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Socio-Economic Trends in the Swedish Taxi Sector – Deregulation, Recommodification, Ethnification

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This paper addresses the socio-economic consequences of the rapid deregulation of the Swedish taxi sector in the early 1990s. The deregulated taxi sector is illustrative of the ethnic labour market segmentation brought about by the evolution of the Swedish model from the universal welfare state, relying on “decommodifying” social policies, towards flexible solutions and related recommodifying labour market policies. We analyse the income, education and ethnic background of those workers for whom the taxi sector was the largest source of income during the period 1990–2004. An important result of our analysis is that since deregulation it has been more usual for foreign-born citizens to become involved in the taxi business, mainly because discriminatory entry barriers have been removed. But our findings also indicate that they have not been integrated in the sector under the same conditions as Swedish-born workers. Although better educated, they derive smaller incomes from the taxi sector than their Swedish-born colleagues. They also receive a higher proportion of social insurance allowances, higher unemployment benefits, and less income from education allowances than the Swedish-born. Altogether, foreign-born workers in the sector have smaller disposable incomes than their Swedish-born counterparts. Compared with the general foreign-born population, however, they have on average fewer social insurance allowances, more unemployment benefits, and less income from education allowances. It seems that an ethnically segmented labour market nevertheless makes it more profitable for the foreign-born to work in the taxi sector than in other sectors or to remain unemployed. Finally, our findings show how sectors with deteriorating working conditions on the one hand appear to offer attractive employment opportunities for foreign-born citizens, while on the other hand they have another (un)intended consequence: foreign workers are the most severely affected by the changing relations between the labour market and social policy.

During the last two decades or so the traditional welfare regulatory regimes have been exposed to increasing pressure to adjust to new economic trends.
Indeed, within European welfare regimes it is possible to trace a clear trend of change. The traditional welfare model, characterised by a focus on full employment, stable and consistent social policy, the state as guarantor of economic growth as well as social cohesion and welfare security, has undergone a dramatic transformation. The focus has shifted towards flexible employment as well as self-employment. Social politics has been increasingly subordinated to economic politics, and responsibility for market failures has been moved from the state and economy to individuals (Jessop 1999, 2002). At the same time political discourse has become marked by a shift from welfare rights to welfare responsibility, from “passive” to “active” social programmes, from welfare protection to welfare support, from policies of full employment to policies of “full employability” (Papadopoulos 2005). Accordingly, the state has increasingly abandoned its traditional role as “decommodifying agent”, and replaced it with the role of “commodifying agent” (Cerny 1999). This does not imply the retreat of the state but rather an operation by which the welfare state intervenes in a way that is in harmony with the interests of the market. Chris Holden (2003), referring to Claus Offe (1984), describes such policy strategies as “administrative recommodification”. At the same time a general political consensus has been established that identifies international competitiveness as the most important criterion for policy success, which definitively transforms the welfare state into the “competition state” (Cerny 1999).

The trends of general transformation, as briefly sketched above, are apparently shifting the course of societal development away from decommodification, i.e. decoupling labour’s well-being from the market value of its work (Esping-Andersen 1990), increasingly towards recommodification, i.e. the process of recoupling welfare rights to the market value of labour. In other words, each and every citizen’s standard of living and material security is again becoming directly connected to the price that they would be able to command for their work in the open (capitalistic) labour market. Indeed, empirical studies provide evidence of ongoing recommodification processes in contemporary welfare states both within and outside the work arena (Siegel 2004; Papadopoulos 2005).

Sweden, whose political model has traditionally been regarded as the perfect embodiment of the social democratic welfare regime, where the process of decommodification had gone furthest, has also been seriously affected by these changes. The old model, during the 1990s, was increasingly replaced by the so-called “new Swedish model” (Schierup et al. 2006: 304), marked by neoliberal solutions, which led to the “bifurcation of the labour market, a rising number of ‘working poor’, and ‘workfare’ practices” (ibid: 206). This polarisation resulted in growing income inequalities; Sweden was in fact the country with the relatively fastest-growing inequalities among the OECD countries during this period (Vogel 2003).

Groups and individuals who were already occupying the lowest positions in society’s economic and political hierarchies, in particular immigrants, were in
practice the most severely affected by the processes described above. Trends that were evident during the 1970s and 1980s became especially manifest during the 1990s. Immigrants had not only unequal access to the labour market but also weaker positions, including lower incomes, once they did manage to join the labour market (Hjerm 2005). The phenomenon of discrimination within employment, or exclusion in employment (Cross and Moore 2002), is marked by the fact that immigrants are overrepresented in so-called atypical forms of employment (part-time, short-time or projected jobs) (Jonsson and Wallette 2001), as well as in jobs where little or no education is required (ibid: 166). This affects everyone, regardless of education. Furthermore, immigrants with higher education are even more affected by exclusion processes (Urban 2007).

At the same time, self-employment became increasingly perceived as a sort of panacea for all the economic and political problems that Sweden was exposed to (Slavnic 2004). Basically, small businesses were expected not only to enhance the flexibility of the economic system as a whole, but also to help the recovery of the welfare system (Persson 1997). Immigrants’ small businesses were expected partly to decrease rates of unemployment among immigrants and partly in more general terms to contribute to the process of integrating immigrants into Swedish society (SOU 1996; SOU 1999a).

