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Safe or sorry?
The introduction of the Swedish premium pension as an example of everyday financialization
Introduction

Both old age retirement and income from pension are fundamental concepts with long historical roots in modern societies. Together with public education and healthcare, the ideas of retirement and pension should be seen as self-evident parts of public right and security in our times (Palme 1990) even if such rights are exercised in different ways, depending on national systems and political values. Pension providers and terms and levels of pension agreements may differ to great extent but most Western nations and many others provide some kind of basic general national pension scheme for its citizens. It is also common for organizations and companies to provide employees with retirement and pension plans. It is therefore quite safe to state that national pensions and other types of pensions are thoroughly institutionalized ideas of contemporary society and that pensions also are important subjects in an ongoing debate between representatives of political parties or advocates of differing ideologies (Carroll & Eriksson 2005, Glyn 2006).

In the case of Sweden, a general pension scheme with basic and collective coverage for all citizens has been an undisputed part in the Swedish model for many years. The matter of national pensions has also been a both continuous and important subject in the politics of the welfare state during most of the 20th century (Lundberg & Åmark 2001, Lundberg 2003). In the year 2000, a new national pension scheme was launched in Sweden. The main arguments for the change were an ageing population of Sweden (as in many other European countries) together with the need for an economically more stabile pension system. The structure and idea of the new national pension signaled a dramatic change from the old ATP pension system that was introduced in 1960 and a significant difference in the new system was the *premium pension* part. The
premium pension incorporates a commercial fund market together with the national pension scheme. In this new pension part, the individual citizen is encouraged to invest his or hers pension assets in a plethora of some 800 funds that now exists as alternatives. These are products from many types of fund managers but are in the end administered and monitored by a government authority. The individual pension portfolio is supposed to be actively maintained by its account holder and its funds to increase their value until his or hers retirement. Thus, the premium pension stands out as a hybrid between state administration and finance market. It is also an example of a created market situation with need for specific communication between several actors. These actors may have goals that sometimes are contradictory, e.g. the Swedish state with its government authorities, a variety of fund industry players and also the individuals that the premium pension encompasses.

The aim and scope of this paper

My main purpose with this paper is to show, and consequently also to discuss, how the introduction of the Swedish premium pension can be seen as an attempt to financialize¹ the everyday lives of the Swedish public and also as a financialization of an important part of the Swedish welfare system. This empirical study combines analysis of genre, text and language with an analysis of changes in the political and socio-economic fields. A very basic assumption is that public texts like the official information about the premium pension are useful as indicators and bearers of meaning when it comes to studying changes and impact of social phenomena. These types of texts are important parts in the construction of discourses and in the disclosure of current political and societal values (Fairclough 2001, Wodak 2001).

¹ The notion of financialization is discussed at length by Martin (2002) and also by Erturk et al (2007), as well as further down in this paper.
A somewhat unusual aspect is my focus on texts from professional actors that concern the individual citizen. In a majority of studies that take an interest in (Swedish) finance issues from a reflective or critical perspective, a common approach is mainly to look into aspects of professional groups such as brokers or analysts (Hasselström 2003, Renemark 2007). It is also more common to adapt a view of the private individual as a consumer of finance products or, as is done in finance behavior studies, as a more or less rational decision-maker (e.g. Mårtenson 2005). The view of the individual as citizen with rights and obligations is generally restricted to studies in political science (e.g. Kjellgren 2002). With the dramatic changes of the Swedish model in mind, it is however clear that there is a growing need for research where the change of the welfare system is related to issues of financialization and the inclusion of market systems in new domains such as pension systems. The ongoing trend of marketization of the individual “life career” is also a useful approach when describing the perspective of the private individual in studies of everyday financialization (Chiapello & Fairclough 2002, Livingstone et al 2007). This paper is an attempt to see the changes of the Swedish pension system from these different perspectives of the individual as he or she is approached in the public text of the premium pension.

The empirical background of the paper is the extensive information material – both as printed and Internet texts – that have been produced by the government authority responsible for the premium pension as well as the different political and legislative texts regarding the system. A secondary sample of texts comes from the coverage of the premium pension in media and from reporting by commercial actors. This is however only used as background data. A strong methodological focus lies on analysis of written language and its usage in different functions. This entails the view that public texts, like the sample of this study, always have established genres and belongs to different discourses (Swales 1990, Todorov 1990). This approach also brings on the notion that
genre conventions and norms play important roles in how the official premium pension information is framed and produced (Englund & Ledin 2003, Ohlsson 2007). Subsequently, I make use of different close reading techniques that include text analysis of interpersonal relations, argumentation patterns, lexicogrammatic analysis and other aspects of language oriented discourse analysis in order to describe and discuss the information texts about the premium pension. My results of the text and discourse analysis are then related to genre conventions and also to a more general discussion on everyday life financialization in literature and the reform of the Swedish pension system.

