MASS CHALLENGE

The Socioeconomic Impact of Migration to a Scandinavian Welfare State

TINO SANANDAJI

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Tino Sanandaji
Institute for Economic and Business
History Research (EHFF)
Stockholm School of Economics
Stockholm, Sweden

Translation by
Jonas Vesterberg

Edited by
Pontus Tholin

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Preface

For we are conquered by overwhelming motives: honor, fear, and profit
—Thucydides, on the motives for human conflict, 5th century B.C.

In the early morning of Saturday, July 16, 2016, the Rosendal fire station in the city of Uppsala received a phone call. The alert concerned a suspected fire in Gottsunda. This high-rise neighborhood is located about a mile southwest of the city center and was built as a part of the Million Program in the 1960s. Gottsunda is a typical immigrant neighborhood characterized by social exclusion—one of the areas often portrayed in the news in connection with unrest.

Earlier during the night, violent disturbance had erupted in the district. Some thirty masked youths set fire to trash bins and threw rocks at rescue personnel. The fires escalate at midnight and create a riot-like atmosphere in the area. At 2 am, the fire station receives an alarm that someone has noticed smoke smell in the stairwell of Bandstolsvägen 38. The fire commander had earlier in the evening made the decision that the fire department was not allowed to go to Bandstolsvägen without a police escort. Therefore, the fire truck awaits the five or six police cars that are to escort the fire department to the address. When the convoy approaches, another delay occurs when the fire truck is forced to stop, so that the police can regroup and protect it on foot for the last few hundred yards. This evening, the distance of about two miles, which typically takes less than ten minutes to travel, took more than 25 minutes.

The above description is based on the accident investigation report that was produced by the Uppsala Fire Department (2016). I used the Freedom of Information Act to obtain a selection of the partly classified incident report, created by the Swedish Police Authority in Uppsala (2016), which is cited below:

19:46:52 Situation yellow, upset atmosphere
19:49:25 Meeting ambulance
19:55:57 Very bad atmosphere at [crossed out]
22:01:26 Call from bus traffic control, individuals have thrown something at the bus on its way towards Bandstolsvägen
22:02:05 They will stop buses to Gottsunda
22:03:08 [Crossed out] regarding that [crossed out] had an "incendiary bomb" thrown at his unit
22:04:23 [Crossed out] perceives that it's bottles that they're throwing which explode when they reach the ground
22:05:20 Now trash bins are burning at [crossed out]
22:06:48 [Crossed out] burning tires and trash bins
22:15:19 There's a fire in a dumpster at Bandstolsvägen and two dumpsters at Hugo Alfvéns
22:16:45 The gang that has set the fire was wearing masks in [crossed out]
23:20:31 Aggressive atmosphere Bandstolsvägen and trash bins thrown out into the road are burning
23:46:50 Have received information from [crossed out] that juveniles are going to throw rocks and eggs at police and emergency services
01:13:24 The objective of the operation is to restore order in Gottsunda. The operation must be carried out as safely as possible from a work environment perspective
02:02:02 Call from emergency services—public has called and reported the smell of smoke in the stairwell [crossed out]
02:25:28 Emergency services, they will now break down an apartment door
02:27:11: There's been a fire inside the apartment
02:27:28 Emergency services wants ambulance on scene
02:33:55 One individual deceased in apartment

The person found lifeless on the floor of the apartment was an elderly disabled man, whose life could not be saved. The direct cause of death appeared to be smoke inhalation, as a likely consequence of having left the stove on. While we cannot be sure, there are indications that the man's life could have been saved had the rescue operation not been delayed. The fire department report states: "Since there was unrest in the area during the evening, including arson of trash bins and rock-throwing at rescue personnel, the fire truck was escorted by police to Bandstolsvägen 38, which delayed arrival with about 13–15 minutes." Swedish tabloid *Aftonbladet* (2016a) interviewed a neighbor:

> Jawad Kerim, 33, lives in the same stairway as the deceased man, and he was in bed when his wife noticed the smell of smoke.
>
> "I checked our apartment first and found nothing, so I went out on the balcony and talked with the neighbor. Then I went out into the stairwell and the smell was very strong, and then I knocked on a lot of neighbors' doors, including his door. But he couldn't walk, he had a walker with him at all times," said

> Jawad Kerim. When the smell got even more intense in the stairwell, the neighbor called 112.
>
> "The fire department didn't get here immediately because of these idiots who burn things," said Jawad Kerim. He estimates that it took between 20 and 30 minutes before the fire brigade arrived—which is consistent with the fire brigade time logs.