What has actually happened is that the share of immigrants’ small businesses has continually increased since 1992 (Najib 1999). But research in this field also shows that the growing number of immigrant small business owners actually reflects their marginalised position in society, where high unemployment rates as well as discrimination in the labour market force them into self-employment (Khosravi 2001; Darin 2006). Unfortunately, not even self-employment saves them from the experience of economic insecurity and social exclusion (Slavnic 2001; Ålund 2003; Abbasian 2001). Indeed, most of the immigrants who are self-employed are worse off than immigrants in regular employment (Hjerm 2001, 2004).

In sum, all these processes may be described as part of a general process of ethnic segmentation of the labour market, whereby ethnic and class inequalities reinforce each other, so creating a Swedish vertical mosaic, i.e. the kind of economic, political and social relationships in which different ethnic groups are placed in different strata of the social hierarchy, with different levels of political and economic rights as well as welfare security (Ålund and Schierup, 1991, Schierup et al. 2006). While on the one hand it becomes increasingly difficult for immigrants to get high-status jobs, on the other hand obstacles to employment in low-status jobs disappear (Schierup et al. 2006). Ethnic segmentation processes have become especially visible in the Swedish taxi sector. The aim of this paper is to shed more light on how these processes have been manifested. The socio-economic consequences of the rapid deregulation of the taxi sector in Sweden in the early 1990s are investigated. We analyse the income, education and ethnic background of those people for whom the taxi sector was the largest source of income during the period 1990–2004.
Deregulation of the Swedish taxi sector

One of the most common strategies employed as a measure of economic politics in Sweden in response to the “threat of globalisation” was deregulation. A number of previously strictly regulated economic sectors (electricity, domestic air traffic, postal services, rail and taxi services and telecommunications) have been deregulated. Deregulation was perceived as a universal “recipe” for economic recovery (Bengtsson et al. 2000). When considering the taxi industry in this context, we should bear in mind that, according to Laitila et al. (1995: 9), it was intended to be a sort of general rehearsal making it easier for further deregulations to be realised. This is one of the reasons why taxi deregulation was more radical and all-embracing than deregulation in most other industries (Marell and Westin 2000, 2002). It was also organised and scheduled very carefully. Among other things, all parts of the project were implemented on the same day (further discussed in the following section).

The underlying reason behind the deregulation of the taxi industry was that regulation had been increasingly experienced as an organisational mode that impaired the efficiency of the taxi market. Instead, free and fair competition came to be viewed as an alternative mode that was more likely to improve the efficiency of the industry, resulting in higher quality and lower prices (Laitila et al. 1995). However, in reality, although the market was liberalised, i.e. formal measures of state regulation were removed, higher efficiency was not achieved. While it is true that a somewhat better quality of service was realised, and even lower prices for some customers, for example in the public sector, this did not reflect higher efficiency but rather changes in the income distribution between the actors involved.

Expected improvements in efficiency thus did not occur – rather the opposite happened. The period after deregulation was characterised by a clear trend, the lowering of efficiency in terms of the decreasing number of rides per vehicle and working day; even time productivity, i.e. the relationship between paid time and total working time, decreased (Laitila et al. 1995; Marell and Westin 2000, 2002). This meant that a greater number of vehicles was competing for the same number of rides, or, from the point of view of the drivers themselves, it meant that they were forced to work longer hours to be able to earn the same wage. At the same time the wage system for taxi drivers was changed towards so-called “payment by result” (NUTEK 1996:67, pp. 20), which actually meant that, especially within the larger taxi companies, the extra costs caused by lower efficiency were simply transferred to the employees, i.e. taxi drivers.

The deregulation of the Swedish taxi sector provides a good example of a retreat by the state from its responsibilities, as well of a shift of responsibility from the public sector to the private sector (Laitila et al. 1995: 9). It is also an example, we would argue, of how responsibility for market failure moves from both public and private sectors to the individual employees in big taxi companies, and/or to small (one-car) companies operating within the sector.
In relation to this, the issue of concealed income as part of tax evasion, which seems to be extensive within this sector (SOU 1997: 111, SOU 1999b: 60, SOU 2004: 102), needs to be discussed before we present results of our analysis.

The Swedish tax authorities estimate that annual tax revenues fall short by approximately 4 billion kronor (SEK) in 2004 as a result of different kinds of tax evasion within the taxi sector, which is 20–25 per cent of the total annual turnover of the sector (SOU 2004: 102). In their report on purchasing and performing undeclared work in Sweden from 2006 (Skatteverket 2006) the tax authorities estimated, by tax auditing, that concealed income from work in the taxi sector, expressed as an addition to the white reported income from work, is 37 per cent. This means that for each SEK100 of declared income there are SEK37 of undeclared income. Compared with other industries this is a rather high percentage of concealed income, but still quite moderate compared with those who occupied the top positions, e.g. hair care and beauty salons (45 per cent), restaurants and bars (52 per cent), forestry (55 per cent), agriculture (67 per cent), fishing (77 per cent) (ibid.: 51). Generally, however, this type of estimation has proved to be rather unreliable. The above quoted report is based in the first place on the indirect, production/income/expenditure discrepancies method, which according to the authors themselves can explain only 75 per cent of these discrepancies. The following detail relating to our work on taxi sector is quite illustrative on this kind of statistical uncertainty.

In official information released by the Swedish tax authorities on 11 October 2006, new statistics were presented about tax evasion within the taxi sector. The new estimation is between SEK1.5 billion and SEK2 billion, which was considerably less than the figures presented in the official government report of 2004 (SOU 2004: 102). In a telephone interview, a senior tax official explained to us that the authorities in principle do not operate with definite knowledge in these matters, but only with estimates. So tax evasion in the taxi industry which was estimated at SEK 4 billion two years ago is now estimated at half of this amount, and that is it. The official could not see any problem in this.