The change of the Swedish pension system

In 1998 the Swedish parliament passed legislation on reform of the Swedish pension system, a reform that had been proposed already in the beginning of the 1990s. The new system was to be called the public pension (den allmänna pensionen, SOU 1994:20). The reform that led to a new national pension is one of the most comprehensive changes of a European pension system so far and has caught widespread international interest (Sundén 2006). The reform had broad political support where five parties, both the Social Democrats and non-socialist parties, joined ranks for the preparatory work and in the final vote. There was, however, an intense, and sometimes harsh, internal debate within the ruling Social Democratic party before the party could present an openly sympathetic image in favor of the proposed pension reform (Lundberg 2003).

The new system differs strongly from the old ATP pension, which was introduced in 1960. The new system is a notional defined contribution plan, which is financed on a pay-as-you-go basis. The old system was based on a flat-benefit general income scheme, combined with occupational pension and these two schemes were seen as the two pillars of the old system. The new system separates the income-based pension parts from the occupational parts and in the
new pension scheme it is clearly stated that a person’s future pension is based on three separate parts; national income-based pension, occupational pension(s) and private (or “voluntary”) pension savings.

All persons with a taxable income in Sweden pay 18.5 percent of their gross income to the national pension system. Of this amount, 16 percent is used to pay for the pensions of those who are currently retired; this part of the system is called the income pension. The remaining 2.5 percent goes to the premium pension. This amount is to be placed in up to five different open mutual funds by the pension holder and will then be paid back as pension at the age of 61 at the earliest. If the premium pension holder chooses not to place these assets in funds, the amount will automatically be placed in the Premiesparfonden (the Premium Savings Fund), which is controlled by a major state-controlled pension fund authority for the income pension (the 7th AP Fund). However, the expectation is that premium pension holders will actively place their individual amount in the commercial open funds. A possibility to actively manage the premium pension fund portfolio by switching funds is always open (and also encouraged). The future total pension will be covered partly by the amount placed in funds, and partly by the future payments to the income pension by younger persons working when the pension holder has retired.

The change of the pension system led to the creation of a new state authority, the Premium Pension Authority (PPM), which supervises and maintains all the commercial funds in the premium pension part coming as they do from many different companies and public sector organizations. A person who actively chooses to place her or his premium pension amount has multiple funds to choose from. Since the start of the system in 2000, the number of funds has increased from 400 to over 800 in 2008. Some 100 various fund managers, 

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2 The income pension consists of two parts, the basic pension and the supplementary pension where the latter is meant to cover pensions of persons with a very low or no life income.
3 Premiepensionsmyndigheten (the Premium Pension Authority) is abbreviated as PPM in both English and Swedish versions of official information texts.
The premium pension is a complex system and the PPM authority has as one of its duties to inform the public about all aspects of this part of the national pension. The general information assignment is formulated in a government directive for the PPM, which is revised and presented annually. The information provided should help and guide the citizen/pension saver so that he or she can make “well-informed choices” of funds:

PPM’s mission is to manage the Premium Pension system in a sound, cost-effective and legally correct manner. The Authority must also provide a good service to the pension-savers by providing them with information about the premium pension system so that they can make well-informed choices. (Your premium pension 2006. PPM, original English version)

The information assignment includes explaining how the premium pension works and also pointing out that it is one part in the national pension system together with the income pension. The PPM should educate the individual citizen how to actually perform active selections of funds and how to monitor the fund portfolio. The procedure of choosing funds is presented as a step-by-step process, which includes practical information on the handling of codes and forms as well as an assessment of the individual’s inclination to personal risk taking. The risk assessment model has in later years however been replaced by an assessment model of “engagement” in the premium pension.
A central part of the information material is a “selection pack”, which was sent to all Swedes that were encompassed by the system in its launch year of 2000. This included over 5 million individuals and in later years the selection pack is sent to all newcomers in the system – some 100,000 persons each year. The content of the selection pack has been based on the same type of material over the years since 2000 and the pack contains a personal letter, informational brochures, an extensive fund catalogue of available funds and a reply envelope for the form of the funds selected. Most of this information is also available on the extensive website of the PPM authority. It is possible to access a personal account via the website where the individual may research funds for selection and also monitor their development. The website also contains additional information for fund savers and fund managers as well as downloadable brochures and leaflets.