The riots didn't stop after the tragic death, but continued for another three nights. It is not clear what prompted this particular incident, as is often the case with riots in Sweden today. The trigger may have been the police's attempt to arrest the driver of a stolen dirt bike. *Aftonbladet* (2016b) quotes the Uppsala police:

> The unrest in Gottsunda and Valsätra began on Friday evening. There has been unrest in these areas before. The inception of this event may have been that police arrested a man on a stolen dirt bike in Valsätra on Friday.
>
> "We don't rule out that it may be related in some way. Some that we've talked to claim that the police would be a reason for this. In cases where we've made arrests, it's due to crime," says Christer Nordström. Police spotted the man on the dirt bike and followed him, after which he skidded, overturned, and hurt himself. He suffered no serious injuries. But the event itself may, like earlier incidents, have caused a rumor to spread in the districts that the police acted unfairly.

Gottsunda and Valsätra are areas of social exclusion that have long experienced problems with antisocial behavior in the form of violent rioting, attacks against the authorities, torching of vehicles, and throwing of rocks. The district often receives visits from worried politicians and journalists. A recurring word in connection with these visits is "challenge." For instance, local politician Erik Pelling spoke of "turning around the social challenges that still exist in Gottsunda" (Swedish Public Radio 2016). A K9 officer with the Uppsala police, who witnessed the events, recounted his critical observations in the local daily *Upsala Nya Tidning* (2016):

> Already early on Saturday evening, we received information that a handful of people were preparing so-called Molotov cocktails and stocked up on paving stones. At this point, you could've gone in to remove the stones and Molotov cocktails, and in the best-case scenario arrest the people who were getting ready. But the police chose not to. Instead, dialogue police went up to Gottsunda and talked to some of the older juveniles; they're a number of multi-criminal young men with major influence on the youths in the area. They tried to persuade them to talk with the young people that they shouldn't set fires and so on. The counterclaim from the juveniles was, like so many times before, that the police should evacuate from Gottsunda. Now, things start to get crazy. Society, here represented by law enforcement, delegates the initiative of order and security

to a number of criminal young men, and accepts the demand for the police to leave the area. Had I been a criminal, I wouldn't want the cops in my neighborhood either.

– – –

I was in a police van two blocks from Bandstolsvägen, suited up in riot gear and with my police dog by my side. From there, I saw black columns of smoke from burning cars rise up into the sky, one after another. The city buses turned at Linrepevägen, which forced all the passengers to walk through entire Gottsunda to get home. It didn't feel right having to answer the elderly lady, who asked me how she was supposed to limp all the way home: I don't know.

Stockholm, Sweden Tino Sanandaji

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Contents

List of Figures

List of Tables

CHAPTER 1

Introduction

> May Sweden remain a moral superpower.
>
> —King Zog I of Albania, at a state visit to Sweden in 1939

The Swedish word for challenge is *utmaning*. Both words have long historic roots and roughly carry the same connotations in the two languages. The *Swedish Academy Glossary* defines the word as an "act that entails a call to struggle or competition" (Swedish Academy 2009), whereas Wiktionary's online dictionary states "something that requires substantial effort, but still attracts," and provides the example "It is a challenge to climb the Mount Everest." In the English language, the *Oxford Dictionary* (2010) similarly traces the word as far back as summons to a trial or contest in the middle ages.

In both languages, the word challenge has increasingly come to be used by politicians as a euphemism for tough social problems, in order to pretend they are in fact positive and rewarding trials in which we benefit to partake. Few would, however, sincerely argue that it is an "attractive effort" that fire trucks must have a police escort to enter certain neighborhoods. An editorial by Per Gudmundson in Swedish daily *Svenska Dagbladet* (2016), entitled "Increased Gross Domestic Challenge," discusses the inflated use of the term:

> While GDP has slowed and GDP per capita has been virtually stagnant for a decade, the amount of social problems—or challenges, as they're called when there are no solutions—has increased. Integration is a challenge, school is a challenge, long-term unemployment in vulnerable groups is a challenge, the demographic trend of an aging population is a challenge, the torching of cars in the social exclusion areas is a challenge, municipal finances are a challenge, police shortage is a challenge, burnout among social workers is a challenge, and so on. Citizens feel it, although that's not possible to include in the government's forecast. Perhaps GDP estimates should be supplemented, as economist

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> Tino Sanandaji recently expressed facetiously, with a measure of gross domestic challenge (GDC). In such case, one way to measure it would be to count how many times the term "challenge" occurs in parliamentary proceedings. During the 1970s, the average GDC was 17.6. The most recent parliamentary year showed a gross domestic challenge of 124—an increase of 14.8 percent from the prior year. The challenge economy is strong, I would say.

The concept is widely used in the media and by public agencies. The word challenge is found, for example, 215 times in the National Board of Health and Welfare's report "Healthcare and Dentalcare for Asylum Seekers and New Arrivals" (2016)—including nine times on the first page alone.

