macroeconomics is a diverse field. While there is no single “correct” way of doing macroeconomics, acknowledging the flaws of any given theory or concept can certainly be useful when seeking to draw upon its use. Macroeconomics is a diverse field, and MMT is one of many perspectives used to understand concepts particular to the political economy of neoliberalism. MMT is often thought of as radical in how it envisions fiscal resources as virtually limitless, which, to the extent that real resources are not accounted for, is an understandable concern. Being located outside of mainstream economics, critics argue that it is hard to make an assessment of its usefulness in the national economy. Much of this criticism is derived from orthodox economists. The general consensus is that MMT promotes a “neo-Keynesian” model of macroeconomics, but with a simplistic or otherwise insufficient toolkit to back its theoretical assumptions. Economist Thomas I. Palley summarizes this criticism in the following way:

In the current moment of high unemployment, MMT makes a valuable contribution as part of the rhetoric advocating expansionary fiscal policy. However, as regards macroeconomic

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92 Mitchell & Fazi, 190.
93 Mitchell & Fazi, 214.
94 Ibid.
theory, MMT adds nothing new warranting its own label. Instead, its over-simplifications represent a step-back in understanding.\textsuperscript{95}

While often thought of as radical, Marxists would argue that MMT is perhaps not radical enough since it seeks to maintain a capitalist mode of production within a monetary-based society. Common orthodox/neoliberal criticisms of MMT lay in how it approaches full employment and inflation policies respectively. Orthodox economists claim that MMT is reckless in how it propagates greater government spending, borrowing and the “printing” of money as potential risk factors for unchecked inflation rates and possibly hyperinflation.\textsuperscript{96} Additionally, MMT has been criticized for utilizing a theoretical framework that does not account for inflation in its full employment policy.\textsuperscript{97} Both of these criticisms points out fiscal instability as a flaw of MMT, a notion which appears to be shared among orthodox economists. However, much of this criticism is unfounded since it is used as a political rather than epistemological argument. The notion that MMT would enable rampant inflation is unfounded for the reason that there are indeed guidelines on how governments should account for inflation in their spending, and that hyperinflation is generally preceded by actual resource deficits.\textsuperscript{98} In the latter, the availability of real resources always precedes the monetary value of financial capital.

Another issue is the notion of “operational independence” of the national central bank, which Mitchell et. al. argue should be considered an extension of the government, meaning it should heed government directives. Critics argue that NCBs should remain independent and set interest rates by none other than themselves in order to maintain fiscal stability.\textsuperscript{99} While this criticism asserts that NCBs should be run through pragmatic expertise instead of political agendas, it simultaneously promotes a neoliberal agenda that ignores many of the potential solutions suggested by advocacy of increased government spending. Martin Wolf, chief economics commentator at the \textit{Financial Times}, commented on MMT in a 2019 article on the topic. Unlike the previous critique, Wolf makes several concessions about the premise of MMT, including views on the functionality of the state, taxes (creating a demand for currency in domestic transactions) and the position of the NCB vis-à-vis the state.\textsuperscript{100} Wolf continues by criticizing MMT for points similar to what the previous literature have addressed. However, an interesting conclusion by Wolf is that he argues that MMT is not innovative in itself, but rather a reinvention of already established macroeconomic systems: “To the extent

\textsuperscript{97} Palley, 10.
\textsuperscript{98} Mitchell et. al., 127-128.
\textsuperscript{99} Coats, 574.
\textsuperscript{100} Martin Wolf (2019), “States create useful money, but abuse it”, \textit{Financial Times} (May). Available at: https://www.ft.com/content/fcc1274a-8073-11e9-9935-ad75bb96c349 [Accessed 2020-04-13].
modern monetary theory is true, it is unoriginal; to the extent it is original, it is false”\textsuperscript{101}. This conclusion is certainly not a problem from an MMT perspective, since many proponents have already advocated for a return to Keynesian-inspired policies based on already established theory and praxis. The fact that Wolf, who is among the most influential in western economic journalism, acknowledges albeit criticizes MMT for reiterating already established norms, can thus be described as giving credibility to MMT.

### 3.4 Method

This thesis employs a general thematic analysis framework as advocated by Virginia Braun and Victoria Clarke, in addition to qualitative content analysis as explained by Margrit Schreier. These methods are similar and complement each other in different ways. Both of them can be applied inductively by emphasizing the role of data in structuring the material. This is how they are utilized in this thesis. A common feature of these methods is the extensive use of coding. Coding refers to the structural categorization of data through the identification of patterns and linkages in different parts of the material.\textsuperscript{102} While coding is sometimes thought of as a distinct method and methodology, it has been employed in a more pragmatic manner that integrates it with the other methods. While both methods have standardized coding as a common practice, there are differences in how coding is utilized. This is elaborated upon in the following sections. However, a common concern is that coding should not categorize data for the sake of categorizing data, but structure the data in a way that is beneficial for the main analysis.\textsuperscript{103}

#### 3.4.1 Thematic Analysis

Thematic analysis is an elementary method of qualitative data analysis that aims to organize the material according to themes that serve as the main units of analysis.\textsuperscript{104} While thematic analysis can be understood as a methodology with distinct theoretical and epistemological applications, it can also be understood as a method in the practical meaning of the word. This thesis makes use of thematic analysis in the latter form. Structurally, this thesis makes use of Braun and Clarke’s six phases of thematic analysis in order to compile, structure and produce information. The six phases include familiarizing oneself with the material, the initial coding process, compiling codes into themes, reviewing themes, defining/naming themes and presenting the results.\textsuperscript{105}

\textsuperscript{101} Ibid.


\textsuperscript{103} Coffey & Atkinson, 30.

\textsuperscript{104} Virginia Braun & Victoria Clarke, “Using thematic analysis in psychology”, \textit{Qualitative Research in Psychology}, 3:2 (2006), 79.

\textsuperscript{105} Braun & Clarke, 87.
Creating themes is a matter of identifying repeated patterns that occur throughout the material. In a sense, this relates to how coding is applied throughout the process. However, this does not mean that they fulfil the same function. The importance of themes is not necessarily measured according to how frequently they occur throughout the material, but how they relate to the overall research question.\textsuperscript{106} This is one of the ways that coding as a method can be distinguished from thematic analysis: While coding does provide a certain toolset to structure data, it does not provide any tools with which the data is interpreted. The literature suggests two distinct ways of conducting thematic analysis: A \textit{semantic} and \textit{latent} approach. This thesis primarily utilizes the latent approach, which aims at interpreting the underlying meaning of the material.\textsuperscript{107} This approach involves theoretical evaluation of the material rather than offering a description of the material itself. The descriptive process is instead reserved for qualitative content analysis, which is the other method put to use in this thesis.

\subsection*{3.4.2 Qualitative Content Analysis}

Like thematic analysis, qualitative content analysis is well suited for interpretative text-based materials such as interview transcripts, newspaper articles or documents. QCA is unique in that the selection and subsequent ‘reduction’ of the material is determined by the research questions asked.\textsuperscript{108} Data reduction does not mean that the material is cherry-picked according to the bias of the researcher, but narrowed down for practical concerns. This makes it difficult, if not impossible, to comprehend the material in its entirety. The trade-off is that it confers a greater focus on the aspects most relevant to the research questions. Granted the context of this thesis, this is not necessarily a flaw as much as it is a necessity, as it eliminates much of an already vast material. As will soon be discussed, the empirical material used in this thesis is not explicitly linked to the research questions asked in the introductory chapter. This means that data reduction is justified on account of both rationality and pragmaticism.

A core feature of QCA is that it seeks to investigate the material from a descriptive standpoint. As such, systematic application of the method is key in order to ensure validity, which Schreier argues is among the most important assertions of the method.\textsuperscript{109} Validity puts emphasis on the quality of research, meaning that the process itself must be systemic, transparent, data-driven and logical.\textsuperscript{110} Objectivity in qualitative research is generally thought of as an impossibility, as the nature of

\begin{flushright}
\textsuperscript{106} Braun & Clarke, 82.
\textsuperscript{107} Braun & Clarke, 84.
\textsuperscript{109} Schreier, 27.
\textsuperscript{110} Ibid.
\end{flushright}
qualitative research generally puts emphasis on interpretation. As previously mentioned, QCA seeks to reduce the material according to the research questions asked. The material is approached by focusing on specific themes and passages similar to thematic analysis, albeit with a different structural approach to coding.\textsuperscript{111} This is accomplished through the creation of a coding frame. A coding frame is structured into main categories, which serve as the main units of analysis.\textsuperscript{112} Following the main categories are subcategories, which encompass what is said or implied by the material. The subcategories are intended to further structure and summarize the contents of the main categories.\textsuperscript{113} This is how QCA reduces the material, through the inclusion of relevant categories and exclusion of aspects irrelevant to the coding frame.

The concept of utilizing a coding frame is shared between thematic analysis and QCA, although the former appears to be less rigid in how it is structured. Additionally, the inclusion of a coding frame does not appear to be a requirement when conducting thematic analysis, as its inclusion is not emphasized in Braun and Clarke’s six-phase model.\textsuperscript{114} Since this thesis incorporates methods other than qualitative content analysis, the coding frame does not constitute the sole unit of analysis. Rather, it serves an auxiliary role, perhaps as a reference point, to assert some degree of transparency between the reader and the conclusions drawn in this thesis. For further information on the format of the coding frame used in this thesis, see appendix.

3.5 Empirical Material

The empirical material used in this thesis is derived from multiple sources. It consists of various documents, articles and web-based information published on the internet. The material is sourced from a selection of Swedish municipalities and authorities, including the Ministry of Finance. Independent news articles have been consulted in certain cases where they serve as case examples, arguments or provide additional context and information for a particular case. The material collected from the municipalities consists of various reports on local development, planning, budgeting and strategic objectives published and reviewed annually. Since each municipality is independent from the state and structure their reports based on local issues, this means that the material is highly varied in terms of content and design. This also means that issues such as migration and integration should not be taken for granted as universally discussed across all municipalities in Sweden. It is often the municipalities that are the most engaged with these issues that produce the largest quantities of information. The material has been analysed not as discourses, but as political practices. However,

\textsuperscript{111} Schreier, 7-8.
\textsuperscript{112} Schreier, 58-59.
\textsuperscript{113} Schreier, 60.
\textsuperscript{114} Braun & Clarke, 87.
this line is sometimes blurred, and discourse-related topics such as language and terminology are examined in addition to practices and content.