The premium pension has become symbolized by one specific type of personal information material, the orange envelope, which is mailed annually to all Swedes with a taxable income. This colorful envelope holds a personal prognosis on the current value of the individual’s future pension, which includes both the premium pension and the main income pension part. The size of both these parts depend on how much a person works and earns but it is only the premium pension that can be managed personally by its holder and potentially increase its value through the system of commercial funds. The income pension is administered by the Swedish Social Insurance Agency (Försäkringskassan) and this agency and the PPM authority jointly produce the orange envelope.

4 <http://www.ppm.nu>
The framework of Swedish official information texts

The information material described above is part of a long tradition of official information from authorities to citizens in Swedish modern society. A process of communication of rights and obligations of citizens within various parts of the Swedish society was developed and expanded during the decades when the Swedish welfare model grew steadily. The 1960s has been called the golden age of the Swedish model and written government information of these years is mainly focused on rights and obligations of the readers, which can be seen as an open statement of a relatively fixed relation between the state and its citizens (Kjellgren 2002). Official information texts of the period from circa 1945 to the mid-1960s were generally based on the collective addressing of different reader groups or the avoidance of direct addressing and a formal style of language (Svensson 1993). But the growing welfare state also called for more elaborated informative presentations about new features at the time such as maternal leave, simplified tax returns or possibilities of disability retirement.

The language of the official information texts started to change in the late 1960s and the early 1970s. Informal, direct addressing of the reader becomes standard. At the time, a general positive attitude was held towards plain language reforms in government information, which also included an ambition to increase dialogue between state branches and citizens in informative communication situations. The boundary line between fact-based, “objective” information and opinion making became more flexible or even blurred (Kjellgren 2002). These changes also indicate the starting point of a tradition that becomes the prevailing norm over the following years. The governmental information of more recent decades is based on informal styles of language and a strong reader-orientation with direct addressing (Josephson 2005) together with strategies of opinion making and efforts to change public values (Kjellgren 2002). The language norms of informality and reader-orientation are also
standardized and implemented through a governmental plain language program by the national Language Council (Språkrådet), which has resulted in manuals, conferences, newsletters, publications and opportunities for Internet support. The vast information body about the complex social insurance system of Sweden today is partly based on the plain language values of clarity, reader orientation and ordered text structuring and partly on the ideas of functionality of information where “objective” mediation of information and opinion making usually are combined. The information about the premium pension is so far no exception to this.

The framework of the premium pension information texts

It is clear that Swedish government information seems to be a well-established, important genre and that it includes many texts. The genre can be traced historically, it has changed over time and it is strongly related to the development of modern Swedish society and its welfare model (Englund & Svensson 2003). There are definitely also a large number of subgenres to this main genre and the limits of such subgenres are mainly defined by their subjects and functions and not by formal aspects. A broad summary of main genre conventions of government information texts gives a division of explicit and implicit conventions.

Explicit genre conventions of Swedish public information are defined by the demands on clarity, reader orientation and the functionality of the texts. These types of conventions are regulated more or less openly through general directives on language usage or text structuring and also in the specific directives and missives from the government regarding information. Explicit conventions can also be labeled as “silent norms” that become standards over

5 <http://www.sprakradet.se/klarspråk>
time when texts are produced in different government settings. This seems to be the case in Sweden where a central coordinating information agency or ministry never had influence over other branches (Kjellgren 2002). Such silent norms are also bordering the implicit genre conventions of government texts. The implicit genre conventions are harder to pinpoint but are nevertheless evident in the production of texts and in the interpretation of directives. It is clear that government information texts are held together by a view of them as an important fundament of the principles of democracy and as an important way for the communication of rights and principles of both the state and the citizen (National Language Council 2008). The texts are also an important medium in the provision of national security and an interface between the welfare system and the citizens.

The information texts about the premium pension follow the explicit genre conventions of Swedish government information as of today. This means that these texts are genre typical when it comes to language aspects such as form, structure and style. This is also true in how the texts are meant to be read and function. They are aids for the readers that are comprised by the premium pension and it that sense these information texts are similar to other information texts about the social security system or of the fiscal system. The relation of the texts to implicit genre conventions is however probably more complex. The message of the premium pension information material is in this perspective quite novel in its combination of a national pension system and a commercial fund market. The cooperation between the state and third party actors that introduce values of professional finance markets is a new concept in the public information situation. How are ideas of a pension system based in the welfare state possible to combine with notions of personal risk management and long time monitoring of a pension fund portfolio?