It seems that challenge is used for intractable social problems, where one cannot come up with suggestions for concrete measures, or even an effective spin to deflect the issue. Many have acted as if a shift in the discourse from problem to challenge is a magic wand, with which problems can be conjured away. However, magic tricks are only about illusions; they do not change the underlying reality—merely distracting the audience for a moment. Over time, the concept of challenge therefore morphed into a tired cliché. The word was gradually worn out when it was used to play down problems like social exclusion, segregation, inequality, homelessness, child poverty, unemployment, vandalism, riots, gang killings, extremism, child marriage, honor-based violence, car-torching, rock-throwing, and assaults with fireworks.

The truth is that what Sweden is facing are not challenges; Sweden is facing problems. A country long known as one of the world's most prosperous and idyllic is about to turn into an ethnic class society, where parts of the population feel like second-class citizens, and where assaults against firefighters are only reported in brief unless they lead to fatalities. The number of neighborhoods that are defined as social exclusion areas has increased from three in 1990 to 186 in 2012, while gang crime, bitterness, alienation, and multi-generational poverty have taken root in a short time. Sweden must deal with social problems that are not in the least inspiring, which are hard to paraphrase into something uplifting, and where there are not even any definite solutions. It is hard to have to face all this, but it is necessary; few social problems have been solved by being swept under the rug.

It is painful to admit the link between social problems and immigration. Most Swedes have great goodwill and tolerance toward immigrants, and wish that immigration would have been more successful. Sweden's experiment with large-scale immigration from the Third World to a welfare state has been unique in its scope, but is in many respects a failure. Today, Sweden's social problems are increasingly concentrated to the portion of the population with immigrant background. Foreign-born people account for about 19% of the population, and second-generation immigrants an additional 6%. Despite this, foreign-born represent 53% of individuals with long prison sentences, 58% of the unemployed, and receive 65% of social welfare expenditures; 77% of

Sweden's child poverty is present in households with a foreign background, while 90% of suspects in public shootings have immigrant backgrounds.

The increase in social problems is also driven in large part by immigration. Since the early 1990s, those with immigrant background have accounted for half of the increase in the proportion of low-income earners; more than half of the reduction in high school eligibility of students leaving primary school; about two-thirds of the increase in social welfare expenditure; and more than 100% of the increase in unemployment—which, consequently, has dropped among Swedish-born. Problems such as rioting and unrest are also highly concentrated in immigrant areas. We must develop concrete actions that give all immigrants Sweden has received a place in Swedish society. This, in turn, requires a frank and evidence-driven analysis of how Sweden ended up here and, more importantly, can move on.

Now, when the debate on "mass immigration" is over, Sweden must understand and address the, in many ways, more complex problems—including mass unemployment, mass riots, mass vandalism, and mass vehicle-burning. If problems are to be referred to as challenges, we must conclude that the combined issues Sweden is facing cannot be characterized as anything else but a mass challenge. For the benefit of those who prefer the term challenge instead of problem, I have thusly chosen the title *Mass Challenge*.

A Policy Perspective

Let us begin with a few words about myself, as well as about the structure of the book. I am of Kurdish origin and was born in 1980 in Iran. My family moved to Sweden in 1989, although—like many migrants—we were not refugees fleeing our lives, but rather left a safe life in Iran in order not to live under the oppression of the Islamic Republic. Like many immigrants—again—we were hardly poor, instead belonging to the affluent and secular layers of society. My father studied as a young man in California. He and my mother were among the many Iranians who prefer Western enlightenment values to the authoritarian theocracy established by Ayatollah Khomeini, which to this day imprisons the people of Iran in a grim, if ever-weakening, grip.

Ironically, I lived in Teheran during the eight-year Iran–Iraq war, and experienced many nights with aerial bombings—including one that shattered the windows of our home—but only left Iran one year after the war was over. We left Iran for ideological reasons, not due to any objective threat to our lives or material needs. Once Ayatollah Khomeini passed away, without the Islamic Republic falling, my father gave up hope and decided to move to Europe, in order for my mother not having to be forced to cover herself in a veil, as well as not being exposed to daily propaganda. At the time, he worked with—and later for—a Swedish forestry company involved in building a pulp

plant in the forested areas around the Caspian Sea, which gave him a visa to Sweden.

My brother and I did not experience any cultural shock, as we were already reared in Iran's significant Western bubble. In general, Iranian immigrants to the West have a lower cultural distance compared to those of many other Middle Eastern countries, since the Iranian middle and upper classes for generations have been comparably Westernized. After taking my economics degree from the Stockholm School of Economics in 2004, I lived eight happy, brutally cold, and intellectually stimulating years in the Windy City—obtaining my Ph.D. in Public Policy from the University of Chicago as well as doing my postdoc.