In chapter 1.2, the term “rural Swedish municipalities” was used to describe the research subject. All of the municipalities examined in this thesis consists of 20 000 inhabitants or less, making them relatively small compared to the larger towns and cities. This formally categorizes them under categories C6 (Small towns, between 15 000-50 000 inhabitants) and C8 (Rural municipalities, less than 15 000 inhabitants) following SKR’s definition of demographic categorization. The municipalities consulted may possess qualities found in the other categories, i.e. categories C7 (Commuting municipalities near small towns) or C9 (Rural municipalities with a visitor industry), and they may not be referred to as “rural” in geographic terms. As such, there is no general control variable dictating what kind of municipalities are eligible for this thesis, barring the demographic criteria previously addressed. However, the selection of municipalities was not entirely random. Conversations with my supervisor, discoveries in news media and searches on the internet all influenced the selection process.

Two iterations of these reports have been collected: Reports published in 2016 and 2018/2019 respectively. Unfortunately, most municipalities have not yet published their yearly reviews and accounting reports for the budget year 2019, hence the inclusion of the format “2018/2019” in the previous statement. The reason for the inclusion of an additional, earlier copy is to capture eventual discussions on the government’s fiscal policies in relation to the then ongoing refugee crisis. In order to account for information gaps in cases where no 2019 report is available, the database Kolada has been consulted. Kolada is an open access database that annually archives regional and municipal data sets, which is operated by the Council for Promotion of Municipal Analyses (RKA) in collaboration with SKR and the state. The figures presented throughout chapter 4 make use of data from Kolada, including the variables presented. The figures follow a consistent pattern of comparing reception rates of adult refugees with demographic developments over time, according to two distinct age groups: Ages 20-64 and ages 0-19 and 65+. The idea is to encapsulate demographic distribution according to individuals eligible for work and those either too young or too old to be expected to work. It should be noted that children of refugees and (to a certain extent) unaccompanied minors are accounted for in age group 0-19 and 65+.

The reason as for why 2016 was decided upon can be explained by the desire to capture the municipalities’ accounting for one budget year after government spending in relation to the refugee

crisis. The exact date of when the refugee crisis begun and when it ended are still debated to this day. The idea was to establish a rough estimate in relation to the central government’s response, which is why 2016 was settled upon. The material collected from the Ministry of Finance include budget propositions from the budget years 2015/2016, 2016/2017 and 2019/2020 and various reports and commentaries by government offices associated with the Ministry of Finance. These propositions cover multiple facets of the national economy, including fiscal policy and public spending in areas such as migration, integration and state subsidies. Like the municipal documents, these are produced annually but differ by generally following common patterns in how they are structured. The following categories are consulted:

- Area of expenditure 8: Migration.

Most of the material used in this thesis is formulated in the Swedish language. As with the relevant legislation presented in chapter 2.1, deliberate efforts have been undertaken in order to translate the material from Swedish to English when providing case examples.
4. Results

In this chapter I detail the results of my analysis. The analysis is structured around two main categories (not to be confused with the main categories of the coding frame): A governmental and a municipal approach. In the governmental approach I explicitly focus on documents published by the central government following the categories listed in the previous chapter. The governmental category precedes the municipal one for the reason of providing substance for the conflict that I want to address. As such, understanding the premise of what backs up statements made by actors such as the Swedish prime minister is important for the sake of comprehending the context behind the arguments presented in this thesis. In the municipal approach I detail each municipality in a case-by-case manner by identifying themes as they transpire in the empirical material. Municipalities that share similar thematic experiences of refugee reception and integration are concentrated close to one another in order to make it easier for the reader to recognize themes and follow throughout the analysis.

4.1 Government Spending and the Refugee Crisis

The Swedish central government employs a sound finance framework in structuring the government sector’s annual budgets and strategies on government spending. As previously mentioned, sound finance enforces a stern requirement of fiscal balance, which has implications for how much the government can spend without risking fiscal imbalance. In theory, this means that the more the government spends, the more likely it is to generate a deficit. The central government has a fiscal surplus target and issues projections over future fiscal surplus targets, meaning that it imposes limitations on its expenditure years in advance.\(^{116}\) Another important aspect of the central government’s fiscal policy framework is the so-called ‘balance requirement’ (balanskravet), which obligates municipalities to maintain balanced budgets, or at the very least maintaining an acceptable standard of surplus or deficit.\(^{117}\) Municipal sound finance makes sense from the perspective of MMT, since the municipalities are not sovereign issuers of the currency used in transactions and taxes. On the contrary, it makes little sense for the central government to limit its spending according to fiscal surplus targets, which hampers its capabilities to stimulate growth through spending. However, the central government’s initial response to the refugee crisis provides an interesting example and display of defiance towards conventional sound finance. The proportionately ‘massive’ public spending by


\(^{117}\) Ibid.
the Swedish central government provides an example of what Hansen refers to as a “laboratory environment” for how MMT describes fiscal and monetary operations – how these work in reality.\textsuperscript{118}

The budget propositions published by the central government contain ideas and suggestions for the shaping of the national budget, and is subsequently debated and amended by the parliament. As such, they reflect the central government’s general view on various issues, such as the areas of migration and integration. However, it should be noted that while this material is representative of the central government’s general mindset, the actual outcome of these propositions may be subject to change. An example of this includes the actual outcome of the 2016 budget on migration, which ended up being SEK 41 billion – a massive increase compared to the government’s initial proposition of SEK 19 billion.\textsuperscript{119} In its 2015/2016 budget proposition on migration, the national government proclaims that the aim of its migration policy is to create a migration regime that is “sustainable in the long-term”, which “protects the right to asylum” and takes into account the “developmental effects of migration”.\textsuperscript{120} This description is continued to be emphasized in the 2019/2020 rendition of the same area. These issues, and the migration regime in its entirety, must be understood in the wider European context, particularly in regards to the refugee crisis.

The refugee crisis is referred to as such for various reasons. Other than a humanitarian crisis, it can be viewed as a crisis for the EU due to the collapse of its border and migration regimes.\textsuperscript{121} As a result, the EU has attempted to securitize and externalize its borders through new, strict border controls and treaties with non-EU countries such as Turkey. The ensuing \textit{EU-Turkey Statement}, which effectively outsourced European land-based migration control to Turkish authorities, is an example of such a policy measure.\textsuperscript{122} Other examples include attempts to curb irregular migration across the Mediterranean sea, either through direct action in the case of Operation Sophia, or through partnership with Libyan authorities or local warlords in order to deter migrants from attempting to cross the sea altogether.\textsuperscript{123} The Swedish government has positioned itself against other EU member states’ refusal to accept any significant number of refugees, propagating for a joint effort in redistributing refugees among EU member states.\textsuperscript{124} While this request was not fulfilled, it can also be seen as an indication that the government deems its reception capacity to have reached its limit. The 2019/2020 budget

\textsuperscript{118} Hansen, Forthcoming (2020).
\textsuperscript{120} Budgetpropositionen för 2016, \textit{Utgiftsområde 8: Migration} (Finansdepartementet, 2015), 10.
\textsuperscript{122} Nieman & Zaun, 8.
\textsuperscript{123} Toby Vogel, “Libya: The strategy that wasn’t”, \textit{CEPS Commentary} (Brussels, Centre for European Policy Studies, 2017), 1.
\textsuperscript{124} Budgetpropositionen för 2016, \textit{Utgiftsområde 8: Migration} (Finansdepartementet, 2015), 33.
proposition continues to emphasize this point, despite the significant drop in asylum applications due to the central government’s increasingly restrictive migration policy. The government proclaims that:

The amount of asylum seekers in Europe have decreased in recent years, but is still at a relatively high level from a historical standpoint and continues to be unevenly distributed between EU member states. Sweden is still among the EU countries that receives the most asylum applicants in proportion to its population.\textsuperscript{125}

The government also comments on the \textit{Schengen Agreement}, again stating that other EU member states need to take responsibility for upholding the principles of the agreement, pleading for increased responsibilization on other member states.\textsuperscript{126} The Schengen Agreement is yet another instance where the EU’s ‘free movement’-principle has been undermined due to member states issuing internal border controls, effectively securitizing the EU both internally, between member states, and externally, through union-wide measures aimed at curbing migration.\textsuperscript{127} The Swedish government can be described as emitting mixed signals regarding its national and international migration commitments. On the one hand, the government wishes to champion human rights, free movement and the right to asylum, while simultaneously pushing for other member states to do the same. On the other hand, the government positions itself in a way that reflects an unwillingness towards receiving additional refugees, stressing that the country has already fulfilled its humanitarian obligations and reached full capacity.

The 2015/2016 budget on migration saw an increase in investments and other forms of public spending in government agencies, municipalities and the administrative regions, more so than in any other budget. The Swedish Migration Agency in particular was to be tasked with securing housing for new arrivals who did not pursue voluntary settlement, in addition to improving its collaboration efforts with local authorities.\textsuperscript{128} In its 2016 proposition, the government suggested that roughly SEK 12.6 billion should be allocated for public expenditure, subsidies and housing costs, which was higher when compared to previous years and the government’s preliminary proposals for the upcoming years.\textsuperscript{129} Government subsidies to the regions and municipalities thus included more than half the total amount of funds suggested in the 2016 budget on migration, though as previously mentioned this budget ended up being expanded even further. The actual 2016 budget included by far the largest allocation of resources to the area of migration in Swedish history, and the increased public

\textsuperscript{125} Budgetpropositionen för 2020, \textit{Utgiftsområde 8: Migration} (Finansdepartementet, 2019), 30.
\textsuperscript{126} Budgetpropositionen för 2020, \textit{Utgiftsområde 8: Migration} (Finansdepartementet, 2019), 31.
\textsuperscript{127} Michaela Ceccorulli, “Back to Schengen: the collective securitisation of the EU free-border area”, \textit{West European Politics}, 42:2 (2019), 504-505.
\textsuperscript{128} Budgetpropositionen för 2016, \textit{Utgiftsområde 8: Migration} (Finansdepartementet, 2015), 35.
\textsuperscript{129} Budgetpropositionen för 2016, \textit{Utgiftsområde 8: Migration} (Finansdepartementet, 2015), 37.
expenditure this entailed has been and continues to be controversial in both media and among politicians. This budget was deemed excessive as it facilitated government spending to such a degree that it was deemed a risk factor threatening the national budget surplus target. In sound finance, fiscal balance is a prerequisite for maintaining financial stability. As such, the government and all its expert agencies expressed absolute certainty that increased government spending on refugee reception and integration would yield fiscal deficits in the national budget in the following years, negatively impacting the economy, welfare and the future fiscal space to spend on other items in the budget. However, as shown by Hansen, this did not occur. Rather than running deficits, government spending resulted in surpluses all the years (2015–2018) that the government and experts had predicted deficits.\(^{130}\) However, the sound finance doctrine has remained firm with the central government, the Ministry of Finance and its auxiliary organization, the Swedish Fiscal Policy Council (SFPC).