All this implies that we have not been able either to systematically calculate the impact of undeclared incomes on our results, or to measure the socio-ethnic differences in tax evasion. We have however been aware, as well as attempting to keep readers aware, of the fact that a significant part of income may have been undeclared, which to some extent leaves our conclusions open to alternative explanations.

**Trends in income, education level and ethnicity within the taxi sector (1990–2002)**

In this section we analyse the income, education and ethnic background of taxi sector workers. The results make it clear that immigrants have been increasingly
likely to work in the sector, while their Swedish-born colleagues work there in the same proportion as before the 1990s. As the overall proportion of immigrants in the Swedish population has also risen, this means that the proportion of immigrants in the taxi sector has increased considerably. The data used in the present analyses have been taken from a longitudinal database on education, income and occupation (LOUISE/LISA)\(^1\). In what follows, persons for whom the taxi sector is their largest source of income\(^2\) are regarded as persons working within the taxi sector. Swedish-born persons are compared with foreign-born persons, and North West-born (NW-born) persons are compared with persons born Outside North West (ONW). NW-countries are Australia, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, “other West European countries”, the United Kingdom and the United States. All the others are ONW countries.

The proportion of the whole population working in the taxi sector in Sweden has been relatively constant at approximately 0.3 per cent during the period 1990–2004, even if the number itself has increased slightly (from 20,382 to 22,953). However, the ethnic composition of the sector has changed. Analysis of our data shows that the proportion of immigrants in the taxi sector has increased by much more than could be explained by the increasing proportion of immigrants in the total population (see Table 1).

Our figures indicate that the proportion of Swedish-born people for whom the taxi industry is the largest source of income has been practically constant during the period 1990–2004. At the same time the proportion of foreign-born taxi workers has increased from 0.3 per cent to 0.6 per cent, that is to say, the “risk” of being employed within the taxi sector has doubled for these people. The share of ONW-born people has increased from 0.3 per cent to 0.9 per cent, which means that during this period these people became three times more likely to work in the taxi sector. Furthermore, if we bear in mind that the proportion of foreign-born people in the general population has also increased during the same period, the change in the proportion of foreign-born, and especially ONW-born, people in the Swedish taxi sector is even greater. As an illustration, foreign-born persons accounted for 9.9 per cent of all workers in the taxi sector in 1990. In 2004, 28 per cent of all taxi sector workers were foreign-born; in 1990 5.4 per cent were born in ONW-countries, and in 2004 25.9 per cent were.

Table 1: Workers for whom the taxi sector is the largest source of income, born in different geographical regions (1990–2004)

\(^1\) LOUISE/LISA is collected from various official registers at Statistics Sweden (SCB 2005) and covers the entire Swedish population (all individuals from the age of 16 and older registered in Sweden on 31 December in a given year) from 1990 until 2002. The name of the database was changed from LOUISE to LISA in 2003 and 2004.

\(^2\) The sector code (Swedish sector code, SNI 92 and SNI 2002) refers to the work site that was the largest source of income from work in November of a given year.
We have also examined the proportion of the “second generation” of immigrants, which is defined in this paper as persons born in Sweden with both parents born outside Sweden. However, only a few (about 0.1 per cent or less) of those born in Sweden with both parents born outside Sweden were taxi workers. As a shortfall in the data in respect of the country of birth enhances the number of those who were coded ONW, it is an issue of oversubscription rather than undersubscription. In other words, lack of data on parents’ country of birth does not explain the low proportion of taxi drivers among those with two foreign-born parents.

An alternative interpretation may be that the second generation of immigrants to a greater extent avoids professions that are labelled “ethnic”. Despite this, it is important to point out that the majority of people working in the Swedish taxi sector are Swedish-born, with two Swedish-born parents. Of all individuals in Sweden for whom the taxi business was the largest source of income in 2004,

Table: Socio-Economic Trends in the Swedish Taxi Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Swedish-born, taxi sector largest income source</th>
<th>Foreign-born, taxi sector largest income source</th>
<th>NW-born, taxi sector largest income source</th>
<th>ONW-born, taxi sector largest income source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>% of all Swedish-born population</td>
<td>Number</td>
<td>% of all foreign-born population</td>
</tr>
<tr>
<td>1990</td>
<td>17 829</td>
<td>0.3</td>
<td>1 974</td>
<td>0.3</td>
</tr>
<tr>
<td>1991</td>
<td>19 052</td>
<td>0.3</td>
<td>2 177</td>
<td>0.3</td>
</tr>
<tr>
<td>1992</td>
<td>19 023</td>
<td>0.3</td>
<td>2 316</td>
<td>0.3</td>
</tr>
<tr>
<td>1993</td>
<td>18 719</td>
<td>0.3</td>
<td>2 361</td>
<td>0.3</td>
</tr>
<tr>
<td>1994</td>
<td>16 910</td>
<td>0.3</td>
<td>2 622</td>
<td>0.3</td>
</tr>
<tr>
<td>1995</td>
<td>16 641</td>
<td>0.3</td>
<td>2 735</td>
<td>0.3</td>
</tr>
<tr>
<td>1996</td>
<td>16 769</td>
<td>0.3</td>
<td>3 051</td>
<td>0.4</td>
</tr>
<tr>
<td>1997</td>
<td>16 650</td>
<td>0.3</td>
<td>3 456</td>
<td>0.4</td>
</tr>
<tr>
<td>1998</td>
<td>16 213</td>
<td>0.3</td>
<td>3 748</td>
<td>0.4</td>
</tr>
<tr>
<td>1999</td>
<td>16 327</td>
<td>0.3</td>
<td>4 180</td>
<td>0.5</td>
</tr>
<tr>
<td>2000</td>
<td>16 232</td>
<td>0.3</td>
<td>4 785</td>
<td>0.5</td>
</tr>
<tr>
<td>2001</td>
<td>16 256</td>
<td>0.3</td>
<td>5 304</td>
<td>0.6</td>
</tr>
<tr>
<td>2002</td>
<td>16 186</td>
<td>0.3</td>
<td>5 740</td>
<td>0.6</td>
</tr>
<tr>
<td>2003</td>
<td>16 617</td>
<td>0.3</td>
<td>6 276</td>
<td>0.6</td>
</tr>
<tr>
<td>2004</td>
<td>15 890</td>
<td>0.3</td>
<td>6 399</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations of data from LOUISE/LISA database.