I returned to Sweden in 2012 and have since then worked as a researcher, focusing on entrepreneurship, historical economics, and public economics. In order to avoid tainting results with false accusations of bias, I have deliberately chosen not to do research on immigration, but instead refer to the research of others. Contrasting the inhibited Swedish debate climate with the openness of the Norwegian, a *New York Times* article by Hugh Eakin (2014) noted that "In Sweden, closely patrolled pro-immigration 'consensus' has sustained extraordinarily liberal policies while placing a virtual taboo on questions about the social and economic costs."

As an academic economist, with immigrant background, and a firm believer in liberal enlightenment values as well as the scientific traditions of the University of Chicago, I saw my duty to stand firm where others were silent or silenced. For a time, I was one of the very few economists in Sweden who publicly cited negative facts, which refuted the public consensus that immigration did not have negative economic or social effects. This taboo is today, to some extent, broken in Sweden under the overwhelming pressure of empirical reality. The original Swedish version of this book was part of this debate and released in early 2017—and became the best-selling economics book in that year.

Since I wrote the book as an economist and public intellectual, I have to the best of my abilities attempted to make it empirically solid, balanced, and scientifically stringent. Although the book is largely about Sweden, it has the benefit of being unusually detailed regarding the socioeconomic effects of migration. With Sweden not only being the archetypal welfare state, but also the archetypal multicultural welfare state, it makes a suitable subject as a case study as many of the results apply to other countries—both as lessons and warnings.

Conversely, the problems in Sweden have been exploited and grossly exaggerated by the white supremacists, right-wing extremists, and opportunistic populists. Anecdotes and kernels of truth are used to create a cartoonish caricature of Sweden, as a country engulfed in civil war, or experiencing collapse due to hordes of foreigners pouring in. In some cases, inflammatory claims—such as Muslims mass-raping Swedish women, or a planned white

genocide—are tied to anti-Semitic conspiracy theories and to the manifestos of extreme terrorists. There are also reports that foreign powers, particularly Russia, have systematically used propagandistic disinformation about Sweden in its information operations, with the aim of influencing Western public opinion and elections.

The Swedish immigration debate has receded in intensity, as the country is coming closer to a realistic consensus, but since the country—at least to some extent—is used and misused in the international immigration debate, I believe it to be important to write a reliable and in-depth book. Facts and social science research tend naturally to be moderating in an otherwise polarized era. Most importantly, however, I hope that this book may be of some value to economists and other social scientists. While there are seminal books about immigration by economists and political scientists (e.g., Borjas 2014; Collier 2013), they tend to have broad and macroeconomic perspectives. This book, by contrast, attempts to give a fine-grained empirical examination—indeed, dissection—of one country with a particular focus on the social and cultural consequences, not the least to understand the dynamics of antisocial behavior and conflict.

Some foreign analysts noted similarities between Sweden's migration politics and the strategy to deal with the COVID-19 crisis, where Sweden followed a unique strategy but suffered death rates far above neighboring countries. In both cases, the Swedish policy was characterized by overconfidence, dismissal of other nations, and an explicit or implicit assumption that Swedish exceptionalism would guarantee success where other nations failed. Also, in both cases, a strong and expectant consensus was eventually followed by doubts and shifts in public opinion under the force of statistics. During the consensus, critical articles in the domestic media were rare, whereas critical articles in leading international outlets were dismissed or even accused as being foreign campaigns to tarnish the image of Sweden.

Swedes that cited critical articles on their policy by the BBC or the Guardian could be accused of being disloyal. Chauvinist defensiveness, where attempts to improve national policies are equated with treachery against the nation, is common in populist authoritarian countries; yet clear signs could be noted in some quarters in liberal Sweden. Perhaps this in part reflects the stress caused by facts that in national hubris were followed by the shame of losing face, where Sweden has for generations been used to success and adoration in the international court of public opinion. Sweden continues to be successful and appreciated in domains such as environmentalism, welfare, innovation, and feminism—but the image is increasingly mixed with failures in other domains.

The article "A Very Swedish Sort of Failure: A Flawed Policy on Covid-19 Was Driven by the Country's Exceptionalism" in the *Financial Times*, by its chief foreign affairs columnist Gideon Rachman (2020), discussed the

underlying reasons for Sweden's flawed policy on COVID-19—so intriguingly laid out as to be quoted at length:

> Paradoxically, it may be Sweden's very success as a nation that led to its apparent failure over the pandemic. A self-image as a country that is superrational and modern means that Sweden is confident and cohesive enough not to follow the international consensus. Instead, policymakers have chosen to trust their own judgment. But Swedish self-confidence may have shaded into an arrogance about the country's supposedly superior rationality, which then led to policy errors.
>
> Nicholas Aylott, a professor of politics at Södertörn University in Stockholm, draws a parallel between Sweden's pandemic policies and its handling of the refugee crisis in 2015. In both cases, the country stood out from the international crowd because of its distinctive and radical approach. But, in both cases, the Swedish exception did not work out very well.
>
> For a long period, Sweden offered automatic asylum to all Syrians—a policy more liberal even than Germany's. Ironically, Sweden's ultra-permissive policy attracted scorn from many of the same American rightwingers now praising it over Covid-19. Sweden's distinctive refugee policy was initially a source of national pride. But, eventually, the government conceded that it was unsustainable, and changed course.
>
> Something similar may now be happening over coronavirus. As Mr Aylott sees it: "In Sweden, there is often near national consensus for a long time, then suddenly a brick falls out of the wall and everything changes."