Whereas the 2015/2016 proposition echoes a weariness towards the prospect of extensive refugee reception, the 2016/2017 proposition reflects a more assertive stance against refugee reception. The central government reckoned that its migration policy was “not sustainable in the long-term”, and that the government had imposed more strict measures as a result.\(^{131}\) In further detail, the central government proclaimed that its new migration policy included:

Drastically decrease the amount of asylum seekers to Sweden and simultaneously improve the capacity in reception, improve establishment and encourage other EU member states to share in the responsibility of receiving asylum seekers. The government announced that Sweden will temporarily adapt its rules on asylum to the minimum level according to EU-laws and international conventions. The measures imposed by the government, such as temporary ID and border controls, and the new temporary asylum law that was enacted in July, have together with changes made in other EU countries resulted in less applications for asylum in Sweden.\(^{132}\)

The central government’s strategy at the time was to make sure it was harder to apply for asylum in Sweden. Adapting to the “minimum level” of the acceptable standard hints at the country’s efforts in joining the rest of the EU in the “race to the bottom” in deterring asylum seekers and securitizing the national migration regime. At the same time, the government emphasizes its claim on responsibility, that it has carried its fair share of the ‘burden’ of refugee reception.

The economic dimension is continuously emphasized by the central government, stating that the 2015 refugee situation had resulted in “great stress” for Swedish municipalities, the Swedish

\(^{130}\) Hansen, Forthcoming (2020).

\(^{131}\) Budgetpropositionen för 2017, Utgiftsområde 8: Migration (Finansdepartementet, 2016), 26.

\(^{132}\) Ibid.
Migration Agency and other authorities. The central government speaks of financial strain at the local level of governance simultaneously as its surplus targets, and the national economy as a whole, have seemingly been strengthened during the period of the refugee crisis. This is illustrated in the Swedish Fiscal Policy Council’s annual report for 2017, in which GDP growth was estimated at 2.9 percent. The 2016 result was even higher, at 3.3 percent. In its 2016 annual report, the SFPC admitted that while the refugee crisis contributed to the strong economic result (GDP +5.5 percent) during 2015, in the form of increased consumption, it was not a “crucial factor in the increasing growth”. Is this really the case? The SFPC continued to elaborate on this claim in the 2017 report, yet again commenting on the high consumption rate as a crucial factor behind the recent economic boom. The council conveys a somewhat contradictory statement regarding this issue, stating that:

In all, public consumption has accounted for a large part of GDP growth over the last two years. However, the growth rate in public consumption is likely to ease off in the future and return to a more normal rate once the costs of taking in refugees start to decrease.

This would imply that the refugee crisis, or rather the macroeconomic response stimulated because of it, is more credible than the SFPC would like to admit. After all, among the primary reasons for increased public consumption was government spending, which facilitated the distribution of financial resources to the municipalities, in turn stimulating increased consumption and flow of capital. This example illustrates how central governments are not bound to the household allegory, as advocated by Mitchell et. al. Increased government spending did not result in the depletion of finite resources. Rather, it presupposed the accumulation of additional resources. To an extent, this also applies to the municipalities. While sound finance and a balanced economy makes more sense in the municipal sector, the household analogy is less clearly defined. It is true that municipalities often deal with finite resources, since they are not the sovereign owners of the currency used in transactions and taxation. However, municipalities are not the same as private households as they must spend their financial assets. This stimulates consumption, which in the case of the municipalities has primarily taken the form of increased service output and investments into infrastructure, such as new schools. Again, would consumption have increased if not for the government’s temporary abandonment of sound finance? This question is hard to answer given the limited economic framework presented in

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133 Budgetpropositionen för 2017, Utgiftsområde 8: Migration (Finansdepartementet, 2016), 28.
this thesis. However, it can be argued that this scenario provides an example of post-neoliberal, neo-Keynesian policy in practice.

4.1.1 Governmental Perspectives on Integration

The area of migration has been the probably most debated aspect of government spending in recent years. The government’s stance on integration has been instrumental in this debate, though budget propositions in the area of integration have been largely overshadowed by comparatively higher expenditures in the area of migration. The central government’s stance on integration is formulated in area of expenditure 13: Equality and the establishment of newly arrived immigrants. The central government’s primary variable in measuring integration is employment, or unemployment in cases where integration is deemed less successful. As previously mentioned, the term ‘incorporation’ can be used when describing strategies or policies dealing with the post-migratory setting. In its 2015/2016 budget proposition, the government states that refugee reception is its own area of responsibility, and that municipalities that receive refugees should be given financial compensation through the Swedish Migration Agency.\(^{138}\) This strategy was meant to stimulate a willingness to receive refugees, effectively incentivizing reception through government spending. This occurred primarily through one-time payments in addition to fixed income subsidies (schablonersättningar) for each refugee received. Other than incentivizing reception, fixed income subsidies were meant to act as a form of compensation for education, language training and other cost factors related to integration.\(^{139}\)

Similar to the 2016 proposition on migration, the 2016 proposition on equality and integration asserts that the large amount of new arrivals in the municipalities is indicative of “great opportunities but also challenges for the municipalities”, particularly in regards to the positive effects of immigration in regards to population growth, which could potentially “contribute to a growing and dynamic economy”.\(^{140}\) As previously shown, however, the central government does not appear to be entirely convinced of this notion. The 2016/2017 proposition on equality and integration continues to elaborate on this matter, particularly in regards to the notion of work. It is emphasized that “work is key for the establishment of new arrivals in Sweden”, which goes hand in hand with social networking and language training.\(^{141}\) Interestingly enough, it is also mentioned that many new arrivals constitute

\(^{138}\) Budgetpropositionen för 2016, Utgiftsområde 13: Jämställdhet och nyanlända invandrarens etablering (Finansdepartementet, 2015), 17.

\(^{139}\) Budgetpropositionen för 2016, Utgiftsområde 13: Jämställdhet och nyanlända invandrarens etablering (Finansdepartementet, 2015), 20.


\(^{141}\) Budgetpropositionen för 2017, Utgiftsområde 13: Jämställdhet och nyanlända invandrarens etablering (Finansdepartementet, 2016), 33-34.
a valuable source of labour as a result of their “education and experience” and predominantly ‘young’ demographic, which should be put to use in areas where there are labour shortages.\textsuperscript{142} This is very interesting due to its contradictory relationship with actual policy outcomes in the area of migration. Migrants, it is framed, constitute a real resource in the form of labour that should be utilized when possible. Despite realizing this, the central government does not appear to be clear in its mindset on how to make use of these resources, which instead serves to legitimize a stricter migration regime. It could also be argued whether “many” new arrivals actually refer to refugees as a whole, who are otherwise generally portrayed as ‘lacking’ in the area of education. There are instances where the central government and various municipalities have worked in tandem in order to create supplementary jobs where labour is needed the most, which has given new arrivals without high education levels a fair chance at attaining employment (chapter 4.6).

In 2019, the overall labour market situation was described as having improved. A citizenship test was introduced in the 2019/2020 proposition on equality and integration, which was meant to test the language and social knowledge of those applying for Swedish citizenship.\textsuperscript{143} This proposal indicates a desire of making citizenship harder to obtain, further distancing the national incorporation regime from its previously (relatively) open approach towards assimilationist integration. As such, social norms and values, in addition to language proficiency, can be described as core tenets of what makes a good citizen. While the central government claims to understand the real resource potential of refugees and other migrants, recent proposals and enacted policy measures reflect an unwillingness and weariness towards the prospect of receiving additional refugees, or maintaining the current level of reception. This is the backdrop to which the selected municipalities, and their respective experiences, are examined.

4.2 Åre Municipality

Åre is a municipality located in Jämtland county, which is situated in the Swedish north-west. It is a relatively small municipality with roughly 12 000 inhabitants as of 2019. Åre operates on a visitor industry in the form of ski resorts, which is popular among Swedish and foreign tourists and is an important asset to the local economy. Like many other Swedish municipalities, Åre received several refugees during the 2015 refugee crisis. In 2016, the municipality accounted for a strong economy with a net financial gain of SEK 42.2 million after balance requirement adjustments.\textsuperscript{144} This sum can be partially attributed to state subsidies consisting of SEK 28 million which were paid in 2015 as a

\textsuperscript{142} Ibid.

\textsuperscript{143} Budgetpropositionen för 2020, Ugiftermärke 13: Jämställdhet och nyanlända invandrare etablering (Finansdepartementet, 2019), 33.