3 Out of all persons (10,621,583) included in data covering the period 1990–2004, 2,384,395 (22 per cent), are defined as Swedish-born with two foreign-born parents, and 2,656,377 (25 per cent) as NW-born with two ONW-born parents.
15,890 were Swedish-born, 948 were Swedish-born with two foreign-born parents, and 6,399 were foreign-born.

Hence, the stereotypical image of a taxi driver as an immigrant is not correct, even if taxi driving has become a more common occupation for immigrants. At the same time it should be emphasised that approximately one-third of all people with the taxi business as their largest source of income in 2004 were foreign-born or had foreign-born parents. It is almost three times more common to meet an immigrant in the taxi business than elsewhere in society.

Nevertheless, we did not have access to data about the kind of work these individuals perform within the sector, whether they are employed or self-employed, whether they own the car they drive, whether they are employed full time or part time, and finally whether they drive taxicabs or work, for example, in the dispatch centre as telephonists. As mentioned above, there is no reliable information about undeclared incomes, as well as possible variation between different social and/or ethnic groups within the sector. It would not be surprising if there were significant ethnic segmentation within the sector, with different job assignments, as well as different levels of involvement in informal arrangements in terms of time, assignments and incomes, related to different ethnic categories.

Likewise, we did not have data on working hours. But we know from previous studies (Laitila et al. 1995; Marell and Westin 2000, 2002) that efficiency was reduced and time profitability decreased within the sector. We also know that this may have resulted in longer working hours for taxi drivers (NUTEK 1996), even if this presumably may differ between different groups within the sector. However, the increased proportion of foreign-born people formally working in the taxi sector is an indisputable fact.

The reason for this increased proportion can possibly been found in the economic crisis of the 1990s, which affected the foreign-born most severely, and among them particularly ONW-born citizens, in terms of unemployment (Urban 2007). But this does not explain why the proportion of immigrants has continued to grow since the crisis, when overall unemployment has fallen, including among the foreign-born population. It is therefore more plausible to speculate about a range of other factors that may cause the continuous process of ethnic concentration within the sector. Low entry barriers into the taxi market after deregulation and simultaneous high entry barriers into other sectors may be one such factor.

From gender research it is well known that if a profession comes to be characterised as female-dominated, a probable consequence is a reduction in the average salaries in this particular profession (Westberg-Wohlgemut 1996). The same may be said about occupations that come to be characterised as immigrant-dominated. The taxi-driving occupation is a case in point, even though the majority of taxi drivers are Swedish-born with Swedish-born parents. Therefore, we wanted to investigate how incomes in the taxi sector have changed during the period under
study. Our analysis bears upon taxed income. Other sources (SOU 1997: 111; SOU 1999b: 60; SOU 2004: 102) indicate that tax evasion within the sector is extensive, but we do not know whether it changes over time. We have examined the economic situation of those individuals for whom the taxi sector is the largest source of income by taking into account not only their income from the taxi business but also their total disposable income, social security allowances, unemployment benefit and study allowances.

Incomes of Swedish-born persons, with the taxi industry as the largest source of income, increased continually during the period 1990–2004, from SEK87,700/year to SEK139,400/year. During the period 1990–1995 the corresponding incomes of foreign-born persons within the sector fell from SEK70,400/year to SEK64,400/year. The ONW-born suffered a still more significant reduction in incomes in the early 1990s. After that, foreign-born incomes started growing, while still being significantly less than the average income for the sector (Table 2).

Table 2: Income from the taxi sector where it is the largest source of income

<table>
<thead>
<tr>
<th>Year</th>
<th>Swedish-born</th>
<th>Foreign-born</th>
<th>Annual income for Swedish-born / Annual income for foreign-born</th>
<th>North West-born (NW)</th>
<th>ONW</th>
<th>Annual income for NW / Annual income for ONW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SEK/year</td>
<td>SEK/year</td>
<td>%</td>
<td>SEK/year</td>
<td>SEK/year</td>
<td>%</td>
</tr>
<tr>
<td>1991</td>
<td>87 698</td>
<td>70 417</td>
<td>80.3</td>
<td>87 468</td>
<td>56 231</td>
<td>64.3</td>
</tr>
<tr>
<td>1995</td>
<td>95 646</td>
<td>64 460</td>
<td>67.4</td>
<td>95 190</td>
<td>47 032</td>
<td>49.4</td>
</tr>
<tr>
<td>1999</td>
<td>115 129</td>
<td>77 798</td>
<td>67.6</td>
<td>114 296</td>
<td>63 427</td>
<td>55.5</td>
</tr>
<tr>
<td>2004</td>
<td>139 407</td>
<td>95 695</td>
<td>68.6</td>
<td>138 013</td>
<td>86 018</td>
<td>62.3</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations of data from LOUISE/LISA database.

