DEFINING THE NONPROFIT SECTOR:

SWEDEN

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Introduction

Limited knowledge of the Swedish nonprofit sector has resulted in the lack of an adequate framework for discussing and debating the sector's nature and future. Existing terminology offers a complex mixture of sometimes overlapping, sometimes contradictory, terms and concepts. For these reasons, the idea of treating the diverse set of nonprofit or voluntary institutions as a more or less single entity, which this paper attempts to accomplish, is relatively new in Swedish thinking. Some international researchers even question the existence of a nonprofit sector in Sweden (Boli, 1991).

Conceptual deficiencies notwithstanding, the Swedish nonprofit sector has received some attention from researchers interested in the comparative analysis of social service delivery systems. James (1989) argues that her findings of a small Swedish nonprofit sector result from the considerable homogeneity of the Swedish society. In this undertaking, however, she seems to confuse the size of the service-delivery activities of the sector with its entire size. This is important, since service production of the Swedish nonprofit sector is small in relation to its other activities, and especially when viewed from an international perspective. In context, by including a broader set of activities and types of organizations, such as the participation of voluntary movements and activities of both church and state institutions, we obtain a quite different picture—one of a relatively large and significant nonprofit sector.

Likewise, focusing largely on service-providers, Boli (1992) finds the Swedish nonprofit sector less independent of the state than is, for example, the case in the United States, and argues that the Swedish sector is too closely tied to the government. Because of such rather narrow conceptual frameworks, James and Boli underestimate the size and importance, as well as the independent role, of the Swedish nonprofit sector. There is substantial empirical evidence that the Scandinavian nonprofit sector has had a considerable impact on society during the 20th century, and that it evolved consistently with the welfare state, rather than in opposition to or instead of it (Selle, 1993; Kuhnle and Selle, 1992a; 1992b; see also Salamon, 1987). In contrast to other countries, however, the Swedish nonprofit sector developed less in the fields of health and social services, and more in the areas of culture, leisure, and advocacy.

Some parts of the Swedish nonprofit sector have been studied by researchers specifically interested in political science and social movements. Social movements play a major role in the Swedish nonprofit sector. Research has especially focused on the early popular movements: the labor movement, the cooperative movement, the temperance movement, the free church movement, and the sports movement (Engberg, 1986; Lundkvist, 1977; Olson, 1993; Pestoff,

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Other researchers proceed from a different perspective, from which they view nonprofit organizations as elements of a larger power structure in which the nonprofit organizations represent different interest groups, often in conflict with other interests or the state (Lewin, 1992; Micheletti, 1994; Peterson et al, 1989).

In our view, a comprehensive picture of the Swedish nonprofit sector that explores its historical roots, its political, economic, and legal environment, and its potential for adapting to changing demands, has not yet been developed. We intend to remedy this here with a conceptual framework that encompasses different parts of Swedish society not normally covered by a single concept. In so doing, we are aware that the types of organizations included do not constitute a homogeneous grouping, and that in all likelihood the various subgroups will differ in structure, will fulfill different functions, and will provide some services not normally seen in the nonprofit sectors of other countries. Nevertheless, we hope, by introducing this different framework, to stimulate a renewed interest in the Swedish sector and to encourage new angles for its analysis.

**Historical Notes**

The history of the nonprofit sector in Sweden is largely one of its relation to the state. State-nonprofit relations are of vital importance, not only for the last 50 years, the era of the Swedish welfare state, but even as early as the 16th century. The key position of the popular mass movements, with their emphasis on membership, activism, and democratic decision-making is another important element of the sector's history (Olson, 1993).

Before the Swedish Reformation began in the early 16th century, organized charity was a matter for the church, as it was in the rest of the Catholic world at that time. The Reformation did not abolish church responsibility for poor relief, and when King Gustav Vasa seized the property of the church, he continued some of the existing welfare arrangements for the poor and sick. According to Lutheran faith, however, the peasants, the parish and the state had different obligations to the poor. To differing degrees and at different times, conflicts concerning responsibility toward the poor came to characterize poor relief, and would influence poor-relief legislation for centuries to come. Because of these conflicts, but also in response to the persistent shortages in available resources for the poor, groups from the growing middle class, inspired by the example of medieval guilds, introduced social-insurance arrangements early in the 18th century, in an effort to provide support for widows and orphans. In addition, homes for the aged were started as an alternative to the poor houses (Carlsson and Rosén, 1962; Qvarsell, 1993).

Although the overall power of the church was diminished by the Reformation, representatives of the church predominated in areas such as poor relief and education through the centuries. This was especially evident at local levels, where the clergy held important positions prescribed by law, even into the 20th century. A dominant Lutheran state church with
considerable influence in these areas could affect service production outside the state sector. For example, when a state compulsory public school system was introduced in 1842, there was no competition from strong religious movements. But the state church acquired a powerful influence over local schools (Richardson, 1990; SOU, 1964).

Breakthrough for Charity Organizations

With the 19th century came a breakthrough for charitable activities, as new organizations emerged in response to social tensions and poverty. These associations drew no clear distinction between private charity and poor relief organized by municipalities. In fact, municipal poor relief was often financed by individual gifts and other charitable contributions (Qvarsell, 1993; Åberg, 1988).

In the beginning of the 19th century, charity organizations were dominated by middle-class men, but by the end of the century women had assumed a leading role in philanthropy both as to membership and the ideological commitment of the organizations. Consistent with this "feminization" was a transition from a patriarchal orientation to one of personal assistance that would supplement the recipient's own efforts. Institutions were set up for young people--orphanages and reformatories--providing for handicapped, deprived, and delinquent children. These initiatives came from individuals, associations and foundations inspired by the increased and highly popular recognition of the need for child welfare at that time (Bramstång, 1964; Lundström, 1993; Qvarsell, 1993; Åberg, 1988).

In 1903 Central förbundet för socialt arbete (The National Association for Social Work, CSA) was founded. This represented both a peak and a turning point for organized charity. CSA was devoted to changing state policies on poor relief, child welfare and other welfare policies. Because of CSA's work, leading members of nonprofit organizations came to occupy prominent positions in the social welfare state bureaucracy. This development is important in understanding the historically close links between the state and the nonprofit organizations that exist to this day.