\textsuperscript{144} Åre kommun, Årsredovisning 2016 (2016), 11.
result of government spending due to the refugee crisis, of which SEK 7.2 million have contributed
directly to the positive budget deviation as presented in the 2016 report.\textsuperscript{145} The demographic question
is emphasized in the 2016 report, which is expressed in the following way:

Future demographic pressure has previously been expected to come after 2020, especially
as a consequence of an increased number of elderly people, which would mostly infer an
increased pressure on elderly, health- and sick care. However, the demographic dramaturgy
has been postponed due to the sharp increase in population. This is mostly associated with
the historically large refugee immigration, but is also the result of increased birth rates. […]
The population of Sweden is generally increasing in the larger towns and regional hubs,
but decreasing in the rural municipalities. Åre municipality is an exception. […] Immigration has been a contributing factor in recent years, with around 100 new people
each year.\textsuperscript{146}

In addition to the tourism industry, immigration and childbirth are described as being the largest
contributing factors to population growth and stabilization of the median age. Additionally, the
municipality appears to have a positive prospect on the demographic situation, viewing immigration
as an asset and a complement to increased birth rates (and vice-versa). At the same time there is an
acknowledgement of potential risk factors that accompanies an ageing population, specifically
welfare services such as elderly care and healthcare. With a strong economic situation having been
enabled through government spending during the refugee crisis, the local government would
theoretically be able to accommodate these risks by training and hiring staff. This situation provides
an example of how government spending can create real resource space, enabling the mobilization of
real resources, or labour.

There are examples of investment in social funds and infrastructure in the 2016 report, which,
again, is made possible by reallocating funds provided by state subsidies for the purpose of refugee
reception and integration.\textsuperscript{147} As such, government spending affects not only the municipality’s
capacity to receive and incorporate refugees, but the local economy as a whole. In terms of
integration, the local government positions itself as wanting to be attractive in the eyes of tourists and
potential residents alike. The local government presents a desire to attract refugees though voluntary
settlement programs such as EBO, which corresponded with 125 voluntary settlers gaining residency
in the municipality in 2016.\textsuperscript{148} This is regarded as a policy success in terms of integration and

\textsuperscript{145} Åre kommun, Årsredovisning 2016 (2016), 36.
\textsuperscript{146} Åre kommun, Årsredovisning 2016 (2016), 8.
\textsuperscript{147} Åre kommun, Årsredovisning 2016 (2016), 12-13.
\textsuperscript{148} Åre kommun, Årsredovisning 2016 (2016), 38.
economic growth, which the municipality expresses in terms of having been “fortunate”.\textsuperscript{149} Another aspect of successful integration is the level of employment among new arrivals. The labour market situation is described as being favourable throughout the 2016 report, which is an attributing factor as to why so many new arrivals have become established within the local community. Work, and the strategic incentives behind creating new jobs, is one of the primary reasons for this success. In 2017, Swedish newspaper \textit{Svenska Dagbladet} published an article exploring the reasons for this success. In the article, representatives of Åre municipality’s integration service speak of a joint effort by civil society actors and local enterprises in addressing this issue:

\begin{quote}
The key is to view new arrivals as resources, not as problems waiting to be solved, says Anja Skålen. And to see that they, as opposed to what many critics claim, actually contribute to the economy. […] These 50 asylum seekers who currently work in Åre municipality today circulate and contribute SEK 12 million to the municipality. That it takes 7-8 years for a new arrival to enter society does not depend on them, but on a stiff-legged acquis. We who are engaged have to find new legal solutions to include them in society, says Urban Widholm.\textsuperscript{150}
\end{quote}

This excerpt contains several pieces of information that contextualize the 2016 report. The framing of new arrivals as real resources that can be utilized, seemingly to the benefit of everyone, serves as a stark contrast to more negative depictions of refugees through the welfare chauvinism-discourse. Social inclusion is being framed as an aspect of employment, which is framed in terms of circumventing an inefficient bureaucracy that systematically views new arrivals as “problems waiting to be solved”, or as fiscal burdens. This boils down to responsibilization, which the local government appears to be taking very seriously. Responsibilization is further emphasized in the 2016 report in how the municipality describes itself as needing to “continue working proactively so that we may offer our new arrivals both language internship, work and education”.\textsuperscript{151} While not quite similar to a JG as imagined in MMT, the local government addresses the labour market situation as its own area of responsibility rather than issuing responsibilization upon individual subjects or sourcing recruitment exclusively to private companies and firms. However, the municipality also describes the importance of prioritizing employment for those located on the outside of the labour market, while retaining that they should “extend efforts preparing the individual to eventually become more self-sufficient”.\textsuperscript{152} The core idea appears to be centred around creating ‘self-sufficient citizens’ out of

\begin{footnotes}
\textsuperscript{149} Ibid.
\textsuperscript{151} Åre kommun, \textit{Årsredovisning 2016} (2016), 8.
\textsuperscript{152} Åre kommun, \textit{Årsredovisning 2016} (2016), 79.
\end{footnotes}
subjects otherwise dependent on welfare services for survival. This is further emphasized in the 2016 report through the explicit likening between welfare dependency and social exclusion.\textsuperscript{153}

In 2018, Åre municipality collaborated with the audit firm KPMG in evaluating the municipal strategy on integration. The resulting report mentions how the municipality methodically works with organizing meetings between individuals and local representatives (from the municipality, the Swedish Public Employment Service, integration service and private sector) that aim to match the needs of the individual with local interests such as internships, work placements or other forms of employment.\textsuperscript{154} There are also examples of direct job creation by the local government, for instance through the combination of education and language training programs with jobs such as cleaning or assistant services within healthcare and industry.\textsuperscript{155} Municipal responsibilization in combination with successful private sector incentives can thus be described as prerequisites for successful integration. In other words, successful integration is measured in terms of how well the local government manages to mobilize the resource potential of new arrivals. There is little to no emphasis on the ideological aspect of integration, for instance in terms of multicultural or assimilatory policies or language use. Instead, the municipal incorporation regime can be described as implicitly goal-driven in its view of employment as a prerequisite for social inclusion. In sum, the municipality is made responsible by none other than itself, and this is an active decision that synergizes well with local strategies and needs.

The 2018 report is less thorough on matters regarding refugee reception and integration. This is likely a result of the national government’s shift towards a more restrictive stance on refugee reception, resulting in a much lower numbers of new arrivals. In the 2018 report, the economic outlook of the municipality has changed. Åre municipality still retains a net financial gain of SEK 0.3 million after balance requirement adjustments, although this is considerably lower than the 2016 result of SEK 42.2 million.\textsuperscript{156} One explanation for this discrepancy is decreased funding through state subsidies, particularly in regard to the one-time payments for refugee reception. An area where local and national interests collide is on the principle of funding \textit{(finansieringsprincipen)}, which dictates that municipalities should not have to increase taxes or prioritize certain services in order to finance new state directives.\textsuperscript{157} As a result, Åre municipality has an increasingly troubled outlook on the

\textsuperscript{153} Ibid.
\textsuperscript{156} Åre kommun, \textit{Årsredovisning 2018} (2018), 10.
\textsuperscript{157} Sveriges kommuner och regioner (2020), “Finansieringsprincipen”, Available at: https://skr.se/ekonomijuridikstatistik/ekonomi/finansieringsprincipen.1709.html [Accessed 2020-04-17]
financing of its services, and it is implied that additional expenses are the result of an increased responsibilization of the local government by the state, which is not always compensated through government spending. A possible consequence of this situation is the introduction of policies aimed at streamlining social services, which often translates into austerity measures as a result of budget constraints. Åre municipality retains its 2016 stance on the demographic question, albeit with an added element of worry regarding the decreasing inflow of new arrivals since 2017. The municipality preliminarily accounted for only 2 new arrivals in 2019 as per agreement with the Swedish Migration Agency. This can be contrasted with 40 new arrivals through the same resettlement procedure in 2016, which is a considerable change.

Data from 2019 show a drastic drop in the total number of refugees received in the municipality, resulting in the lowest number of refugees received in a four-year period stretching from 2016-2019 (Figure 1). In 2019, Åre municipality received only 46 new arrivals compared to 118 in 2018, 148 in 2017 and 148 in 2016. This downward trend has implications for the municipality’s long-term demographic situation, which is seeing a somewhat steeper increase in proportion of its non-working age population compared to the ages 20-64. While this does not pose an imminent challenge to the local government’s short-term strategy for sustaining growth, this issue is likely to become more pronounced in upcoming decades. Whereas the 2018 report still accounted for more than a hundred new arrivals, the 2019 figure being less than half of this number is likely to change the municipality’s demographic forecasts, strategies and future needs.

In summary, Åre municipality can be described as welcoming in its approach to refugee reception. Government spending by reason of the refugee crisis and a goal-driven approach towards integration, that views refugees in terms of real assets instead of fiscal liabilities, have contributed to the

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158 Åre kommun. Årsredovisning 2018 (2018), 7
159 Åre kommun. Årsredovisning 2018 (2018), 46
strengthening of the local economy. Recent decline in refugee reception is viewed with caution as the topic of sustaining an ageing population becomes more apparent as time progresses.

4.3 Laxå Municipality

Laxå is a municipality located in Närke county, one of the central provinces of Sweden. The municipality consists of around 5,700 inhabitants as of 2019. Laxå municipality used to be a very poor municipality, and was ranked Sweden’s poorest municipality in 2013 – a result that can been attributed to declining industry, demographic pressure and a continuously decreasing population at a yearly basis.\(^{160}\) In 2016, Laxå municipality accounted for a strong economic result with a net financial gain of roughly SEK 32.5 million.\(^{161}\) As with Åre municipality, this strong result can be attributed to state subsidies and increased government spending as a result of the refugee crisis. Another contributing factor to this result is a percentual increase in tax revenue of 4 percent, which, other than a general increase in working hours, is described as a result of population growth.\(^{162}\) This is primarily a result of refugee reception and resettlement, given how the municipality has retained a birth deficit for several consecutive years. The local government explicitly links the favourable economic trend with its reception efforts, outlining the municipality as being in favour of refugee reception.\(^{163}\) However, the local government also frames refugees as a potential risk factor. This primarily concerns the possibility that individuals could become reliant on welfare, which would entail increased costs for the municipality.\(^{164}\) While this sentiment is not emphasized to any larger extent, it highlights a common fear among municipalities in the event that their enacted strategies on integration should fail. With a population less than half the size of Åre municipality, the demographic question has permeated Laxå municipality’s efforts in sustaining growth, both in terms of increasing the population and bolstering finances.