Foreign-born taxi workers in 1991 had incomes worth 80 per cent of those of the Swedish-born. The difference increased up to 1998, when the foreign-born had only 66.6 per cent of the incomes of the Swedish-born. In following years the difference decreased slightly, but by 2004 the incomes of the foreign-born were still only 68.6 per cent of those of the Swedish-born. Corresponding figures for ONW-born and NW-born taxi sector workers show that the ONW-born in 1991 had 64.3 per cent of the incomes of the NW-born.

The difference increased up to 1997, and then gradually increased again, but in 2004 the ONW-born still had only 62.3 per cent of the incomes of the NW-born. These increased income differences may be explained by the fact that the removal of market entry barriers resulted in too many new participants becoming

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4 From the occupation that provided the largest income in the form of cash, gross wage/salary or gross income from self-employment during a given year.
established in the market, which in turn resulted in lower profitability and consequently lower annual incomes for most of the participants, especially those newly established within the market, the majority of whom were foreign-born.

Low income from the taxi sector does not necessarily indicate poverty, because it may often be supplemented by income from other activities, occupational education or eventual undeclared incomes. For this reason, we also took into consideration changes in the total disposable income\(^5\) of those individuals for whom the taxi industry is their largest source of income.

The result shows that average disposable income is lower for people engaged in the taxi sector than the average for all sectors. The recession of the 1990s obviously affected disposable incomes in the taxi sector, but they started recovering from the mid-1990s. At the same time the disposable incomes of taxi workers, regardless of region of birth, increased during the period 1990–2004.

Differences between the disposable incomes of ONW-born taxi workers and the average disposable incomes of ONW-borns generally are smaller than the differences between the disposable incomes of Swedish-born taxi workers and the average disposable incomes of Swedish-borns generally. Moreover, foreign-born as well as ONW-born taxi workers in 2004 had higher incomes than immigrants working in other sectors. But foreign-borns in general have lower incomes than Swedish-borns, and foreign-born taxi workers have lower disposable incomes than Swedish-born taxi workers. ONW-borns have still lower disposable incomes (Table 3).

### Table 3: Disposable incomes for the entire population, and for those where the taxi sector is the largest source of income

<table>
<thead>
<tr>
<th>Year</th>
<th>Swedish-born (S)</th>
<th>Swedish-born in the taxi sector (ST)</th>
<th>(ST/S)</th>
<th>Foreign-born (F)</th>
<th>Foreign-born in the taxi sector (FT)</th>
<th>(FT/F)</th>
<th>ONW-born in the taxi sector (ONWT)</th>
<th>(ONWT/ONW)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SEK</td>
<td>SEK</td>
<td>%</td>
<td>SEK</td>
<td>SEK</td>
<td>%</td>
<td>SEK</td>
<td>%</td>
</tr>
<tr>
<td>1990</td>
<td>93 295</td>
<td>92 932</td>
<td>99.6</td>
<td>87 204</td>
<td>82 286</td>
<td>94.4</td>
<td>80 130</td>
<td>74 930</td>
</tr>
<tr>
<td>1995</td>
<td>109 822</td>
<td>100 885</td>
<td>91.9</td>
<td>100 362</td>
<td>89 939</td>
<td>89.6</td>
<td>89 114</td>
<td>82 673</td>
</tr>
<tr>
<td>1999</td>
<td>136 406</td>
<td>128 092</td>
<td>93.9</td>
<td>111 551</td>
<td>103 367</td>
<td>92.7</td>
<td>99 815</td>
<td>97 698</td>
</tr>
<tr>
<td>2004</td>
<td>162 561</td>
<td>157 323</td>
<td>96.8</td>
<td>129 938</td>
<td>134 110</td>
<td>1.03</td>
<td>119 349</td>
<td>131 421</td>
</tr>
</tbody>
</table>

*Source: Authors’ calculations of data from LOUISE/LISA database.*

As shown in Table 3, the differences in disposable incomes generally are not as significant as differences in incomes from the taxi sector. As disposable incomes may contain several other types of income, e.g. from social insurance allowances,

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\(^5\)“Disposable income” includes that from employment, self-employment, unemployment benefit, health insurance, parental benefits, incomes from studies (student aid, student loan, etc).
unemployment benefit and education, we decided to examine these kinds of incomes closely as well.

It is well known that incomes from social insurance allowances increase during recessions and that ethnic minorities are often more severely affected. The Swedish recession of the 1990s had the same effects, as average expenditures on social insurance allowances increased in the middle of this period and then decreased. At the same time immigrants were more likely than Swedish-born citizens to live on social insurance allowances. For example, some of those for whom the taxi sector was their largest source of income lived in families, which for a certain period of time, for one reason or another, used social insurance allowances as part of their total disposable income.