Mass Challenge is an interdisciplinary book that, in addition to discussing the economic effects of immigration, touches on such areas as criminology and sociology. Parts of the book are factual descriptions and reviews of existing research, while others are my own subjective policy recommendations.

The English translation was not done by me but by Jonas Vesterberg. In addition to updating the book, I have attempted to redraft it for the international audience. Many sections dealing parochially with the Swedish debate have been cut, whereas other have been expanded to make the discussion more universally relevant. Should there be any errors or loss of context in the translation, I apologize to the reader.

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CHAPTER 2

A Nation of Immigrants?

What is past is prologue.

—William Shakespeare, *The Tempest*, 1611

Sweden is not a nation of immigrants. Unlike the United States, geographically and culturally isolated Scandinavia remained one of the world's most homogeneous regions until the late twentieth century. Naturally, there has always been a certain degree of immigration to the Scandinavian countries, but historically this was rarely large in scale. At the start of the Second World War, roughly one percent of Sweden's population was born abroad, and only one in a thousand was born outside of Europe.

One could, of course, make the case that on a fundamental level all Swedes are immigrants, since we know that Sweden was uninhabited at the end of the last ice age some 10,000 years ago. It is, however, silly to label all of humanity as immigrants by conflating settlers, who move into uninhabited territories, with immigrants. The formal definition of an immigrant is a person who voluntary moves from one area to another, a definition that is only meaningful in the context of existing sovereign states. Consequently, the first people who moved into these virgin territories when the ice sheets melted and unveiled the land buried underneath were settlers—not immigrants. Likewise, moving into an area by means of war and conquest does not constitute immigration but invasion. Following a similar logic, we do not call the slaves forcibly taken from Africa to the Americas and the Arab world immigrants, as their movement was not undertaken voluntarily but as part of historical crimes against humanity.

The term immigration refers to non-coerced relocation between states, which often makes the concept misleading when applied to prehistorical population movements. Due to the lack of records, we often do not know the exact circumstances of these events. In some cases, it represented peaceful absorption of new members into existing populations. However, in many

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other cases, archeological evidence and other sources suggest that the movement involved conquest, colonization, or even the complete annihilation of existing cultures. In recent years, there has been a tendency to romanticize these kinds of events in order to reach the conclusion that "we are all immigrants." This represents an ahistorical distortion and indeed risks blurring the lines between immigration and genocide.

Historical Migration

It was until recently generally acknowledged that Sweden was a homogeneous country with little immigration. A comparison by sociologist Elina Haavio-Mannila (1983) with other European countries pointed out that "Sweden used to be a linguistically and culturally homogenous country. Only the small groups of Lapps and Tornedal Finns broke this unity. After the Second World War, however, Sweden became an immigration country."

Today, there is a tendency to exaggerate the extent of historical immigration using anecdotal examples, which are often vague regarding actual detail and the quantity of migration. To rewrite the past in order to portray Sweden as a nation of immigrants is thus a novel phenomenon that emerged as a response to xenophobia. This tendency is not unique for Sweden, even though it may be particularly pronounced in the characteristically extreme Swedish migration debate. In all Western European welfare states, there has been a similar effort to recompose the historical narrative and to varying extent portray the country as a nation of immigrants. This Americanization of the European past is also a prominent feature of the rhetoric of EU officials.

Few outside of Sweden have probably heard about the Walloon migration to Sweden in the seventeenth century. This historical migration has become mythologized in modern Swedish discourse, even though it remains an obscure historical event everywhere else—including in the Belgian province of Wallonia. As a typical example, the former Swedish Prime Minister Carl Bildt (2016) reminded the world about the virtues of open migration policies by highlighting this event: "Once upon a time Wallonia spearheaded globalisation. Came to Sweden and modernised us."

One example of this modern mythology draws parallels between the historical immigration of Walloons to Sweden and the immigration that populated the United States, Canada, and Australia. The Walloons, who moved to Sweden in the seventeenth century from present-day Belgium and France, made a strong impression but were few in number (Douhan 1982). This group was tiny relative to the population of the Swedish kingdom, which at the time had around one million inhabitants. Moreover, many of the Walloons returned to their home country after a few years, which was a common pattern in historic labor migrations. According to the source *Nationalencyklopedin* (n.d.): "Little is known about the Walloons who returned home, whereas the approximately 900 people who stayed in Sweden have been studied in some detail."