In 2018, Laxå municipality accounted for a net financial gain of SEK 11.8 million, which is stronger than the budgeted result of SEK 6.8 million.\(^{165}\) Similar to the 2016 report, the municipality attributes its continued growth to its migration commitment. The positive result has opened up possibilities to invest in local infrastructure, which is partially attributed to and made possible by using funds from previous and continuously issued state subsidies.\(^{166}\) The local government has also

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\(^{161}\) Laxå kommun, Årsredovisning 2016 (2016), 11.

\(^{162}\) Laxå kommun, Årsredovisning 2016 (2016), 11-12.

\(^{163}\) Laxå kommun, Årsredovisning 2016 (2016), 12.

\(^{164}\) Laxå kommun, Årsredovisning 2016 (2016), 9.

\(^{165}\) Laxå kommun, Årsredovisning 2018 (2018), 14.

\(^{166}\) Laxå kommun, Årsredovisning 2018 (2018), 15-16.
commented on the increasingly restrictive migration regime at the national level, which is negatively affecting the municipality’s outlook on both the economy and on demographics:

For the next few years and depending on population growth, the economic situation will weaken, and preparations for a more austere economic situation should be planned. […] The migration commitment of Laxå municipality will decrease as a result of the nationally more restrictive refugee policy. This means that population growth and subsidies from the Swedish Migration Agency will also decrease. Since there are more deaths than births in Laxå municipality, the challenge is conferred to increasing the immigration net in new ways.167

The municipality mentions that it needs to increase immigration in new ways, which likely refers to attracting voluntary settlers and residents of other municipalities. The decreasing amount of new arrivals is framed as a loss in terms of financial resources (subsidies) and real resources (people, labour), resulting in a troubled outlook on the prospect of sustaining growth. Laxå municipality experienced positive demographic developments in 2014 and 2016, having accounted for a net increase of 84 and 53 new residents respectively.168 The numbers for 2017 and 2018 are less optimistic, showing a net decrease of -66 and -6 residents respectively.169 Recent data shows that demographic distribution in the municipality has become increasingly uneven. The working age demographic is ultimately larger than the amount of elderly people and youth, but not by a large margin. In 2019, the discrepancy was 89 individuals (Figure 2).

Another prominent issue is the relationship between the municipality and the state, particularly on the principle of funding. Laxå municipality claims that the state has interpreted the principle of funding in a “questionable manner”, which has resulted in additional costs as a consequence of state policies being enacted with disregard for financial compensation.170 An example of such policies include the reception of unaccompanied minors, whose resettlement has primarily been a responsibility of the state. It should be noted that the principle on funding is not negotiated through law, but rather a mutual agreement between actors on the local and national levels. Laxå municipality can be described as being subjected to increased responsibilization by the state in its reception efforts,

169 Ibid.
albeit without the additional funding needed to support its already substantial non-working age demographic.\textsuperscript{171} However, unaccompanied minors will eventually enter the workforce if the local government succeeds with its integration efforts, which serves as a long-term benefit to alleviate the demographic pressure. At the same time, migrants are highly mobile, and there is no way to know whether they will stay or emigrate to other municipalities. A consequence of the conflict with the state is that the municipality will have to restructure and streamline its social services.\textsuperscript{172} As with Åre municipality, this situation involves the risk of fiscal austerity as a result of less public spending and decreased tax revenue.

Laxå municipality has worked extensively with integration in recent years. As previously mentioned, the municipal integration effort has been portrayed as largely successful. The local government has produced several documents detailing and evaluating their integration strategy. The municipality proclaims that it is “absolutely crucial” for the local economy that as many people as possible choose to settle in the municipality.\textsuperscript{173} This is due to the exceptional demographic situation in which the municipality has been fluctuating between net increase and decrease in population count on a yearly basis. According to the local government, a majority of the new arrivals received are voluntary settlers, which means that the local government has to build its strategy on making people want to stay in the municipality. This is also depicted as one of the reasons for the municipality’s fluctuating population count, seeing as new arrivals not only immigrate to the municipality, but emigrate from it.

Laxå municipality’s strategy on integration is largely based on active participation within the labour market, which is facilitated by the local government and individuals alike. In order to ensure

\textsuperscript{171} Ibid.
\textsuperscript{172} Ibid.
that 50 percent of all new arrivals (adults) are self-sufficient by 2020, the local government seeks to involve itself by offering jobs and work placements within the municipal sector, in combination with educational efforts aimed at language training and labour market orientation.\textsuperscript{174} The actual achievement of such goals is described as a responsibility of the municipality. Similarly, the local government seeks to incentivise collaboration with private actors in establishing further employment opportunities.\textsuperscript{175} This is especially important, seeing as the municipality’s small size imposes limitations on its capabilities to create and offer new jobs. Even so, this general outline is very similar to Åre municipality’s integration strategy. They both favour an interventionist approach by their respective local governments in addition to private sector incentives in order to create work opportunities. Another aspect of Laxå’s integration strategy is that it puts emphasis on active participation as an aspect of social inclusion. This includes collaborating with civil society organizations, yearly activities centred around values such as parenthood, gender equality and honour-related violence, the distribution of funds, internships and other activities in favour of “increasing participation among foreign-born individuals”.\textsuperscript{176}

Laxå municipality shares many similarities with Åre in how it structures its economic arguments, meaning arguments in favour of refugee reception. This includes the aforementioned municipality’s view on the real resource potential of refugees. In the case of Laxå, this is primarily expressed through the creation of real resource space that occurs through government spending. Laxå municipality receives financial compensation by the state according to fixed income subsidies for receiving refugees, which was estimated to generate roughly SEK 10 million in set financial income/state subsidies as a result of refugee reception.\textsuperscript{177} In theory, this would generate a generous real resource space for future investments in job creation, training, education programs or local infrastructure. In the context of fiscal worth as a result of tax revenue, the municipality suggests that an inflow of 120 new residents (2019 estimate) would generate approximately SEK 50.000 per capita, or a total of SEK 6 million in annual tax revenue.\textsuperscript{178} The local government projects that a reception rate of 0, meaning no new arrivals at all, would result in between SEK -5-12 million in lost revenue (adjusted for fixed income subsidies and tax revenue).\textsuperscript{179} It should be noted that the establishment program for new arrivals takes roughly 2 years to complete, and new arrivals are seldom employed or in training for the entirety of this period. Still, the municipality appears to be realizing the fiscal and real resource

\textsuperscript{179} Ibid.
potential of refugees, seeing as the creation of 120 new taxpayers in a municipality of less than 6 000 inhabitants has the potential to widen the tax assessment by a relatively large margin.

Critics would argue that fixed income subsidies promote passivity, as municipalities are rewarded for receiving rather than incorporating refugees. There are certainly examples of municipalities that have received many refugees but failed to stimulate sufficient employment measures, whose exposure in mass media has nurtured welfare chauvinist and xenophobic sentiments. If municipalities do not take responsibility for job creation, negotiating and bringing about private sector incentives, such outcomes are certainly possible. Though in the case of Laxå municipality this has not been the case. In 2018, the municipality reported that 84 percent of new arrivals were self-sufficient in a two-year span after their establishment programs were completed, which exceeds the aim of 50 percent by a large margin.\textsuperscript{180} These numbers represent the municipality’s commitment to ‘active’ rather than ‘passive’ integration. Fixed income subsidies are never a liability if municipalities outline functional strategies and adapt new jobs and services to match the demand and real resource potential found in refugee incorporation.

It is now possible to outline two main themes in the analysis: Refugees as fiscal/real resources and responsibilization of municipalities/individuals. These themes have so far been consistent throughout the material and contextualize both municipalities’ strategies on integration in similar ways. Refugees are regarded as a fiscal resource due to their reception and subsequent incorporation resulting in immediate and long-term benefits for the municipalities’ finances, through government spending/fixed income subsidies and the eventual creation of new taxpayers respectively. This is closely linked to how refugees are regarded as a real resource, meaning labour and a means with which the demographic pressure can be alleviated. This resource-centred perspective can be contrasted with popular depictions of refugees as fiscal burdens, or “welfare scroungers”, who do not contribute to society in any given way, shape or form.

Responsibilization, the other main theme, can be divided into municipal and individual subcategories. The municipal subcategory emphasizes the importance of active involvement in securing employment, whether it is through active job creation or private sector incentives. Additionally, further responsibilization has been conferred on the municipalities by the state, which is a result of a conflict on the principle of funding. Individual responsibility is emphasized by the municipalities’ desire to turn refugees and other new arrivals into self-sufficient subjects. While this description makes use of neoliberal terminology, it would be wrong to assume that the municipalities operate on an exclusively neoliberal platform. Rather, the joint responsibilization between individuals

and the municipalities show traits from both neoliberal and Keynesian attitudes to governance, with the addition of the national government’s sound finance framework imposing limitations on the municipalities’ ability to provide new work opportunities and social services.