But those who work in the taxi sector generally have, somewhat surprisingly, less income from social insurance allowances than the average for all sectors. What is really surprising is that Swedish-born taxi workers have higher incomes from social insurance allowances than the average for all Swedish-born citizens, unlike foreign-born taxi workers, who have significantly less income from social insurance allowances than the average for foreign-born citizens (Table 4). Presumably this is because the average income in the taxi sector is lower than that in other sectors. Consequently Swedish-born taxi workers are generally worse off than other Swedish-born citizens. At the same time, the mere fact of having a job has the consequence that foreign-born taxi workers are better off than the average foreign-born citizen. This may also explain why immigrants are reluctant to leave this sector, despite its low profitability.

**Table 4:** Income from social insurance allowances for the entire population, and for those where the taxi sector is their largest source of income

<table>
<thead>
<tr>
<th>Year</th>
<th>Swedish-born (S)</th>
<th>Swedish-born in taxi sector (ST)</th>
<th>Foreign-born (F)</th>
<th>Foreign-born in taxi sector (FT)</th>
<th>ONW-born</th>
<th>ONW-born in taxi sector (ONWT)</th>
<th>(ONWT/ONW)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SEK</td>
<td>SEK</td>
<td>%</td>
<td>SEK</td>
<td>%</td>
<td>SEK</td>
<td>%</td>
</tr>
<tr>
<td>1990</td>
<td>285</td>
<td>357</td>
<td>125.9</td>
<td>2 736</td>
<td>843</td>
<td>5 131</td>
<td>1 183</td>
</tr>
<tr>
<td>1995</td>
<td>372</td>
<td>631</td>
<td>169.7</td>
<td>6 215</td>
<td>2 011</td>
<td>10 117</td>
<td>2 416</td>
</tr>
<tr>
<td>1999</td>
<td>587</td>
<td>588</td>
<td>100.2</td>
<td>5 604</td>
<td>2 371</td>
<td>8 638</td>
<td>2 621</td>
</tr>
<tr>
<td>2004</td>
<td>533</td>
<td>494</td>
<td>92.3</td>
<td>4 380</td>
<td>1 765</td>
<td>6 308</td>
<td>1 928</td>
</tr>
</tbody>
</table>

*Source: Authors’ calculations of data from LOUISE/LISA database.*

However, the occupational group with the taxi industry as its largest source of income derives a higher than average income from unemployment insurance. Swedish-born individuals have the least income from this source; foreign-borns

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6 Annual income from unemployment insurance and labour market support.

7 Annual income from student allowance and student loans, as well as other kinds of public student support.
have more; ONW-borns have most. Swedish-born taxi workers had incomes from unemployment insurance in 1999–2004 that were between 59 per cent and 128 per cent higher than the average for Swedish-borns; the equivalent figures for foreign-borns were between 41 per cent and 64 per cent, and between 47 per cent and 49 per cent for ONW-borns (Table 5).

Table 5: Income from unemployment insurance for the entire population, and for those where the taxi sector is their largest source of income

<table>
<thead>
<tr>
<th>Year</th>
<th>Swedish-born (S)</th>
<th>Swedish-born in taxi sector (ST)</th>
<th>(ST/S)</th>
<th>Foreign-born (F)</th>
<th>Foreign-born in taxi sector (FT)</th>
<th>(FT/F)</th>
<th>ONW-born</th>
<th>ONW-born in taxi sector (ONWT)</th>
<th>(ONWT/ONW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>924</td>
<td>1 471</td>
<td>159.2</td>
<td>1 412</td>
<td>1 997</td>
<td>141.5</td>
<td>1 637</td>
<td>1 997</td>
<td>149.3</td>
</tr>
<tr>
<td>1995</td>
<td>1 694</td>
<td>3 168</td>
<td>187.9</td>
<td>2 775</td>
<td>3 603</td>
<td>129.8</td>
<td>8 250</td>
<td>3 603</td>
<td>119.2</td>
</tr>
<tr>
<td>1999</td>
<td>4 334</td>
<td>7 786</td>
<td>179.6</td>
<td>6 164</td>
<td>7 816</td>
<td>126.8</td>
<td>6 835</td>
<td>7 816</td>
<td>119.9</td>
</tr>
<tr>
<td>2004</td>
<td>4 235</td>
<td>9 659</td>
<td>228.1</td>
<td>5 704</td>
<td>9 371</td>
<td>164.3</td>
<td>6 619</td>
<td>9 371</td>
<td>147.1</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations of data from LOUISE/LISA database.

Income from education increased during the 1990s and then decreased. The turning point was 1999. Generally, it is less usual for the foreign-born and ONW-born to use incomes from education while having the taxi industry as their largest source of income than it is for either the Swedish-born or NW-born (Table 6).

Table 6: Incomes from education for the entire population, and for those where the taxi sector is their largest source of income

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>1 406</td>
<td>1 691</td>
<td>120.2</td>
<td>1 552</td>
<td>1 554</td>
<td>100.1</td>
<td>2 296</td>
<td>1 430</td>
<td>62.3</td>
</tr>
<tr>
<td>1995</td>
<td>1 710</td>
<td>1 860</td>
<td>108.7</td>
<td>1 893</td>
<td>1 099</td>
<td>58.0</td>
<td>4 062</td>
<td>1 295</td>
<td>31.9</td>
</tr>
<tr>
<td>1999</td>
<td>3 704</td>
<td>3 250</td>
<td>87.7</td>
<td>4 096</td>
<td>2 130</td>
<td>51.9</td>
<td>5 452</td>
<td>2 235</td>
<td>41.0</td>
</tr>
<tr>
<td>2004</td>
<td>3 212</td>
<td>2 989</td>
<td>93.1</td>
<td>3 455</td>
<td>2 270</td>
<td>65.7</td>
<td>4 718</td>
<td>2 467</td>
<td>52.3</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations of data from LOUISE/LISA database.