During the 20th century, many social welfare activities carried out by philanthropic organizations declined in importance with the growth of the welfare state. A number of activities were taken over by the state, often at the initiative of the organizations themselves. This process was mostly without conflict, but at times services run by nonprofit organizations were forced out of business by withdrawal of subsidies, or through legislation making it difficult to receive state support. Although the number of nonprofit service providers substantially declined, these organizations continued to serve as innovators in exploring alternative methods for meeting social needs (Boalt et al, 1975; Höjer; 1952; Ström-Billing, 1991; Qvarsell, 1993).
Foundations

Prior to 1710, foundations were formed for the purpose of supporting education, poor relief and child welfare. By the end of the 19th century, foundations were commonly devoted to poor relief, immediately followed by child welfare and education. Economically, the foundations were strongest in education, where they often provided grants to students above the primary school level (Frii, 1985; 1989; Förslag till lagar om registrerade föreningar, 1903).

The internationally best-known Swedish foundation—the Nobel Foundation—was set up at the end of the 19th century, and its first prizes were awarded in 1901. In 1918, the Wallenberg family, one of the leading families in Swedish finance, established the most important of several foundations they created during the early part of the century. Its earliest charter stated that the foundation's purpose was to support religious, charitable, social, scientific, and cultural activities, but also to promote trade and industry (Hoppe et al, 1992). Today, the largest Swedish foundations are major funders of research. And as the case of the Wallenberg foundations illustrates, some have been instrumental in controlling significant parts of Swedish industry (Holmström and Roos, 1985). As a consequence, concerns have been raised about the tax status of foundations, and some foundations are now subject to a certain degree of public control (Frii, 1985; 1989).

The Development of the Popular Mass Movements

The latter part of the 19th century saw the birth of the major popular mass movements, frequently inspired by similar movements in other countries. These movements created new forms of association that included the free churches, the modern temperance movement, the labor movement, consumer cooperatives, the sports movement, and the adult education institutes (Johansson, 1993; Lundkvist, 1977). The most important organizations among them were established during the last three decades of the 19th century: the initial growth of the sports movement took place during the 1870s and 1880s; the Social Democratic party was founded at the end of the 1880s; the Swedish Trade Union Confederation was founded about ten years later; and the labor movement and the consumer cooperatives were in their formative years just before 1900.

The period from the 1930s to the 1960s saw the labor movement at its peak in terms of both influence and membership. During this same period, however, the temperance movement and the free churches lost members and suffered a decline in influence (Johansson, 1980; 1993).

New social movements emerged after World War II. The growing number of immigrants after the war led to the founding of a number of immigrant organizations (Bäck, 1983). In the 1960s and 1970s, the movement of, and for, the handicapped gathered momentum (Holgersson, 1992). Similarly, the 1970s and 1980s were active years for the environmental and women's movements. The referendum on nuclear power in 1980 was an immense manifestation of the
environmental movement's influence, and in 1988 a "green" party, de gröna Miljöpartiet, was voted into parliament. The women's movement has not been marked by the establishment of a new distinct political party (although the idea has been discussed recently), but rather by the existence of loosely-linked networks within established political parties, within existing women's organizations and trade unions, and in the general public.

A Swedish Nonprofit Sector

The two main types of nonprofit organizations in Sweden are the nonprofit association (ideell förening) and the foundation (stiftelse). There is no specific legislation on these two legal entities and neither is well-defined, but the distinction between association (förening) and foundation (stiftelse) is crucial. Other concepts that are important in defining the sector are the notion of membership, and the orientation toward the public good. An interesting and somewhat unique characteristic is the ambivalent stance of Swedish society towards the idea of charity. Finally, there are no direct counterparts in Swedish to the British and American concepts of the nonprofit sector.

The sector in Sweden is heterogeneous and difficult to fit under a single rubric. According to a recent survey, none of the major concepts used in Sweden covers more than 50% of the organizations in the sector, and there have been no serious attempts to describe the whole of the sector with one single term or concept. The terms most frequently used at this time are: popular movement, interest organization, voluntary sector, and ideell sector. Other notions such as civil society, informal sector, social economy, informal network, or leisure sector are also used, though more infrequently. These different concepts often refer only to subgroups, and sometimes include organizations or activities not customarily included in the nonprofit sector, or those that serve primarily political purposes (e.g., Blennberger, 1993; Burenstam Linder, 1983; Micheletti, 1994; Olson, 1990; 1993; Swedberg, 1993).

The Association versus the Foundation

An association is created in Sweden when a number of individuals (or legal entities) join to cooperate toward a common objective (Hemström, 1992). The connotative emphasis of the Swedish term förening is more on the collectivity than on the individuals who join together to form

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2 In late 1993 and early 1994, a survey of over 2,500 nonprofit associations and foundations in Sweden was carried out as part of the Johns Hopkins Comparative Nonprofit Sector Project. The response rate for the total sample was 55% overall, and 75% for the 750 largest organizations in it. For the question referred to in the text, the organizations could choose more than one of seven alternative terms to describe a nonprofit organization.
it. This would distinguish it from the American usage of the term "association," which attributes more substance to the individuals, suggesting that they merely associate rather than unite (Boli, 1991).

The main characteristics of a foundation may be somewhat more troublesome to identify, since there is no specific legislation on the subject. However, a recent parliamentary resolution based on a government proposal (Proposition, 1993) has introduced completely new legislation governing foundations. Under these new laws, a foundation is created through the permanent designation of a certain property to be administered autonomously for a clearly specified purpose. Instead of resting on individuals as members, as is the core criterion for an association, the foundation is based solely on the autonomous property (or endowment) administered to ensure the accomplishment of its objectives (Norin and Wessman, 1993).