4.4 Krokom Municipality

The third municipality to be examined is Krokom, which similar to Åre is located in Jämtland county. Krokom consists of roughly 15 000 inhabitants as of 2019, making it the second largest of the municipalities examined in this thesis. Like the previous municipalities, Krokom has generally had positive experiences with recent refugee reception and integration, though it is initially less explicit in how it addresses its successes in relation to the theme of refugees as fiscal/real resources. In 2016, Krokom municipality accounted for a net financial gain of SEK 3 million, which was lower than budgeted by SEK 6.7 million. This result stands out from the other municipalities and may sound measly in comparison. The main reason for this is that Krokom municipality did not account for state subsidies received in relation to the refugee crisis in its 2016 calculus, and the subsequent reallocation of funds to the 2017 budget.\textsuperscript{181} The decision to not account for state subsidies highlights the decisive impact that government spending has on local economies, but also self-awareness and weariness towards the possibility of becoming reliant on subsidies for funding. The municipality suggests that while state subsidies have contributed to a strong result, this result could also nurture a “false sense of security” in that most of the funding was a result of one-time payments made by the government in 2015.\textsuperscript{182}

The local government describes integration and demographic pressure as constituting the most challenging aspects of the local economy in 2017, a somewhat contradictory statement which at first glance would indicate that the municipality is less inclined to view immigration as a potential solution to its demographic woes and decreasing tax assessment.\textsuperscript{183} This is further emphasized by the municipality’s proposed solutions for dealing with future budget imbalances. The proposed solutions include increasing taxes, streamlining municipal services and lessening the municipal ambition level.\textsuperscript{184} None of these proposals include strategic incentives to lessen the demographic pressure and widening the tax assessment through immigration. Instead, the municipality becomes forced to adapt to a neoliberal policy framework with fiscal austerity as a possible outcome due to budget constraints. However, the local government’s incorporation strategy and otherwise positive stance on migration

\textsuperscript{181} Krokom kommun, Årsredovisning 2016 (2016), 18.
\textsuperscript{182} Krokom kommun, Årsredovisning 2016 (2016), 34.
\textsuperscript{183} Krokom kommun, Årsredovisning 2016 (2016), 21.
\textsuperscript{184} Ibid.
is emphasized in other documents. The municipality’s strategic integration guide suggest that the regional strategy is based on a commitment to making new arrivals and voluntary settlers stay, which suggests that several municipalities in Jämtland county share a similar stance on integration as a tool that can be used to ease the demographic pressure. Krokom municipality is among the top municipalities in Sweden in terms of create employment among new arrivals, which in 2016 corresponded with 56 percent of all new arrivals being employed after completing their two-year establishment program. The municipality proclaims that:

Making use of the immigrating population’s vigour, competence and experience by making sure that they are soon able to enter the labour market is both economically profitable, benefits integration, and contributes towards a generally positive attitude towards immigration. The recruitment needs in Krokom municipality will be extensive as a result of retirements at the same time as competition for staff will be high. As an employer, Krokom municipality shall serve as a good example when it comes to offering internship placements and employment opportunities for new arrivals.

This statement outlines several important issues, perhaps most importantly the realization that immigration yields real resource potential as a result of availability of labour. This coincides with an increased demand for labour as a result of retirements, which becomes a means to counteract the decreasing the tax assessment. Like the other municipalities, the municipality situates itself in a position of responsibility, although it is unspecified to which degree private sector incentives are pursued. In 2016, tax revenue reportedly increased as a result of population growth although the local

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185 Krokom kommun, Integrationsstrategi (2017), 5.
186 Krokom kommun, Årsredovisning 2016 (2016), 54.
government projected an increase in costs in areas such as schools and care work.\textsuperscript{188} It is unspecified whether this refers to the needs of migrants, children or the sick and elderly. Regardless, the municipality has reported that costs associated with personal assistance and elderly care constituted the largest deficits in 2016.\textsuperscript{189} Additionally, the local government appears to have realized the potential in creating internships and work placements tailored for new arrivals in areas such as care work, which has helped in alleviating some of the pressure on the municipality’s service capabilities.\textsuperscript{190}

Krokom municipality emphasizes diversity in its strategic integration guide. Diversity is addressed in terms of “importance, benefits and challenges”, which entails some manner of responsibilization on new arrivals in the form of adapting to Swedish laws, norms and customs.\textsuperscript{191} In 2018, the municipality accounted for a net financial gain of SEK 1 million. While this is a positive result, the municipality predicts that its cost and income developments are following a negative trend due to increased expenditures and slow increase in tax revenue.\textsuperscript{192} The general outlook on integration has not changed from 2016. The local government is still positive towards refugee reception following its successful integration policy, but has pointed out that the municipality has continued to receive less refugees on a yearly basis. This has implications for the municipality’s total population count, which has decreased as a result of less reception, in addition to lost income in fixed income subsidies as a result of this development.\textsuperscript{193} Population decline means that demographic pressure continues to build, which corresponds with increased demands on elderly and child care in combination with a decreasing tax assessment.

In 2016, there were roughly 800 more individuals in age group 20-64 compared to age group 0-19 and 65+. In 2019, the difference was approximately 400 more individuals in the first category (Figure 3). This data emphasizes the imminency of demographic pressure, which is producing noticable results at a rapid pace. This differs from how a municipality such as Åre frames its demographic concerns as a generational matter that will prove problematic with time. The successes and challenges of Krokom municipality have been observed in various media outlets, with the municipality receiving praise in its handling of the refugee situation. The demographic situation has been discussed as well, since it is estimated that a third of all municipal employees will retire in the

\textsuperscript{188} Krokom kommun, Årsredovisning 2016 (2016), 19.
\textsuperscript{189} Krokom kommun, Årsredovisning 2016 (2016), 34.
\textsuperscript{190} Krokom kommun, Årsredovisning 2016 (2016), 44.
\textsuperscript{191} Krokom kommun, Integrationsstrategi (2017), 7.
\textsuperscript{192} Krokom kommun, Årsredovisning 2018 (2018), 19.
\textsuperscript{193} Krokom kommun, Årsredovisning 2018 (2018), 48.
span of a decade and will need to be replaced. In 2019, Krokom municipality urged the Swedish Migration Agency to send them additional new arrivals, a request that was denied on a legal basis:

Municipalities have previously challenged the settlement law due to not wanting to receive more refugees. A new form of criticism is now directed towards the law – but for the opposite reason. [...] From Krokom municipality comes a demand that the settlement law, which gives the Swedish Migration Agency the right to distribute new arrivals with residence permits between the municipalities of Sweden, must be changed. [...] – The settlement law says that we must receive 10 new arrivals in the upcoming year. But we are not allowed to receive more. We would like to receive around 50 or even 100 or 150 new arrivals. But we are not allowed to and we think this is wrong, says Elisabeth Wickzell, chief of integration in Krokom municipality.

Krokom receives an exceedingly smaller number of new arrivals, particularly in proportion to its size. In 2019, the municipality received a total of 32 new arrivals, which is less than Åre and Laxå respectively, and the 2020 estimate, as addressed in the previous article, is approximately 10 new arrivals for the entire year. While Krokom municipality does not explicitly emphasize the principle of funding in its conflict with the central government, the municipality is critical towards national legislation as a result of the restrictive migration regime, since it counteracts one of their primary means with which to sustain economic and demographic growth.

4.5 Boden Municipality

Boden municipality is located in Norrbotten county, the northernmost province of Sweden. The municipality had an estimated population of roughly 28,000 individuals in 2019, making it the largest of the municipalities examined in this thesis. In 2016, Boden municipality accounted for a net financial gain of SEK 63.5 million, of which 23.3 million were distributed through state subsidies in relation to the refugee crisis. In 2018, the municipality accounted for a deficit of SEK -14.9 million. The disparity is described in terms of decreased state subsidies in combination with increased staff-related costs and expenses in relation to repairs of municipal property.

Boden is known for its military garrison, which has brought about population growth due to soldiers and other army personnel being positioned in the area. However, this is far from the only way that its population has grown over the years. Newly arrived refugees constitute a significant

portion of its annual population growth, which in 2017 culminated in 189 new arrivals (stretching from 2016-2019). However, population growth has since stagnated and estimates vary between growth and decline. Additionally, the municipality has experienced over a decade’s worth of population decline, having gone from roughly 30,500 residents in 1993 down to 28,000 in 2019. As such, the municipality is positive towards refugee reception, particularly in regards to the prospects of population growth, demographic alleviation and an increased accessibility of labour. In 2016, the chairman of the municipal board proclaimed that:

When the largest refugee flow since the second world war spread across Europe, and some towards Sweden, commentators were worried about its short-term effects on the welfare sector. From my own horizon in Boden, I am more worried about how we are going to manage the long-term manpower issues we are currently facing in the welfare sector. Today’s population of young people in Norrbotten is not enough. We are not seeing increased immigration from other parts of the country. To me, immigration from outside the country is the only realistic alternative, even if it means additional resources for reception, education and establishment.

This excerpt outlines a general disagreement with the popular belief that refugee reception is a cause for increased pressure on social services, nurturing the struggle for resources à la welfare chauvinism. Instead, refugee reception is viewed as the only way for unravelling the long-term consequences of demographic pressure. This view positions new arrivals as a demographic asset, particularly in terms of their real resource potential. This is further emphasized by the local government’s desire of making new arrivals want to stay in the municipality, which is complicated due to the inherent mobility of migrants. Despite facing a deficit in its 2018 budget, the local government has maintained its mindset that refugee reception is imperative for the continued growth of the municipality. Like many other rural municipalities, Boden has a relatively large net migration towards urbanized areas. In a four-year period stretching from 2014-2018, the population has increased by 226 individuals. The local government asserts that this growth would not have been possible without immigration, and without it the municipality’s growth would have been -112 individuals as a result of deaths and a declining birth rate. Population growth can be described as inconsistent despite the recent inflow of refugees and other migrants. Like the other municipalities,
the demographic pressure is noticeable in the form of a decreasing working age population and an increasing number of elderly people and youth (Figure 4). The municipality’s development goal and integration strategy is referred to as “integration as an asset”. The local government favours the involvement of civil society actors and other associations, and has been distributing funds to various projects aimed at assisting new arrivals in their establishment. Additionally, there have been collaboration efforts between local authorities and organization such as the ESF in combining language training with education, internships, supplementary and regular forms of employment.202 In 2016, the unemployment levels in Boden municipality were higher than the national average, though employment levels were described as steadily improving.203 Additionally, the 2018 goal related to unemployment has reportedly been achieved.204 Still, major labour shortages have been identified, particularly in the field of elderly care and healthcare.205

The local government has turned towards integration for potential solutions to this problem. To accommodate this strategy, the local government has been actively working with creating supplementary forms of employment in care work, which allows for increased manpower without the demand for formal and lengthy education backgrounds. These jobs have emerged through the conscious decision to adapt social services to the needs of new arrivals, effectively making jobs more accessible while retaining the benefits of an expanded workforce.206 Civil society contributors are also credited for their involvement in this process, primarily through personal sponsorships and language training. This segment also portrays new arrivals as ‘essential assets’ for the municipal welfare sector, particularly in regards to their involvement in care work. This portrayal perfectly

encapsulates what it means to view refugees as a real resource. The potential of their labour is considered when finding solutions for ongoing problems, which the municipality is managing as its own area of responsibility.