Swedish-born people who earn their living in the taxi sector have gone from more to less income from social insurance allowances, from less to more income from unemployment insurance, and from somewhat more to somewhat less income from education, than the overall average for Swedish-born people. Foreign-born taxi workers have had less social assistance, more income from unemployment insurance and somewhat less income from education than the overall average for all foreign-borns.
At the same time foreign-born taxi workers have more social insurance allowances, more income from unemployment insurance and less income from education than Swedish-born taxi workers. Additionally, they have even lower incomes from the taxi sector than their Swedish-born counterparts. Finally, foreign-born taxi workers have higher incomes from their work than the average for all foreign-born citizens, while the opposite is true for Swedish-born taxi workers. The opposite is true for immigrants. They have a high unemployment level and lower average incomes in the group as a whole. The most important consequence is that the mere fact of having a job, even within the taxi sector, makes for a more favourable situation than average for the (foreign-born) group as a whole. Among foreign-born taxi workers, income fell during 1990–2004 from 80 per cent of the average from the taxi business to 69 per cent, while income from the taxi business for the ONW-born fluctuated between 50 per cent and 60 per cent of the average for the whole sector.

The level of education, expressed as an average of levels 1 to 7, has increased during the period of the study, and this is true for all three groups studied (here it is important to emphasise that quality of education is a more uncertain variable than the others). While the level of education among taxi workers is generally lower than average, the fact is that foreign-born taxi workers have higher education levels than the average in the sector, and ONW-born taxi workers have an even higher level. These figures have not changed significantly during the period of the study (Table 7).

### Table 7: Level of education for all population, and for those where the taxi sector is their largest source of income

<table>
<thead>
<tr>
<th>Year</th>
<th>Swedish-born (S)</th>
<th>Swedish-born in taxi sector (ST)</th>
<th>(S/ST)</th>
<th>Foreign-born (F)</th>
<th>Foreign-born in taxi sector (FT)</th>
<th>(F/FT)</th>
<th>ONW-born</th>
<th>ONW-born in taxi sector (ONW/ONWT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average education level</td>
<td>Average education level</td>
<td>%</td>
<td>Average education level</td>
<td>Average education level</td>
<td>%</td>
<td>Average education level</td>
<td>Average education level</td>
</tr>
<tr>
<td>1990</td>
<td>2.56</td>
<td>2.53</td>
<td>98.9</td>
<td>2.57</td>
<td>2.80</td>
<td>109.2</td>
<td>2.61</td>
<td>3.10</td>
</tr>
<tr>
<td>1995</td>
<td>2.79</td>
<td>2.75</td>
<td>98.2</td>
<td>2.73</td>
<td>3.09</td>
<td>113.3</td>
<td>2.80</td>
<td>3.30</td>
</tr>
<tr>
<td>1999</td>
<td>2.99</td>
<td>2.87</td>
<td>95.9</td>
<td>3.33</td>
<td>3.34</td>
<td>100.3</td>
<td>3.33</td>
<td>3.64</td>
</tr>
<tr>
<td>2004</td>
<td>3.31</td>
<td>3.17</td>
<td>95.8</td>
<td>3.04</td>
<td>3.65</td>
<td>120.1</td>
<td>3.14</td>
<td>3.74</td>
</tr>
</tbody>
</table>

*Source: Authors’ calculations of data from LOUISE/LISA database.*

Employment within the taxi sector may be either temporary or a step on the career ladder, or it may be a job that lasts a long time. Our analysis shows that those for

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8 Swedish levels of education are as follows: 1 = primary and lower secondary (less than nine years), 2 = primary and lower secondary (nine/ten years or equivalent), 3 = upper secondary (two years), 4 = upper secondary (more than two years but maximum three years), 5 = tertiary (less than three years), 6 = tertiary (three years or more), 7 = postgraduate.
whom the taxi industry was their largest source of income in 2004 had been working within the sector for 7.8 years on average. Foreign-born taxi workers had spent a shorter period in the sector (6.9 years, and 6.7 years for ONW-born taxi workers) than Swedish-borns, whose average time in the sector was 8.1 years. This may explain the lower incomes of foreign-born taxi workers, albeit the time spent within the occupation may explain this only partly. We have considered neither the time individuals had spent in Sweden nor their previous (or later) careers. Clearly, further research, especially on the informal aspects of these differences, and more detailed data are required to develop a deeper understanding and explanation of the differences.

Discussion

Foreign-born citizens working in the Swedish taxi industry have higher education levels and lower incomes than their Swedish-born colleagues. Generally, it did not become more usual for Swedish-born citizens to have recorded incomes from the taxi sector during the period 1990–2004. But it did become more usual for foreign-born, and even more usual for ONW-born, to become involved in the taxi business.

Foreign-born taxi workers have less income from social insurance allowances, more income from unemployment insurance, and less income from education than the average for foreign-born citizens. Compared with their Swedish-born colleagues, they have more income from social insurance allowances, more income from unemployment insurance, less income from education, and even less income from the taxi sector. Altogether the taxi industry gives them lower disposable incomes than their Swedish-born counterparts.