The Idea of Membership

A distinct and very important feature of the nonprofit sector in Sweden is the high degree of association membership among the population, in both absolute and relative terms, as compared to other industrialized nations (Pestoff, 1977). Sweden is often described as a thoroughly organized nation. An official 1987 report identified 145,000 individual membership associations affiliated to regional or national organizations, and 50,000 local associations not connected to any umbrella organization (SOU, 1987). Most significant in terms of membership are cooperatives (mainly housing and consumer cooperatives), sports associations, and trade unions (SOU, 1987).

Membership is thus a central concept for understanding the specifics of the Swedish nonprofit sector. In fact, associations dedicated to the promotion of ideas and furthering the interests of their members as well as the public good are characteristic of the Swedish nonprofit sector. Further, a recently published study shows that nearly 50% of the Swedish people are active as volunteers in different associations. This figure contradicts the common belief that Swedes are passive where the nonprofit sector is concerned. Although comparisons must be made with great caution, it seems that Swedes are almost as active in the nonprofit sector as, for instance, the citizens of Great Britain (Jeppsson Grassman, 1993).

Association membership among the Swedish people has increased throughout the 20th century. This is especially true for the labor unions and the sports movement, while the free churches and the temperance movement have suffered a substantial decrease in membership. Moreover, membership numbers do not reveal the whole picture. The established popular mass movements and the political parties do, in fact, have problems with a low degree of member activity (Blohmdahl, 1990). Sports associations are one important exception in this respect.

Multiple umbrella organizations are another important aspect of the Swedish nonprofit sector. Especially in the labor market and in the older cooperative movement, joining forces into
federations is very common. Since the nonprofit sector in Sweden is heavily organized and structured, such federations are often important actors on the national scene (Swartz, 1994). Some of these federations and umbrella organizations emerged when independent smaller groups joined forces, while others were established by larger parent organizations.

The Public Good

The concept of the "public good" is expressed by the terms allmännyttig and ideell both in everyday language and in the legal literature and legislation, but ideell has a broader meaning than allmännyttig. There is no good translation for the term ideell, which can refer to the input, such as unremunerated work (ideellt arbete), to the activity itself (ideell verksamhet) or to the aim of the activity (ideellt syfte). Although its connotations include concepts such as "altruistic," "nonprofit," "voluntary," or "public good," none of these English words alone captures the full meaning of ideell in Swedish.

Charity

The category "charitable organizations" is conspicuously absent from official Swedish social and economic statistics. From this can be concluded that, since the state bears responsibility for domestic social welfare, there may be less need for such organizations. While this conclusion is correct, we believe that the reasons are more complex and cannot be explained solely by reference to the welfare state. First, the Swedish notion of charity (valgorenhet) has a narrower meaning than its English counterpart, being reserved exclusively for activities in the field of social welfare. Further, the preliminary results of our survey (see footnote 2) show that only 7% of responding organizations identify themselves as charities. If they do not identify themselves publicly as charitable organizations, it is because charity has a somewhat negative connotation in Sweden, stemming partly from the image of poor, helpless human beings heavily dependent on a wealthy, paternalistic, sometimes capricious upper class. As a result, not even internationally oriented charity organizations are labelled charities in Sweden. Most organizations prefer to be regarded as part of a popular mass movement or humanitarian activity (Blennberger, 1993; James, 1989; Kuhnle and Selle, 1992a; Qvarsell, 1993).

Folkrörelse (Popular Mass Movement)

Folkrörelserna, the popular mass movements, are an interesting but not clearly defined type of organization found in Scandinavian countries. Folkrörelse indicates the existence of a strong bond and mutual trust between the movement and the general public. Many organizations seek to be publicly associated with the idea of "movement," even though they may not be a movement in the traditional sense of the word. In our survey, more than 40% of the respondents claimed to be popular mass movement organizations, but fewer than 20% of the foundations so described themselves.
From an international perspective, the idea of a popular mass movement often carries a slightly revolutionary message. In the past, the Scandinavian, and Swedish, popular mass movements frequently were part of an anti-authoritarian—although comparatively peaceful—struggle against state and capitalist structures perceived as oppressive. During the Vietnam War era, demonstrations against U.S. military presence in Indochina flared up, but these never consolidated into a strong student or civil-rights-type movement.

In a narrow sense, the popular movements in Sweden are divided into two groups. The older of these is generally associated with the powerful Swedish labor movement, but also includes the free churches and the temperance movement. The more recent grouping includes the women’s movement and the environmental movement. While these younger movements still experience difficulties in establishing their own identities, the old movements of the working class continue to exercise a strong influence on political and social life (Eyerman and Jamison, 1991). In a broader sense, popular movements also include consumer cooperatives, the sports movement, and the adult education institutes (Elvander, 1972; Engberg, 1986; Johansson, 1980).

Some early attempts to define folkrörelse emerged from the works of Thörnberg (1943) and Heckscher (1951), who included in that concept both altruistic and interest-based organizations, provided that they are broadly-based and democratic. Broadness and democracy are also emphasized in later definitions, which also require that the organization carry an ideological message, be open to everyone, strive to create opinion, and be independent of government (Engberg, 1986; Jonsson, 1993; Svedberg, 1981). Engberg (1986) suggests that the notion of folkrörelse could be confined only to the large and successful organizations, and proposes a four-fold classification of such organizations: labor movements (arbetets rörelse), ideological movements (idérörelse), identity movements (identitetsrörelse), and movements of interaction (interaktionsrörelse).

Other researchers stress the distinction between popular mass movements and popular mass movement organizations, most often taking the form of association. The organization that emerges from the movement carries the same ideological message but has a more formalized and hierarchical structure. This transformation is explained by efforts of a movement’s activists to consolidate forces within the movement to maximize its public impact and political clout (Jonsson, 1993; Sjöstrand, 1985).

Interest Organizations

Interest organizations play an important role in Sweden as well as in the rest of Scandinavia. This type of organization includes labor unions and farmer federations, both of which traditionally have had a significant impact on Swedish society. Interest organizations also include those for the disabled and the temperance movement (Buksti, 1993; Heckscher, 1951; Elvander, 1972; Lewin, 1992; Rothstein, 1992). In our survey, 40% of the respondents described
themselves as interest organizations. However, fewer than 25% of the foundations claimed to be interest organizations. Since the Swedish nonprofit sector is primarily involved in advocacy and representation rather than service delivery, the interest element of the sector is of crucial importance. Interest organizations often exert considerable pressure on the government (Richardson, 1993).