The inflow of one to two thousand Walloons corresponded to about one-tenth or two-tenths of one percent of the population, spread out across several decades. By comparison, in 2015 Sweden took in approximately 134,000 immigrants, according to Statistics Sweden. Immigration minus emigration is referred to as net immigration. Furthermore, some of the people who annually move in and out of Sweden are native-born—for instance, Swedes who lived in Norway for a few years and returned home—and should be excluded from the analysis. When comparing to historical migration, it is more useful to focus on the foreign-born and also to subtract the foreign-born who returned home. In 2015, Sweden had a net immigration of foreign-born individuals of around 82,000 people—or 0.84% of a population of nearly ten million.

Thus, even after considering that Sweden has a much larger population, today's immigration is on an annual basis nearly 200 times larger than the famous Walloon inflow in the seventeenth century. Another reason why the Walloon immigration cannot be used as a parallel to today's immigration is that most of the immigration to Sweden today is from poorer countries, whereas the Walloons were highly skilled laborers from a technologically more advanced country (Douhan 1982).

Naturally, the inflow of Walloons from present-day Belgium is not the only episode of historical immigration. A more important group that arrived over a far longer period of time were German migrants. Again, these were also immigrants who, thanks to unusual skill sets, made important contributions to Sweden despite being few in number.

In the Middle Ages, Germany was more advanced than Scandinavia. German migrants were what we today might refer to as high-skilled workers in trading hubs and mining towns (Heckscher 1954). German burghers periodically made up a significant proportion of the population in some of the largest and most important Swedish, Danish, and Norwegian towns of the time. This group played an important role in organizing trade and finance as well as in maintaining Scandinavia's ties with Germany. Again, the total number of migrants was not large, simply because cities and mining towns constituted a very small proportion of the medieval population when the overwhelming majority were peasants. In the rural areas, where most people lived, there was no German immigration to speak of.

While no systematic population records exist for this period, we still have enough data to make estimates possible. For instance, Sidén (2008) estimates the number of Germans in Swedish towns during the High Middle Ages and arrives at "a proportion of the population of normally 10–20%." At the time, only about five percent of Sweden's population lived in towns, which means that the total population share of Germans was between one half and one percent.

Sweden as well as the other Scandinavian countries experienced other waves of immigration during the early modern era. In addition to Germans

and Walloons, these included Scots, Dutch, Balts, and other groups concentrated to the higher echelons of society—in particular, the nobility and military officers (Heckscher 1954). The influx of immigrants to the elite has contributed to an exaggerated perception of past immigration. Many Swedish noble houses have overseas origins and foreign-sounding names, although the nobility only constituted about half a percent of Sweden's population at the time. One economic sector that attracted migrants was mining and metallurgy, in which Sweden held and continues to hold prominence.

Recent studies also show that the traditional narrative of Germany's importance for the Swedish ironworks has been exaggerated, and that much of the technological development in the mining industry was in fact domestic. Berglund (2015) discusses new findings in the history of technology:

> In this book, sensational discoveries are presented that, among other things, show that mining operations began in the late 900s and the technology to safely use the blast furnace emerged as early as in the 1100s in Sweden; probably even earlier. As late as the 1970s, it was still assumed, supported by written sources, that the blast furnace came to Sweden from Germany in the 1300s. But through new scientific methods in the form of vegetation and pollen analyses, we can now show that it in fact was most likely a Swedish innovation.

These findings suggest that the blast furnace was developed in Sweden and from there reached Germany—not the other way around as was long assumed.

The reason why immigrants have always been prominently featured in Swedish historical narratives is because it was concentrated to the elite strata of society and since it was exotic—not because Sweden was viewed as a nation of immigrants. Over the years, most immigrants to Sweden have arrived from Finland, with which Sweden has a long, shared history, being part of the same kingdom until 1809. Migration from Finland made a demographic imprint on the population—but, again, nowhere near contemporary levels. Perhaps the most famous example is the arrival of the so-called Forest Finns, a group of slash-and-burn farmers who escaped famine by settling in sparsely populated parts of Sweden. This event is discussed by the seminal economic historian Eli Heckscher in his *Sweden's Economic History from Gustav Vasa* (1935–1949). Under the heading "Immigration of Finns in central Sweden and southern Norrland," he estimated that between 12,000 and 13,000 immigrants came to these areas: "It is obvious that this immigration did not, even with the inclusion of immigrants' descendants, represent a great migration wave in the modern sense of the concept."

