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
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-rapeing 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 intrigu-
ingly laid out as to be quoted at length:

Paradoxically, it may be Sweden’s very success as a nation that led to its appar-
ent 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 ref-
ugee 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 pol-
icy more liberal even than Germany’s. Ironically, Sweden’s ultra-permissive pol-
icy 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 unsustaina-
ble, 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 exist-
ing 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 interna-
tional 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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