The Voluntary Sector

The term voluntary sector, frivilligsektor, generally refers to those segments of the nonprofit sector devoted to social service delivery (Kuhnle and Selle, 1992a; Micheletti, 1994). Further, the term focuses more on the activity than the purpose, emphasizing the voluntary aspect of participation. It implies the perspective of a donor rather than that of a receiver. It also sometimes encompasses voluntary work conducted under the auspices of local or central government (Blennberger, 1993). In our survey, fewer than ten percent of the organizations identified themselves as part of the voluntary sector, and those that did were found mainly in the fields of health care and social service. Even in these fields, "voluntary" organizations represent only about one-fifth of those delivering such services.

The Ideell Sector

Another common label used in Sweden for the nonprofit sector is ideell sektor, perhaps the most politically-neutral term. In the legislation, ideell and allmännyttig (public good) are used interchangeably, even though ideell has a somewhat broader meaning. The concept of an ideell sector permits a clear and, we think, essential distinction to be made between the public-good efforts of the private realm and those provided, for example, by volunteers in different forms of public or semi-public organizations. In our study, close to 40% of the respondents declared themselves part of the ideell sector. The term has been thought to apply principally to associations, excluding foundations. This is contradicted by our survey, in which more than one-third of the foundations claimed to be a part of the ideell sector.

Major Types of Organizations in the Swedish Nonprofit Sector

In Sweden, as in other modern industrialized states, the conflict between individual and collective rights and needs often resulted in the emergence of different forms of organizations, of which associations and foundations are the most common. Important also is the Swedish Church, which, although formally a part of the state, lives a life of its own as a clearly separate and autonomous entity. We propose a typology of the nonprofit sector that includes the major categories of associations and foundations, and the relevant parts of the Swedish Church.
Associations

The largest and most important group in our typology comprises five different types of associations: recreational or service associations; associations with social or ideological objectives; economic or cooperative associations; business associations; and labor-market associations.

The most common organizations among recreational associations are sports-related. Others include people engaged in hobbies such as philately, model railways, or the preservation and management of rural or community centers. There are also societies devoted to the promotion of the arts, of science, or for outdoor activities, including scouting, boating, and tourism. The Swedish Touring Club, Svenska Turistföreningen, is one example.

Usually, the Swedish term förening indicates a group that is open and accessible to any interested individuals. By contrast, terms such as klubb (club), sällskap (society), ordem (order), or broderskap (fraternity) often signal a more closed form of association. However, the names used by a particular organization depend, for the most part, on the period in which the association was created, the type of activity in which the association is engaged, or the international organization that served as the organizational model. Many international service organizations, such as the Rotary, Masonic Order, Odd Fellows, and Lions Clubs are found in Sweden. Social clubs, formed at schools or universities, or among groups of friends or employees, constitute another example of this type of association. Different minority organizations, among them associations for Finnish immigrants or the Sami people, are also included in this grouping.

Associations serving a social mission or presenting an ideological message include groups formed for the preservation and protection of the environment, such as the Society for Nature Preservation, Naturskyddsföreningen, and Greenpeace Sweden; ones organized to support the national defense, such as the Central Federation for Voluntary Military Training (Centralförbundet för Frivillig Befälshuvudning); and those representing the interests of the disabled and handicapped, such as the Association of the Visually Impaired and Stockholm Independent Living-STIL. Others advocate a sober life; raise funds for research and education; provide relief and development assistance to the Third World; champion human rights; or work to further the domestic welfare. Organizations such as the Swedish Red Cross, Save the Children, Amnesty International, the Salvation Army, and also political parties and religious congregations fall into this grouping of associations.

A third type of association is devoted to various forms of economic cooperation, and includes different types of business associations. The older forms--common ownership and the village community--are often centered around some form of real property, such as a common ground or road. The traditional Swedish cooperative movement is dominated by large, well-established consumer and producer cooperatives and is highly visible at home, but also recognized
abroad. Savings-banks, cooperative banks, mortgage associations, and mutual insurance companies are distinguished from other financial service institutions both by their special legal status and by their cooperative form of organization. Some of them are major actors in the Swedish banking industry. The turnover of the six huge cooperative business groups together represents a substantial part of the Swedish gross national product (LRF, 1993; KOOP, 1993).

A newly-emerging type of cooperative, labeled "nykooperation" (neo-cooperatives), consists of smaller organizations that usually operate on a local scale. Neo-cooperatives emerged in response to new market demands and declining confidence in the ability of the public sector to provide the bulk of social services. Well-known examples are the cooperative child care centers, established and run by parents. Others are cooperatives among disabled people, artists, and craftsmen.

Trade unions and employer associations are the two large groups of labor market associations. They both use the word förening, denoting organizations formed to defend their interests on the local or trade level. Labor unions are based on personal membership, although they also include federations of associations, such as national trade unions. By contrast, the members of employer associations are both trade and national level companies. Gille or skrå (guild or craft) are ancient terms for associations of craftsmen of a particular profession or trade. By nature, these associations belong somewhere between the trade union and the trade association. They were dissolved in 1846 by anti-trust legislation, but some of their basic features are found today among professional organizations (Hemström, 1992; Nial, 1988).

The Foundations

Foundations normally are not required to register with the authorities and, as a consequence, precise data on their numbers and assets are generally not available. Estimates made in 1976 found that there were, at that time, approximately 50,000 foundations in Sweden, of which about 10,000 were governed by private independent boards. Their accumulated wealth was estimated at 50,000 billion Skr.

Private "public good" foundations number 8,000. This type of foundation may be managed by an independent board of private citizens, or by another organization, such as the Swedish Red Cross or the Swedish Church (Frii, 1989; Justitedepartmentet, 1987; Norin and Wessman, 1993; Proposition, 1993; SCB 1979). Some foundations, apart from making grants, engage in different forms of business activity.