Heckscher was among those scholars who shaped modern historical economics by augmenting historical analysis with quantitative methods. One important lesson we can draw from his work is that anecdotal descriptions do not suffice in economic history. The discipline also requires a scientific theory and systematic empirical evidence in order to draw causal conclusions. This is

especially important when it comes to so-called counterfactual conclusions; that is, what we think would have happened if events had taken a different turn.

In the early nineteenth century, the largest construction project in Swedish history, Göta canal, was completed with the help of a number of British experts, including a celebrated Scottish engineer Thomas Telford. A small portion of the work of digging the canal was carried out by a company of Russian prisoners of war. It would be fallacious from this to conclude that the project would not have been realized without foreign labor. The reason for this is that we know that many other similar construction projects in both Sweden and other countries were conducted without the use of foreign experts and labor. There are many alternative ways of carrying out a project. If the Russian prisoners had not been there, someone else would have dug the canal instead, though perhaps at a marginally higher cost. Technology and expertise were imported in other ways—for example, through books, manuals, or by Swedes studying abroad. Even in the case of Göta canal, the overwhelming majority of the work was in fact carried out by 58,000 Swedish soldiers.

During the industrial revolution, small countries such as Sweden imported most of its technology from abroad. Then as today, no single nation would have been able to develop all these technologies on its own. However, we further know that immigration made a relatively small contribution to the flow of technology. Most of new knowledge arrived through the exchange of information between countries, not through the exchange of people. Openness to trade and foreign influences is a separate issue from immigration, contrary to the tendency to vaguely lump them together.

Indeed, the fact that countries can import vast and transformative amounts of ideas and cultural influences from abroad without significant migration is self-evident, once one stops and thinks about it. The most important country from which Scandinavia imports technology and cultural impressions is the United States, despite negligible immigration from Silicon Valley, Hollywood, or New York. The explanation is that information flows through different channels. Bill Gates and Steve Jobs were not forced to move to Stockholm for innovations from Microsoft and Apple to reach Sweden—just as Sweden became Lutheran without Martin Luther ever setting foot in the country.

It is, of course, true that some industries were founded in Sweden by immigrants, but most industries made use of foreign technology without immigration. Likewise, even the industries that were developed through contributions by immigrants evolved in other European countries without the help of immigration. Long-term comparisons of various industrialized nations clearly show that technology eventually trickles in somehow and is absorbed regardless of the exact channel, indicating very strong underlying forces unrelated to migration flows.

Hence, in order to correctly estimate the effect of immigration, it does not suffice to simply list what immigrants have done and then conclude that

these things would not have happened were it not for immigration. While it is likely true that immigration increased the flow of technology to Sweden and similar European countries, it is unclear by how much. The fundamental question thus becomes what the alternative would have been, and how much the outcome would have differed from what actually happened in the counterfactual scenario without immigration. In recent years, there has developed a tendency to inordinately exaggerate the role of immigration for historical economic development—usually without actual numbers or even attempts at stringent analysis.

This state of affairs represents a qualitative decline compared to when Eli Heckscher, himself the son of an immigrant, analyzed immigration to Sweden before it had become a controversial political issue. Immigrants were appreciated for the contributions they made, but their contributions were described quantitatively and with a sense of proportion. This sober approach can be contrasted with today's polarized debate, where some blame immigrants for virtually all societal problems, whereas others mythologize the contribution of immigrants beyond reasonable limits. Moreover, since immigration was not the sole focus, economic historians avoided the mistake of downplaying more important causes of technological development. Heckscher (1935–1949), for example, writes about the industrialization of Sweden: "The Swedes commonly traveled abroad to study and to an increasing degree, literature also mediated the foreign experience; it is likely that it had a bigger impact than immigration."

Even in areas where foreign experts had the biggest imprint, deeper analysis often shows that their contribution was the acceleration of a process that would have occurred sooner or later anyway. Long periods of immigration were rarely required to transfer expertise. Boëthius (1951) writes of German blacksmiths in Bergslagen: "The Swedish blacksmiths have quickly enough acquired their art. Already in the 1630s, they felt independent of the masters."

Similarly, Åkesson (1998) explains that "Developments in mining and metallurgy would have occurred even without Germans and Walloons. But it would have been different, slower and with a delay of processing, export of inferior and cheaper iron closer to the raw material."

Scandinavia was a major exporter of iron by the Viking Age, and it is therefore unsurprising that some of the sector's technological development took place in this region. Another example is the famous shipbuilding technology of the Scandinavian Viking Age. There are also examples of important institutional innovations with probable origins in the Nordic countries. One example was the *things*, which were political assemblies for legislation and justice (Brink 2002). These and other Scandinavian institutions exerted a major impact on Anglo-Saxon legal and political developments, such as the jury system (Turner 1968; Plucknett [1956] 2010).