There are, however, certain aspects that portray integration as a challenge that has not yet been overcome. Labour market integration is one case in point. While the unemployment situation has previously been described as unfolding in a favourable manner, overall unemployment is still higher than the national average. Additionally, the municipality proclaims that despite the demand for labour being high, employers are having a hard time finding qualified labour.207 Another prominent example is segregation, particularly in regards to the overall housing situation and in schools.208 The local government acknowledges that it needs to address various socio-economic issues that lay the foundation for segregation in the first place, such as levels of education and income disparities. As such, the municipality reckons that it must prioritize methods of raising the level of attractiveness of certain areas, so that “municipal residents may seek residential areas that previously may not have been perceived as first-hand alternatives”209 While the root causes for segregation are not addressed explicitly, it is implied that the primary cause for segregation is that of avoidance, which gives some credibility to the ethnic flight/avoidance assessment of Müller et. al. The discussion of segregation and socio-economic disparities serves as an ample criticism of conventional discourses on integration. While employment figures provide feedback on the level of effectiveness of integration policies, variables such as segregation and income disparities give rise to a more nuanced discussion on the distribution of resources in society. By only gauging integration in terms of employment, issues such as precarization, labour segmentation and poverty may be lost altogether.

4.6 Sollefteå Municipality

Sollefteå is a municipality located in the province of Ångermanland, which is situated in the north-eastern county of Västernorrland. Its 2019 population count was estimated at roughly 19 100 individuals, making it the second largest of the municipalities examined in this thesis. In 2016, the municipality accounted for a net financial gain of SEK 65 million, including state subsidies in relation to the refugee crisis.210 This result overshadows the budgeted 19.4 million by a large margin. Similar to Krokom, Sollefteå municipality has reallocated funds from state subsidies to future budgets in order to cover future costs related to its migration commitment. However, unlike Krokom

municipality, these funds are still accounted for in the 2016 report.\footnote{Ibid.} In 2018, the municipality accounted for a net deficit of SEK -13.7 million, or SEK -2.7 million including funds reallocated from previous years.\footnote{Ibid.}

The municipality’s stance on migration can be described as mixed in that several negative experiences can be identified. As for the latter, migration is defined as a cost factor in relation to low employment among refugees, making them appear as fiscal burdens rather than resources. The municipality has also received negative coverage in news media due to excessive costs in maintaining protected residency of women and children, which has been discussed in terms of honour-related violence. The cost factor is emphasized in the 2018 report alongside increased costs for insurance in relation to personal assistance.\footnote{Ibid.}

Sollefteå municipality has generally had a less successful experience with labour market integration than the other municipalities, with 3.7 percentage points higher unemployment rate than the national average in 2016, which is further linked to unemployment among foreign-born individuals (48.6 percent).\footnote{Sollefteå kommun, Årsredovisning 2016 (2016), 4.} However, it should be noted that employment among new arrivals has been steadily increasing since then. In 2017, Sollefteå municipality saw an increase in employment among foreign-born individuals by 8.4 percent higher than anticipated, which is higher than any other municipality in Västernorrland county.\footnote{Sollefteå kommun (2017), ”Flyktningar får jobb i större utsträckning än förväntat”, Available at: https://www.solleftea.se/kommunpolitik/nyheter/20172018/flyktingarfarjobbhistorreutstrackninganforvantat.5.715efadf15b5c5c37a61bb.html [Accessed 2020-04-28].} In 2018, unemployment among foreign born individuals was at 35.9 percent, which while still relatively high is a significant improvement from 2016.\footnote{Sollefteå kommun, Årsredovisning 2018 (2018), 3.} This shows that the local government’s integration strategy has made progress. In strategic terms, the municipality seeks to involve itself directly in the job creation process:

Sollefteå municipality shall offer internship placements to at least the same degree as in private business. The municipal labour market department shall have a central role together with the Swedish Public Employment Service and individuals in creating meaningful and prospective activities with the aim that new arrivals are established on the regular labour market.\footnote{Sollefteå kommun, Mål och inriktning för integration och flyktingmottagande (2019), 3.}

This statement represents a similar stance as the other municipalities in that it argues that local governments should become involved in facilitating employment. However, this incentive does not
appear to be structured around creating additional, permanent jobs, since there is an innate distinction between ‘meaningful activities’ and ‘the regular labour market’ in this statement. However, this most likely refers to supplemented work placements similar to how other municipalities have facilitated the creation of new permanent and supplementary jobs according to labour shortages. Government spending can help facilitate such strategies, which is made evident in the case of Sollefteå. In 2018, the national government financed the creation of 50 supplementary jobs in the municipality’s welfare sector, which benefitted the municipality in reducing unemployment rates while simultaneously receiving financial benefits in compensation for the new wages. This was part of a national effort in creating thousands of new “extra jobs” (extratjänster) for the long-term unemployed and newly arrived refugees. This outcome has been praised as a success benefitting all involved parties – the municipality receives subsidies and labour, those affected gain employment, and the municipality receives increased tax revenue as a result. Additionally, these individuals no longer have to rely on social welfare for continued survival, which is otherwise financed by tax money. This example demonstrates how the national government, through its ability to freely facilitate and spend its currency, can help stimulate employment measures that help transform new arrivals into both fiscal and real resources. They become a resource to the extent that the municipality benefits from their employment, which is facilitated through both government spending and their direct contribution to the local economy as taxpayers.

What appears to be the most prominent issue related to the municipality’s stance on migration can be found in the demographic question. Despite its relatively large size compared to the other municipalities under study, Sollefteå has been subjected to population decline for several consecutive years. Coupled with an unfavourable demographic composition where the non-working age demographic is almost as large as the working age demographic, the municipality is facing population decline in terms of both net-emigration and a birth deficit. However, the 2016 outlook was positive. The total population count increased by 63 individuals, and the municipality reckoned that its population would continue to grow despite decreasing migration inflows. The outlook for 2018 was less positive. Instead of growth, the municipality accounted for a net decrease of -209 individuals, which is attributed to the arrival of fewer new arrivals in addition to migrants and other residents emigrating from the municipality.

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Sollefteå has seen the steepest decline in its working age population of all the municipalities examined in this thesis, stretching from 2016-2019. In 2019, the number of residents in age group 0-19 and 65+ had almost exceeded the working age demographic. At the same time, the number of refugees received in the municipality had continued to decline (Figure 5). This indicates the largest potential gap in tax revenue among all the municipalities examined in this thesis, which raises concerns about lost income in terms of omitted subsidies and tax revenue. Interestingly enough, unlike Boden (which has a less imbalanced demographic composition), Sollefteå does not explicitly frame its elderly care services as being encumbered and in need of additional manpower. This could be a result of different budgeting strategies between the municipalities. Sollefteå has also found itself in dispute with the Swedish Migration Agency and the central government over reception, responsibilization and funding. In September of 2019, the vice-chairman of the municipal board proclaimed that:

We have historically taken a huge responsibility regarding refugee reception. In the last few years Sollefteå has been among the municipalities that have received the most refugees per capita. It would be regrettable if the Migration Agency discontinued its activities in Sollefteå. It would affect property owners that the agency has agreements with, and many would be forced to move from a place in which they have received a warm welcome from engaged people and associations. [...] In the last few years, the state and the Migration Agency have implemented an enormous transfer of charges to the municipalities. This must cease. [...] For a municipality such as Sollefteå this is a hard blow to the municipal economy. We therefore believe that the Migration Agency should pay and cover the costs of its activities.221

Figure 5: Sollefteå municipality – Number of refugees received in relation to demographic distribution (Kolada, 2020).

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221 Sollefteå kommun (2019), “Sollefteå ställer krav på Migrationsverket inför lokaliserings”, Available at: https://www.solleftea.se/kommunpolitik/nyheter/2019/sollefteastallerkravpamigrationsverketinförlokaliserings.5.32ba3d2416a8d035914e76e.html [Accessed 2020-05-01].
This statement gives several hints as to how the local government asserts itself against the prospect of further immigration. It is phrased in a manner that reflects a desire in making new arrivals want to stay, which would be much harder to accomplish if the Swedish Migration Agency relocates its regional offices. The principle of funding makes a return as one of the primary causes for continued conflict between the local and central governments, once again highlighting the central government’s responsibilization of the municipalities as a consequence of its return to sound finance. In summary, while Sollefteå municipality appears to be explicitly less positive towards refugee reception, recent demographic issues such as emigration, ageing and a continued birth deficit have resulted in the local government adapting to this reality, having begun viewing new arrivals as a demographic asset. This is due to the municipality suffering from a steep decline in its working age population, more so than any other municipality under study. This illustrates the extent to which demographic stagnation affects public finances, and that local governments do not have to be thoroughly convinced through cases of successful integration in order to realize this issue.

Along with the findings in relation to Boden, the case of Sollefteå serves as an illustration of the third and final theme: Refugees as a demographic asset. While this theme is by no means exclusive to Boden and Sollefteå, nor mutually exclusive with the other themes, it does serve a unique function compared to the other themes. Whereas the view of refugees as fiscal/real resources emphasize a somewhat clear linkage with favourable employment figures, the ‘refugees as a demographic asset’-theme does not. Despite comparatively worse results in areas such as labour market integration and segregation, these municipalities have realized the importance of creating a means with which to cope with their ageing populations, even if the benefits are not noticeable immediately.
5. Conclusion

The aim of this thesis has been to examine refugee reception and integration in relation to the central government and the selected municipalities’ respective stance on these matters. The thematic and qualitative content analysis frameworks employed in the thesis have both confirmed and refuted many of my preconceived notions concerning this topic.

5.1 Summary of Results in Relation to Aim and Research Questions

The first research question (How are refugees portrayed in relation to rural Swedish municipalities?) was intentionally formulated in an open manner, so that it would allow for an inductive approach without imposing any strict criteria that would impose limits upon the material, e.g. all municipalities sharing identical experiences with labour market integration, geographical proportions etc. As such, while the municipalities examined throughout this thesis were of similar size, their respective experiences with integration and susceptibility towards demographic pressure have varied. Despite these differences, all of the municipalities were positive towards refugee reception, even if their experiences with integration varied. This positive attitude stems from the municipalities having realized the fiscal and real resource potential that comes with population increase as a result of immigration. If not for immediate economic gain, refugees and other new arrivals were frequently seen as demographic assets. Their settlement, continued residency and establishment on the local labour market has helped reinvigorate the local economy, either by accommodating increased income subsidies from the state, or through direct contribution in the form of labour, thus increasing the municipal tax assessment. Even in cases where labour market integration has been comparatively less successful have refugees proved to be an important demographic asset, particularly in terms of balancing ageing populations.