Frequently, foundations are connected to local or central governments and are established for the public benefit, as defined in the Swedish law. They may be private but are supervised and administered by local governments, or created by central or municipal government to provide for a particular activity. A special type of foundation is created to raise funds from the public for a
specific purpose, such as cancer research. Another type is the family foundation, established solely for the benefit of the members of one or a few families. Finally, there are retirement funds and personnel foundations which provide for the welfare of the employees of a particular company (Frii, 1989; Norin and Wessman, 1993; Proposition, 1993; Regeringen, 1993).

The Swedish Church

The Swedish Church (Svenska kyrkan) is a Lutheran Reformist church, incorporated by the state in the 16th century. Although its constitutional status has not changed, its organizational structure is now more or less independent from the rest of the state administration (Ekström, 1989). As in Germany (Anheier and Seibel, 1993), the Swedish Church is a public institution entitled to a church tax, amounting to about 1% of taxable income. This means that the church includes revenue elements not found elsewhere in the sector. Until recently, the Swedish Church administered the national registration for the state, but this has changed as part of the ongoing process of separation between church and state, and the national registration has been taken over by the local tax offices. Yet the church still performs much of the social work carried on outside the local or regional government institutions.

The smallest organizational body in the Swedish Church is the congregation; the next in size is a parish (pastorat). The largest unit of the Swedish Church is the diocese or episcopate. In 1989 there were 2,563 congregations and 1,132 pastorats organized into 13 episcopates (Ekström, 1989). The church has its own chain of command and a structure separate from the state. The highest decision-making body at the parish level is the select vestry, elected democratically every three years. At the national level, the synod is the highest decision-maker, and it elects the central board, which governs the Swedish Church.

The relationship between church and state has been debated extensively, especially during the 1980s. Even though the church already enjoys considerable autonomy within the state organization, this debate will probably result in an even greater separation. Therefore, though the church is legally and constitutionally part of the Swedish state, many church activities are regarded as important elements of the Swedish nonprofit sector (Ekström, 1989; SOU, 1992a).

Concluding remarks on the typology of the Swedish sector

This section evaluates which of the nonprofit organizations in Sweden should be included in a definition of the sector, using the criteria set forth by the structural-operational definition of Salamon and Anheier (1992). These criteria are met by the associations in the recreational and social service field. The status of a third group, economic or cooperative associations, is more complicated, since some of the organizations are, in fact, businesses with obvious elements of profit distribution. On the other hand, many of the activities in the "neo-cooperative" section are truly ideell or voluntary. We propose to include in the definition of a Swedish nonprofit sector
these "neo-cooperatives" along with the different forms of business associations, but to exclude from it the traditional cooperative movement organizations.

The labor market associations are also difficult to classify, since they work for the benefit of their members. However, it would be a mistake to exclude the important labor movement and related organizations, such as the educational associations, because they meet the conditions of the structural-operational definition.

We also include those private foundations that provide some form of public service, but exclude those related to individual families or companies, or those that are created and entirely controlled by government entities, except those related to the Swedish Church. The Church should be excluded, according to the structural-operational definition, because it is a state church. Referring to our previous discussion on the subject, however, we suggest to include Church establishments that are clearly separated from the state.

**Legal Framework**

The legal system in Sweden is based on civil law. However, since the principal legal forms of nonprofit organizations are not regulated by an overacting, explicit body of law, the legal status of these organizations has something of a common law character. It is largely based on scholarly doctrine and judicial precedent, and particularly on decisions of the Supreme Administrative Court. Since Swedish jurists are trained in the civil law system, the body of precedent is not as well developed as it might be in a country where the legal system rests on common law. The parts of the legal framework especially relevant to the nonprofit sector are the association law (associationsratten) and various tax laws regarding associations and foundations, currently undergoing major revision.

Organizations in the Swedish nonprofit sector usually take one of two basic legal forms: either associations or foundations. There are, in turn, two principal types of associations: the ideell and the economic association. Although there is not yet any specific legislation governing the ideell associations or foundations, there is a substantial body of legislation regulating economic associations.

**Economic Association**

A common legal definition of an association is lacking from Swedish law (Mallmén, 1989). According to Hemström (1992), an association is created when a number of individuals (or legal entities) join to cooperate for a common purpose under organized forms and for a certain period of

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3 Although foundations are different from associations, they are often treated together in the law.
time. The law that pertains to economic associations, the Law on Economic Associations (FL),
roughly defines an economic association as one with the goal of promoting the economic interests
of its members through economic activity in which the members participate, whether as
consumers, suppliers, providers of their own labor, service recipients, or in any other similar way.
The economic association is closely related to the legal institutions of joint ownership and common
land, which are treated as economic associations in all relevant aspects. There are also some
variants of the economic association active in the financial sector and governed by special
legislation, but these will not be treated in this text, as they are not relevant to the concept of the
nonprofit sector (Hemström, 1992; Mallmén, 1989; Rodhe, 1988).

Most cooperatives take the legal form of economic association and are the only form of
association recognized by FL. The FL cooperative declaration refers to the following cooperative
principles: the membership of the association should be open to anyone; the decision forms should
be democratic (i.e., one member equals one vote); the return on invested capital should be limited;
and the distribution of surplus should be based on the members' purchases from, or deliveries to,
the cooperative (Rodhe, 1988).

Ideell Association

The ideell förening, ideell or private non-profit association (Hemström, 1972:252), is not
defined in existing law. The ideell association is viewed as a more or less residual category
consisting of all associations other than economic associations. Any association that fails to meet
the criteria of conducting a business activity for the economic benefit of its members is
automatically defined as an ideell association. In actual legal practice, however, an ideell
association is treated, either by legal analogy to the legislation on economic associations or by
reference to general legal principles.

Two substantial obstacles in drafting legislation on ideell associations are that the existing
associations vary considerably in character, and that the labor market associations oppose limits on
their freedom of action (Rodhe, 1988). The legal distinction between ideell association and
economic association is not identical to the one between protective and promotional organizations,
since the Swedish system treats both trade unions and employer associations as ideell associations
(Bäck, 1980).