In the Middle Ages, just like today, Sweden and the other Nordic countries had small populations and were primarily importers of

innovation, but that does not mean that they were primitive societies that never contributed anything of their own. Former Swedish Prime Minister Fredrik Reinfeldt gave an example of such prejudice in a speech to students with immigrant backgrounds (*Dagens Nyheter* 2006): "Merely barbarism is fundamentally Swedish. The rest of the development has come from outside."

This is a contemptuous and almost colonial view. It is ahistorical to imagine that any society can import, adapt, and absorb ideas from other countries without any domestic contribution. The blend of external and internal impressions that constitute culture is unique in every society. A useful parallel to understand how the cultures of countries can be unique, while sharing common components, is to compare them with languages. Human culture is an information set as opposed to an essence. English, German, Swedish, Farsi, Arabic, Swahili, and Yiddish all share some common words and structure, if to varying degrees. Often due to historical reasons, some cultures have more common traits, just as some language groups are more similar to one another. No human culture exists in complete isolation; simultaneously, no country in our world can be said to lack a distinct culture. Culture is a set of knowledge transmitted over time, including beliefs, values, symbols, and customs. Culture and language both consist of thousands of distinct elements that are to various degrees both shared and unique. A common logical error is to instead think of culture as having an essence rather than consisting of a continuous set of complex information.

Languages and cultures are often influenced by one another. The English language has borrowed many words from Norse languages, including the words *husband*, *sky*, and *thrift*. It would be ridiculous to claim that the English language does not exist since it shares elements with other languages—and equally ridiculous to claim that Swedish culture does not exist because the recipe for Swedish meatballs may have been originally inspired by Persian cuisine. To state that a culture does not exist if it has borrowed elements or partially overlaps with other cultures is, therefore, a straw man. Culture and language are powerful analytical concepts, since they are sufficiently coherent over time and distinct across groups to be conceptually meaningful and easily identifiable. In recent years, fallacies relying on the "no pure culture" argument have become common in the Scandinavian debate and are generally utilized to claim that Swedish, Danish, and Norwegian cultures do not exist—often by citing anecdotes about foreign influences on cultural symbols. This line of reasoning is often a reaction to xenophobic and isolationist rhetoric, but it is equally simplistic. During the romantic nationalism of the nineteenth century, it was common to shamelessly exaggerate and raise one's own country to the heavens. But it is just as unnuanced to, as an overreaction, go to the opposite extreme and reduce the history of an ancient country to romantic anecdotes about Walloons and German burghers.

Migration in the Modern Era

While historical migration levels are based on estimates, Statistics Sweden started compiling migration statistics in the late nineteenth century. Between 1871 and 1940, Sweden received an average of about 6000 immigrants per year. Many of those immigrants were Swedes who had moved to North America and were returning home. The rest were almost entirely migrants from other Western European countries. Hallberg (2001) writes that "In the 1800s, during the time of the great emigration, immigration was relatively minor and mainly consisted of returning Swedish-Americans."

It is interesting to note that the period when Sweden transformed into one of the world's wealthiest economies was characterized by limited immigration. Until modernization took off in the mid-nineteenth century, Sweden's GDP per capita was average in Europe—below the Western European mean but higher than that of Eastern Europe. In this period, Sweden rapidly developed through industrial capitalism and created many of its famous export companies including Volvo, Ericsson, Nobel Industries, and Electrolux. By the start of the Second World War, Sweden had managed to become the world's ninth wealthiest economy, a higher ranking than today (Maddison 2010). Consequently, it is difficult to claim that Sweden became rich due to high rates of immigration.

It is not really until the Second World War that Sweden experienced large-scale immigration. An estimated 150,000–170,000 refugees were taken in during the war, most importantly from Norway and Finland. Statistics Sweden (2004) explains: "The large number of refugees who arrived during the war years from the neighboring Nordic countries returned immediately after the end of the Second World War."

Thousands of refugees with Jewish backgrounds were rescued by Sweden during the Second World War, many of whom chose to remain in Sweden after the war (Borevi 2012). Unlike most other European countries, Sweden's manufacturing base was intact after the war. The country was already fully industrialized with a highly skilled labor force and advanced levels of research and engineering. Contrary to popular perception, the Swedish economic system was not and never became socialist, instead choosing to retain free-market capitalism and private ownership of enterprise. Sweden did not join NATO but generally sided with the Western block and chose to receive Marshall aid from the United States, which further helped Sweden increase its prosperity.

At the same time, Sweden as well as other Scandinavian countries pursued a policy of high taxes, strong labor unions, and strict market regulations aimed at redistributing income. This approach of combining capitalism with a large welfare state financed by high taxes was sometimes referred to as a middle way between socialist and laissez-faire policies. The decades following the Second World War were characterized by affluence, high annual growth, low unemployment, and the expansion of the famous welfare state. Income