Most municipalities have taken responsibility for the creation of new jobs directly, through private sector incentives or through participation of civil society actors. From a theoretical standpoint the municipalities have employed a combination of direct job creation in approximation of JG-inspired policies, and private sector incentives, which generally differ from how the central government issues policy directives. From an MMT-perspective, this approach can be likened to functional finance in that the local governments attempt to address local labour shortages and other issues with the resources given to them. From a real resource perspective, the municipalities have been given labour that they have since attempted to make use of through local government initiatives, sometimes supported by the central government. While local governments are required by law to sustain a balanced budget, this does not prevent them from pursuing de-facto functional finance when they have sufficient financial means to do so, which they had in the immediate aftermath of the large
refugee reception in 2015. From a fiscal resource perspective, however, limits imposed by the central government in the form of increased responsibilization, cost transfers and decreased fixed income subsidies have resulted in the municipalities being forced to adopt austere policies aimed at ensuring fiscal balance.

Responsibility has been a recurring theme throughout this thesis. While the selected municipalities have generally taken initiatives in their pursuit of integration measures, refugees and new arrivals are also subjected to responsibilization in the form of becoming ‘responsible, self-sufficient citizens’ in conjunction with neoliberal national and EU citizenship ideals. Social inclusion is another aspect of integration which has been addressed by the municipalities. Rather than focusing on citizenship as the end-goal of their integration strategy, most of the municipalities have attempted to bring about participation through work, ignoring, to an extent, the institutional barriers of citizenship found in Balibar’s discussion. There exists a duality in the portrayal of citizenship, in which neoliberal citizenship is contrasted with traditional Keynesian and social democratic values.

Municipal self-responsibilization is a decisive factor in fostering successful labour market integration. Rather than relying on government agencies for creating and managing new jobs, municipalities have shown that direct action and determination goes a long way in fostering healthy and positive experiences of integration.

The second research question (What disagreements, conflicts of interests and contradictory perceptions exist between local and national accounts of refugee incorporation?) has been addressed on two levels. Initially, governmental sources such as budget propositions in the area of migration, equality and integration, and publications by the Ministry of Finance were consulted. The central government has transitioned from having spearheaded the European reception effort during the height of the refugee crisis, to participating in the EU race to the bottom in pursuit of an increasingly strict migration regime. This has occurred despite the central government claiming that it champions the right to asylum.

The central government and its institutions have argued that recent refugee reception has been a costly affair, despite claiming that an influx of people could potentially address problems related to labour shortages and demographic woes. As such, there are several contradictions in how the government has asserted itself against ideals compared to the turnout of its actions. The opposite can be said for the selected municipalities. For them recent refugee immigration has stimulated economic and demographic growth, and some of the municipalities have actively asked to receive additional new arrivals, despite the settlement law imposing limitations on how many refugees these municipalities are allowed to receive. This has been a point of contention between the central government and the municipalities and serves as one of the primary points as to why the central
government’s restrictive stance on migration should not be seen as something universally accepted by the Swedish municipalities. Rather, demographic stagnation and continued ageing has proven to be entirely detrimental to local welfare services, staff shortages and overall social, economic and financial health. As previously mentioned, another point of contention is the responsibilization of the municipalities by the state, in which central government agencies have transferred much of the costs of their activities to local administrations. Combined, these factors create contradictory perceptions on the effects of refugee reception and integration. While the central government views its asylum policy as a liability, rural municipalities have managed to secure a valuable resource, new potential residents, which has become hard to come by in times of declining births, emigration and otherwise great demographic stress. As such, while many municipalities conform with the central government’s restrictive asylum policy, many others actively dispute the claim that less immigration equals financial benefits.

The third research question (From a macroeconomic perspective, what explanations can be attributed to government fiscal policy and public spending in relation to refugee reception and integration?) was meant to capture the theoretical essence of government spending in relation to the refugee crisis and the time period stretching beyond this event. The question primarily addresses the central government’s stance on fiscal policy, although the municipalities are still very much affected by national fiscal policy outcomes. The central government has shown reluctance in continuing its previously ‘generous’ migration policy, claiming that it has been fiscally unsustainable in terms of public expenditure that jeopardizes Sweden’s surplus target and overall fiscal framework. The 2016 economic boom resulted in a strong economic result, and GDP growth has been considerably better than what the Ministry of Finance and its auxiliary offices had predicted. While government actors have been reluctant to attribute this result to government spending in relation to the refugee crisis, there is enough evidence to suggest that increased consumption (as stimulated by increased government spending and investments) has been more significant to economic growth than government officials would care to admit. Additionally, while the central government has proclaimed that funding the activities of the Swedish Migration Agency is its own area of responsibility, this view is contested by the municipalities, many of whom are claiming that government agencies have transferred costs onto the municipalities. This, in combination with decreasing government subsidies as a result of less public spending, has resulted in many municipalities facing new economic difficulties. From the standpoint of MMT, this situation illustrates the arbitrary nature of sound finance, seeing as the central government could (and did) spend money in order to address and solve real problems. By imposing limits on how it can spend, the central government is retreating from a policy doctrine that has proven to be mutually beneficial for the central and local governments alike.
5.2 Concluding Discussion: What Lies Ahead of Us?

In sharp contrast with the views pedalled by the central government and much of the public debate, Sweden’s increasingly restrictive asylum policy is not necessarily the answer to many of the problems faced by rural Swedish municipalities. It should be noted that the selected municipalities in this thesis do not reflect a hegemonic discourse of refugee reception and integration. Nevertheless, their experiences serve as a powerful counter-discourse to popular xenophobic, anti-immigrant or welfare chauvinist narratives and accounts of refugee reception. The demographic challenge shows that migration is crucial for the continued growth of Swedish municipalities, which is not only affected by immigration to the municipalities, but emigration from them.

The refugee crisis challenged the readiness of the central government, which was forced to temporarily and reluctantly suspend its sound fiscal framework in favour of de-facto functional finance. While the refugee crisis is often thought of in terms of a crisis that has been overcome, there are still myriads of socio-economic issues that need to be addressed. Housing, for instance, while not brought up to any greater extent in this thesis, permeated all of the municipalities’ discussions on how to sustain growth. There are also reasons to challenge the very notion of a refugee crisis to begin with. In economic terms, Sweden went through a major growth cycle during and in the aftermath of the crisis. The socio-economic consequences of segregated living, labour segmentation and income disparities between natives and foreign-born individuals would be a more suitable topic for discussions on social crises.

While GDP is a flawed unit of measurement since it disregards distribution of wealth, it still indicates the sum of economic growth or decline during an economic cycle. The central government profited from the refugee crisis, seemingly without realizing it. There was an awakening that showed that abandoning sound finance is not only feasible, but also beneficial in terms of nurturing an active rather than passive economy, acting in the public interest rather than the interest of a fiscal target. As such, the refugee crisis caused the central government to “kickstart” the welfare sector through increased spending. It is possible to speak of dichotomies of utility: The central government sees utility in imposing an increasingly restrictive migration policy, since the previous migration regime was deemed a fiscal liability. The opposite can be said for the municipalities examined in this thesis. They find utility in cases of successful integration, a contributing factor for economic growth which has faded in tandem with the new migration regime.

The selected municipalities represent a small fraction of all Swedish municipalities. As such, I do not claim that their experiences are universally applicable across all municipalities in Sweden. Despite this, their situation is certainly not unique, and perhaps it is possible to learn something from their experiences with integration. To add to this discussion, while refugees are addressed as
economic assets, the underlying motivation for accepting refugees is primarily that of commitment to the humanitarian cause, safeguarding fundamental human rights as a moral obligation or duty. The primary motivation behind the central government’s acceptance of refugees in 2014 and beyond was certainly not to make money, even if the actual outcome of the refugee crisis makes it empirically evident that profits were made. As such, refugees should not be viewed as a source of capital that should be exploited for the benefit of employers and shareholders, or that they are welcome only if they can provide a source of labour, similar to the notion of differential exclusion. As shown by Vesterberg, migrant experiences and subjectivities are important since they may challenge the way successful integration is portrayed, monitored and reported, which admittedly is a flaw of this thesis.

While my own macroeconomic knowledge is limited, I hope there will be future discussions on public spending not limited to times of crisis. Perhaps the ongoing COVID-19 pandemic will serve as an incentive to pursue functional finance, which as of writing this chapter has already been cause for increased public spending. The readiness of the municipalities (or lack thereof) and the inaccessibility of real resources such as healthcare personnel and ICU beds will require the central government to spend more than it normally would. After all, fiscal balance should not be viewed as more important than the wellbeing of the population. An economy that disregards peoples’ safety in favour of pursuing a fiscal surplus target is not only immoral, but cruel. There is no guarantee as for what will happen once the pandemic is over. The central government may revert to its pre-crisis sound finance framework, similar to the aftermath of the refugee crisis. Or perhaps it will realize the benefits of maintaining functional finance by increasing its regular spending. As of right now, nothing is carved in stone. However, the current economic situation is vastly different from that of the refugee crisis – companies are closing down, unemployment is skyrocketing and GDP growth is plummeting. Perhaps this ordeal will shed light on what it means to go through an actual crisis. Until then, we will simply have to wait and see for ourselves.
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6. Appendix

Coding Frame: Refugee Reception in Swedish Rural Municipalities

Refugees as a resource

- Fiscal
  - Tax revenue
  - Fixed income subsidies
  - General subsidies
- Real
  - Labour
  - Demographic alleviation

Risks/liabilities

- Funding
  - Cost factor
  - Low equity ratio
  - Decreased subsidies
- Integration
  - Unemployment
  - Segregation

Responsibilization

- Municipalities
  - Job creation
  - Private sector incentives
  - Cost transfer
- Individuals
  - Self-sufficiency
  - Socio-cultural values