Foundations

The legal status of foundations is not very different from that of the ideell association, as
there is not yet any specific body of legislation on foundations. An important distinction between
foundations and associations is that the foundation is not regulated by the association law.

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4 Lag 1987:667 om ekonomiska föreningar (FL)
Whereas one of the basic elements of an association is its members, the foundation rests solely on property kept to further a certain purpose.

The few legal references to foundations are found in regulations on the supervision of foundations. In these regulations, a foundation is very briefly defined as an autonomously-administered property or endowment set aside to continuously serve a particular purpose. According to a recent government bill, a foundation is created when autonomous property to be permanently administered is set aside for a specified purpose. This provision is almost identical to the definition in the older law on supervision (Proposition, 1993).

Two terms sometimes used for subsections of the group of foundations are the establishment or institution (inrättning), which refers to a foundation with assets in the form of a building or the like; and the fund (fond), a foundation with assets placed in securities or bank accounts. Foundations may own real estate and, under special conditions, also engage in business activities (Frii, 1989; Hessler, 1952; Norin and Wessman, 1993; Proposition, 1993).

**The Swedish Church in the Law**

Two principal bodies of legislation govern the Swedish Church. The first is the Church Law, a subdivision of public law, which is a single statute incorporating a previous system of piecemeal legislation dating back to the 17th century. The provision declaring the Swedish Church to be a democratic and nation-wide institution is still contained in a separate statute, however, as a major constitutional modification would be required to change it. Under the new Church Law, the Church lost its previous legislative power, but the new law gave the Church exclusive control over purely religious matters, a power it had formerly shared with the Swedish parliament. The second body of legislation is found in the tax laws, which contain specific provisions regarding the Swedish Church.

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5 [Lag (1929:116) om tillsyn över stiftelser](#)

6 SFS 1992:300

7 SFS 1982:942
Nonprofit Status

For an organization to receive and benefit from official nonprofit status in Sweden, it must qualify as an institution serving the "public good." According to the Law on National Income Tax (SIL), this status is based primarily on the purpose and legal form of the organization, but certain other limitations also apply. In determining the public good status of an organization's purpose, an important legal distinction is made between a "qualified" public good purpose and a general one.

The "qualified" public good purposes are defined in SIL (7th 6 mom) as charitable institutions (barmhårtighetsinrättningar) and foundations which are primarily dedicated to strengthening the defense of the nation or furthering the care and upbringing of children and the support of education. Other "qualified" public good purposes include relief work among the needy, promotion of scientific research, and furthering cooperation among the Nordic countries.

The second group of public good purposes is much broader. It specifically relates to associations (SIL 7th 5 mom), and includes religious, charitable, social, political, artistic, athletic, and other similar cultural purposes that are considered to be of public benefit. The purposes regarded as "qualified" in reference to a foundation are included as a subset of this larger category.

Benefits of nonprofit status include the right for certain organizations to organize lotteries and gambling, eligibility for subsidies from different levels of government, and the right to or the exemption from VAT (Value Added Tax) for activities traditionally used by nonprofit organizations to raise funds. Another example of the preferential treatment of associations under Swedish law is that only membership organizations are eligible for public subsidies.

There are also semi-official forms of nonprofit status that bring benefits to more than 200 organizations, achieved by being declared an ideell organization by the national telephone company, the postal service, or by the Foundation for Control of Fund Raising (SFI). The SFI's main role is to ascertain that funds raised by an organization are actually spent for the public good purpose for which they were collected. Along with the right to use the SFI insignia, qualifying organizations are also entitled to use special account numbers in an easily-recognizable series reserved for nonprofit fund-raising.

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8 Lag om statlig inkomstskatt (SIL)

9 Stiftelsen för Insamlingskontroll (SFI) is an independent foundation established to monitor fund-raising. The founders of SFI were the four most important associations in the labor market and the Association for Chartered Accountants, Föreningen Auktoriserade Revisorer (F A R).
Swedish society prefers the collective and democratic forms of organization of the associations to the more individualistic foundations. Foundations seeking tax exemption are held to much stricter legal standards than are associations, and associations are granted tax relief for a wider span of activities than foundations. In principle, foundations are liable to taxation on all their income, but those foundations considered to be for the public good are exempt from tax under SIL. The most important tax relief, and also the most important form of nonprofit status, available to foundations in Sweden is the partial tax exemption on income. The foundations of interest may be divided into two subgroups: a small, exclusive group listed in a special "catalogue" (SIL 7'4 mom), and a larger group consisting of foundations designated as of "qualified public good purpose."

The "catalogue" lists more than 30 foundations (e.g., the Nobel Foundation) and other organizations, such as privately-run educational establishments and compulsory student unions that are liable only to tax on income from property and are thus tax-exempt to a greater extent than those included in the larger group.

The majority of foundations granted tax exempt status in Sweden are of the type referred to in SIL 7'6 mom ("qualified public good purpose"). These are exempt from tax on all income except income from property and business. Furthermore, they are only liable for the tax on capital to the extent of their investment in businesses engaged in the administration of capital or property. To qualify, a foundation must not only have a "qualified public good purpose," but must also comply with two other conditions: the completion prerequisite, which stipulates that the major part of the yield must be used for the purpose claimed, and the recipient prerequisite, which states that the activities of the foundations may not be limited to a certain family or group of persons.

Associations eligible for tax exemption are generally ideell in legal form, but economic associations are not excluded. Roughly, the ideell associations may be divided into two groups: those serving a public good purpose and thus eligible for tax exemption, and those that do not serve any recognized public good and which are, therefore, subject to taxation.

As in the case of foundations, tax-exempt associations must also fulfill certain prerequisites. Four such prerequisites are mentioned in SIL (7'5 mom). The first requires that the organization's purpose serve the public good rather than families, or groups of private persons, and the second condition requires that the activities be exclusively for this purpose. The third prerequisite is that membership in the organization must be reasonably open to all who want to join. Finally, the fourth condition stipulates that the preponderant portion of the organization's income be used for the stated public good purpose. These conditions are critical in the
determination of the association's tax-exempt status. For example, in June 1993, the county administrative court of Gothenburg partially denied Greenpeace Sweden its previous tax exempt status for the years 1988 to 1991 on the grounds that the association did not fulfill the requirement of reasonable openness.