The relative disposable incomes within the taxi sector of the three groups studied have not changed appreciably during the period studied. The most important finding of this study, however, is that immigrants have become more likely to work in the taxi sector. This may imply that the deregulation removed discriminatory entry barriers from the sector. Nevertheless, it is also clear that foreign-born taxi workers, and especially the ONW-born, are not integrated in the sector on the same terms as their Swedish-born counterparts.

At the same time, we cannot present here any figures that immediately and strikingly connect the growing concentration of immigrants in the sector with a radical deterioration of material conditions within the sector as a whole. A possible explanation is that the kind of monetary data that has been available for our analyses does not cover all aspects of working conditions. At the same time, other relevant aspects of working conditions, such as length of working hours, the convenience of working hours, the work environment, etc., are not covered by the available data.
Studies from these fields (NUTEK 1996) show, however, that worsening conditions in the taxi sector are related less to lower incomes than to the fact that people have to work harder, longer and more inconvenient hours to earn the same income as before. Other studies show that an increasing number of those who are employed (or self-employed) in the taxi sector – and this is particularly true of immigrants – continue to work despite deteriorating working conditions because the only alternative is unemployment (Slavnic 2007a).

The incomes of foreign-born taxi workers are lower than the incomes of their Swedish-born colleagues, as they are in other sectors. The fact that foreign-born taxi workers have higher incomes than the average for all foreign-born citizens but lower incomes than the Swedish-born population reflects the ethnic segmentation of the labour market, highlighting the differences both within and between the sectors.

The taxi sector has been transformed from a highly regulated business, with high entry barriers, indeed almost state-sponsored with good opportunities for profit, to a deregulated sector, with low entry barriers, allowing almost anyone to enter the market, and increasingly marked by high levels of tax evasion. Some important consequences of this have been that “even immigrants”, possibly enhanced by social networking within ethnic groups, have the opportunity to establish businesses in the sector, that (formal) profitability has decreased significantly, and that the status of the sector as a whole has declined.

Another question that we have not been able to answer in this paper and thus requires further research relates to the high incomes from unemployment insurance and also from education allowances that exist within the sector (see Tables 5 and 6). One possible explanation may be that it is difficult to find full-time and permanent employment in the taxi industry, or that smaller taxi companies often go bankrupt. An alternative or perhaps complementary explanation may be that the physical working conditions in the sector have become so hard that is no longer possible to work under such conditions for any length of time without taking some sort of break.

This leads to the hypothesis that increasing numbers taxi workers use unemployment insurance as a temporary means, which on the one hand gives them a chance to take a break from hard work and on the other keeps their disposable annual income at a decent or at least acceptable level. Another form of this strategy may be to reduce working hours to some more “human” level, while compensating income losses with unemployment benefit. This again results in a more acceptable balance between total number of working hours and total annual disposable income.

According to the results of this study, both Swedish-born and foreign-born taxi workers have higher incomes from unemployment benefit, compared with the average among all Swedish-born and foreign-born (see Table 6), which means that
they all use the “break” strategy. But Swedish-born taxi workers in particular combine incomes from unemployment insurance with incomes from education, which is in fact a more flexible strategy. Among other things, this strategy makes it easier for them to leave the taxi sector and move to a more lucrative one, indirectly contributing even further to the ethnification of the taxi sector.

At the same time, immigrants choose incomes from education to a lesser degree as a compensating source of income. This may partly be explained by the fact that they already have a higher education level than their Swedish-born colleagues, and partly because their experience might have taught them that investment in education does not result in corresponding improvement in status in labour market anyway. All these are, of course, among what we call informal economic strategies, which in this particular case serve as survival strategies for exposed and marginalised social groups and individuals (Slavnic 2007a).

This highlights the importance of further research relating to the questions of (a) the relationship between deteriorating working conditions within the sector and coping strategies developed among relevant individual and collective actors, and (b) the relationship between these processes and the general trends of economic informalisation affecting the economy as whole. One specific research question is suggested: how incomes from unemployment insurance vary in other sectors, for example the construction and building industry with its seasonally affected working pace and organisation, or the wholesale and retail trade sectors, which are characterised by non-standard employment contracts (part-time employment, employment by the hour, etc). These processes should be examined in relation to the actual changes that have occurred within the Swedish unemployment insurance system, which include not only measures that make it more difficult to obtain benefits from this system, but also stronger measures taken against social benefit fraud.

If we return now to the theoretical discussion in the introductory section of this paper, it becomes clear how decommodification processes increasingly lose ground to processes of recommodification. The unemployment insurance system was one of the cornerstones in the old, decommodifying system, which generated and guaranteed well-being and social security. Recommodifying processes in their turn produce a situation in which an increased number of people need to take advantage of this system in order to preserve their material security, which ultimately results in tougher criteria for entitlement to unemployment benefits.

At this point informalisation comes into the picture. Some individuals and groups, especially those who are most severely affected by new circumstances, try to find new ways to obtain “compensations for market failures” that previously were normally provided by the (welfare) state. Their coping strategies contribute to what Slavnic (2007a) calls “informalisation from below”. At the same time some employers, for example in those sectors that today increasingly exploit so-called non-standard employment contracts, take this opportunity to make use of the
security instruments from the old decommodifying system to “finance” new flexible employment relationships, which is nothing other than “informalisation from above” (ibid.). All in all, this leads to more difficult conditions for obtaining unemployment benefits, which in turn leads to even stronger recommodification and even weaker decommodification processes.

References


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