If these four conditions are met, the association's income is exempt from taxation, except for the portion that comes from property or business activity. Even business or property income can also be exempt, if the property or business is naturally connected with the public good purpose of the association. Further, ideell associations are largely exempt from the Value Added Tax (VAT) since they are not generally considered businesses. If an association is declared to be for the public good, it will also be exempt from tax on the gifts it receives. This exemption applies as well to subsidies from governmental agencies. On the other hand, donors do not receive any favorable tax treatment. Changes in this matter have been proposed repeatedly over the years, most recently in an official government report (SOU, 1993).

Finally, the eligibility of an ideell association to receive financial support from the government is also subject to certain conditions: the association must have an "ideological function," and must foster the formation of public opinion by promoting democratic values and social cohesion (SOU, 1988). The amount of government subsidies to different associations in the nonprofit sector is substantial and includes both direct financial contributions and indirect or in-kind support (Statskontoret, 1991).

Lotteries and Concerts

Many Swedish nonprofit organizations derive a part of their income from different lotteries or gambling. The popular mass movements, particularly the organizations in the sports and temperance movements, have traditionally organized large lotteries as a complement to other sources of income (Schwalbe, 1985). The total net income from different forms of lotteries and gambling is estimated close to one billion Skr each year (SOU, 1992b). To receive a permit to conduct lotteries, the organizer, usually an ideell association, must fulfill requirements very similar to the four conditions imposed on ideell associations seeking tax exemption. One additional criterion found in the Law on Lotteries (Lotterilagen) is that the activities of the applicant should be of long duration. Other fund-raising activities traditionally used by nonprofit organizations, such as concerts, are also excluded from VAT, provided the proceeds serve a nonprofit purpose.

The Swedish State and the Nonprofit Sector

Sweden, like other Scandinavian countries, has a reputation for being a leading welfare state with a stable labor market and a high degree of social protection. Although Sweden has a
comparatively low degree of service production located in its nonprofit sector, relations between the state and nonprofit organizations are characterized by cooperation and close ties rather than by competition or conflict (Selle, 1993).

Social policy discourse and welfare reforms were first brought to Sweden by the struggle for universal and equal suffrage and rapid industrialization that caused the expansion of the working class. Social policy initiatives between the mid-1880s and the 1920s developed in an environment of growing popular mass movements, the emerging social sciences, and a new urban upper class inspired by German Kathedersozialismus, French revolutionary radicalism, and English liberalism (Olsson, 1990).

The reformists were successful in introducing gradual changes in the social welfare area throughout the second decade of this century. The organizations that took part in this movement, such as Centralförbundet för socialt arbete (CSA), were connected by their mutual membership in leading philanthropic associations. Organizations like CSA, with its orientation towards public authorities, became a bridge between philanthropy and state (Boalt and Bergryd, 1974; Boalt et al, 1975; Olsson, 1990).

Until the 1930s Sweden had a rather weak social insurance system. The historical turning point came with the depression and the forming of a parliamentary alliance between the Social Democratic and the Agrarian parties, laying the foundation for an active and massive state intervention. The 1930s also mark a turning-point in the development of the Swedish labor market. Important agreements were reached between the labor unions and employers' associations. These agreements became the basis of the Swedish "policy of compromise" (samförståndsanda) or "the Swedish model."

However, it was not until after World War II that the foundations of the current welfare state were laid. The wave of reforms began in the mid-1940s with a universal flat-rate pension. The 1959 ATP-reform (a supplementary pension based on income from gainful employment) represents the beginning of an earnings-related system that came to replace the earlier flat-rate pensions. The ATP-reform caused protracted political conflicts. The non-socialist parties supported the idea of supplementary earnings-related pensions, but opposed the Social Democrats' proposals that the pensions be public and state-controlled. Ultimately the Social Democrats won out. The ATP-decision was a milestone in the development of Swedish social policy: the social insurance system and other support systems were made compulsory, and financed and organized within the state sector (Lundström, 1989).

The structure of the welfare model did not change much during the 1970s and 1980s, although Sweden had non-socialist governments for six years between 1976 and 1982. Adverse economic developments and the loss of consensus on the principles of the welfare state put the
structure under pressure, but it retained its previous character; some improvements were even introduced.

Researchers analyzing the Swedish or Scandinavian welfare model emphasize the relatively high benefit levels and social service standards, commitment to universalism and equality going farther than that in many other nations. According to Esping-Andersen and Korpi (1987), the welfare states of Scandinavia seem to have a stronger "decommodifying" effect of moving the satisfaction of human needs from the market to a collective sphere. The traditional boundaries of welfare state policies have thus been exceeded to an exceptional degree, and have minimized the need for private care. Although such accounts might underestimate the role of the private for-profit and nonprofit sectors, there is extensive state provision, finance, and control, not only in the social security system, but also in areas such as education and health. Primary schools, for example, have long been under government control and, from the end of the 1940s, the absolute majority of schools on the secondary level have also been included in the state sector. At the end of the 1970s, less than one percent of children of compulsory school age attended private schools (SOU, 1981).

Even in an area of such state interest as education, however, there has been a place for nonprofit organizations. To a large degree, adult education, organized in study circles or residential colleges, has been conducted under the auspices of nonprofit organizations. In the delivery of some social services, nonprofit organizations have also held a prominent position. Institutional care for alcoholics and drug addicts, for example, has traditionally been an area with a significant share of nonprofit organizations (Richardson, 1990; SOU, 1987; SOU, 1990).

In Swedish political discourse the popular mass movements and the nonprofit sector are viewed as important schools for democracy, instruments for promoting both mutual and individual interests, and an integral part of the democratic civil society. Since the 1940s, but especially after the 1960s, state support to organizations in the nonprofit sector has grown substantially. State policy in this respect, however, has varied in regard to different areas of the nonprofit sector (Davidsson, 1993; SAP, 1993; SOU, 1987).

In areas such as culture, adult education and sports, the state consistently supports nonprofit organizations through grants and in-kind assistance. However, in health services, social welfare, and education (except adult education), the state’s policy has been directed toward equal rights reforms. Therefore, most of the important services in these areas have been produced within the public sector, while nonprofit organizations played a comparatively minor role.

At the local level, however, members and professionals from nonprofit organizations are making important contributions, often informally and through volunteer work, that supplement service production in the public sector. In social service and health these include activities that support the elderly, the homeless, persons with alcohol or drug-related problems, hospital patients,
and persons under correctional care. Swedish municipalities have a high degree of autonomy and play a crucial part in areas such as education, social assistance, child care, care of the elderly, and leisure. In most of these areas nonprofit organizations cooperate with the municipalities and are highly dependent on them for support (SOU, 1993; Svedberg, 1993).

Conditions for the nonprofit sector today appear to be changing rapidly. Pressure on state budgets and changes in the ideological climate—including criticism of a growing, supposedly inefficient, welfare state bureaucracy—together with growing internationalization, call for a different social policy. They emphasize freedom and individual responsibility in the social welfare system and advocate a larger space for civil society. These changes in social policy were of course furthered by the 1991 elections, which brought a non-socialist government to power. However, in spite of political controversy, there is a relatively strong consensus on the universal or institutional model. The proposed alternatives to the present system are rather vague ideas of a new welfare mix in which some form of civil society would have a more significant role (Olsson, 1993).

Since the 1980s, with a shift in the dominant ideology towards more market-oriented concepts, criticism of bureaucracy, and a harsh economic climate, there has been a move in the direction of business-oriented management systems, deregulation, decentralization, service-orientation and privatization. These methods, intended to reduce public spending and increase productivity and efficiency in the public sector, have been introduced at both central and local levels. The Swedish government has also set up a committee (beredning) to study ways in which nonprofit organizations can supplement, or provide alternatives to, activities carried out within the public sector. Accordingly, government policy will open up new space for nonprofit organizations providing services in such areas as social welfare, health, and education, especially on the local level (Regeringen, 1993; SOU, 1993).

The Swedish welfare model is being challenged from outside and within, and is under pressure to move toward a "welfare mix" with more space for both business and the nonprofit sector and, one might add, with a risk of diminished social security for individuals. It is still too early to tell how nonprofit organizations will adapt to current and future changes. At present, there are several attempts from both local government and nonprofit organizations to initiate voluntary participation in areas traditionally run by government. However, considering Sweden's historical pattern of cooperation and mutual ties between organizations and government, and given the structure of its nonprofit sector today, one might reasonably predict that the future of the sector will not be a carbon copy of the structures in either continental Europe or the United States. The nonprofit sector in Sweden will more likely develop along present lines: with an emphasis on broad-based membership and participation; important roles allocated to popular mass movements, interest organizations and organizations for mutual aid; and with close cooperation between the nonprofit sector and government.
Conclusion

This paper has provided a conceptual framework for examining the nonprofit sector in Sweden that reaches beyond the traditional ways customarily employed for comparable studies elsewhere. It is true that the potential arenas for private nonprofit activity outside the state in Sweden have been limited as a consequence of the rise and expansion of the welfare state during the major part of the 20th century. Nevertheless, it must be recognized that Swedish nonprofit organizations abound and are neither necessarily smaller nor less powerful than their counterparts in other countries. The Swedish nonprofit sector is uniquely characterized by the number and variety of its organizations and the effectiveness of its movements, and is not to be measured solely by the extent to which it is engaged in service delivery. When viewed in this way, the nonprofit sector is perceived as playing an undeniably significant role in Swedish society and history.

Although private nonprofit organizations have been encouraged to participate in the fields of culture, adult education, sports and leisure, and also in politics and cooperative efforts, areas such as compulsory education, research, health care and social welfare have, by contrast, been characterized by large, state-provided, egalitarian reforms, which have left little room for organizations outside the state apparatus. The role of nonprofit organizations in these latter areas has been focused more on lobbying and acting as pressure groups to influence different levels of government to provide services than on actually providing these services themselves. This role of representation and advocacy has resulted in close ties between government and the nonprofit sector. At times it can be difficult to separate these entities one from the other.

Historically, a main function of the strong, often government-supported, popular mass movements, beyond their primary purpose of representing the interests of their members, has been to organize and unite different groups of citizens, thereby fostering the democratic system. Foundations illustrate another aspect of the Swedish nonprofit sector where individuals or small groups may be able to influence the objectives and activities of the organization to a greater extent than is generally possible in a large popular movement. Nevertheless, foundations have often been neglected in the few existing attempts to describe the Swedish nonprofit sector.

The nonprofit sector in Sweden is facing a rapidly-changing environment because of the reformulated role of the state. This includes questioning the degree of state involvement and the monopoly-like provision of services in such traditional welfare state sectors as health care and education. We see two reasons for this development. The first responds to liberal ideas of a smaller public sector. Some of the activities presently entrusted to this sector would be taken over by some form of civil society in the future. These ideas have been advanced by the recent shift in government power from the Social Democrats to the more conservative and liberal coalition government that came to power in 1991. Another ideological explanation is to be found in the
arguments of critics of the Scandinavian welfare state, who have sought to increase citizen participation and have demanded a decentralization of political decision-making.

Another significant factor contributing to the changing environment for nonprofit organizations is the economic recession of the early 1990s, which has diminished the capacity of government to finance and maintain all welfare institutions established during the second half of this century. One possible way out of this dilemma is to turn to for-profit businesses and the nonprofit sector to share some of the responsibility for service delivery. But another consequence of the recession is that general subsidies to the nonprofit sector are being questioned and cut back. As a result of these changes, the existing understanding between the Swedish state and the nonprofit sector is being renegotiated, and their respective roles are being reshaped and redefined.

We recognize that an attempt to develop a single, comprehensive concept that covers parts of society so disparate as the different organizations and components of the nonprofit sector, as we have presented it here, may well be open to questions. However, we hope that research and policy-making may ultimately benefit from this new perspective that views these different types of organizations as one sector.
References