The following three sections serve as examples in how the genre conventions of Swedish public information relate to the information texts on the premium
pension and their functions. More importantly, this is also a description of how the constructed fund market of the pension part is framed, presented and integrated in the texts’ general message to the proposed reader. The sections are in this aspect, illustrations on how the premium pension information is an attempt of financialization, which is discussed in the final part of the paper.

*Patterns of informality and individuality*

The premium pension information texts are highly consistent with the aforementioned genre conventions of language informality and direct addressing of the reader. The reader is addressed with second-person singular pronoun *you* (Swedish, *du*) and this usage has a very high frequency in the texts. The pronoun *du* is actually the most common single word in a collection of all PPM texts from the years 2000–2003. The following quote from an English version of a PPM information brochure shows the strategy of direct addressing:

> You decide
> It is you who decides the funds in which your premium pension savings are invested. You can distribute the money between a maximum of five different funds and you can switch funds later. (*Your premium pension* 2006. PPM, original English version)

The constant direct and informal addressing of the reader as *you* also indicates a high grade of individualization of the reader. There are few examples of collective addressing where the use of *pension saver* and *pensioner* stand out as two exceptions beside generic collectives like *men*, *women* and *parents*. These collective addresses are however far less common than the direct addressing of the reader.

The general style of language is informal, which also is in compliance with the contemporary genre conventions of public information. It is typical that technical terms and market specific language are explained to reader in different
ways. This may be done through separate text boxes, using different coloring and layout than the main text, or in glossaries that are found in the back of many PPM brochures. Market concepts that are explained include different types of funds and shares as well as system-specific features:

Share/Aktie
A unit of ownership in a share company which provides entitlement to a share in the company’s profits. (*Your premium pension* 2006. PPM, original English version)

A recurring notion in all PPM texts is risk, which is explained and described by the PPM as “the value variation of a fund”. The concept of instrumental risk is basic to finance market and is widely used by professionals. There is however a discrepancy between the financial, instrumental definition of risk and of the everyday usage of the word. *Risk* is a negatively connoted word when used in everyday settings, both in Swedish and in English, and it is clear that the PPM authority wishes to avoid that risk is understood as something negative. The neutral, professional definition of risk as value variation is repeated in all brochures that bring up the topic of fund selection and risk assessment:

    Investing in funds always entails an element of risk. Risk means that the value of your saving varies and can climb as well as fall. Consider what level of risk you want to take with your savings. You can determine your investment’s risk exposure by distributing the money between interest funds and share funds. (*Your premium pension* 2006. PPM, original English version)

This is also an example in how informal language and style function as the natural interfaces or mediators when basic concepts of finance are introduced, without relapsing to a mechanical use of technical language.

    The strategies of informality and constant focus on the individual reader are further combined in the attributions made to the reader by the PPM. The reader
has his or hers own assessment of risk, pension account, ability to choose funds, selection of funds and also possibilities for a better than average pension if the chosen funds increase their value. These attributions also entail the personal responsibility of the reader, which is an important theme in the PPM texts. The responsibility includes several aspects where the responsibility to be an active placer of funds is central together with responsibility to make use of the offered possibilities to increase a future pension. The wish for activity is also flanked by the message of personal responsibility for choices made. This is however not communicated quite as clearly as the message of responsibility to be active. The message of personal responsibility is instead referred to implicitly and by inference. The frequent use of direct addressing is in this case also an indicator of transferred obligations when it comes to the managing of the individual’s future pension – from the state to the individual – you decide.

To instruct and educate the reader

It is evident that an important function of the PPM texts is to instruct the reader in how to select and manage funds for the future pension. The instructive part is central in most of the brochures of the PPM and can also be found on the website of the authority. The step-by-step models for fund selection are major parts of the information publications, which also include the aforementioned assessments of personal risk and engagement in the system. The early versions of the PPM brochures made use of a simple and matter-of-fact model of risk management, which when applied gave an indication of how an individual could divide investments between share funds and interest funds, depending on the level of risk taking. These were rules of thumb that were generated from multiple-choice questions about reactions to hypothetical market plunges and personal feelings about risk. The model received critique in the later external evaluations of the premium pension (SOU 2005:87) and has been replaced by questions about engagement in the system and a stronger focus on years left to
retirement, age and work income in combination with easier access to fact sheets on the available funds.

The instruction function is also closely connected to a more implicitly presented educative function of the PPM texts. The reader should learn about the premium pension as being one part in the new national pension system and also learn more in general about funds and savings. The government directives have over the years since 2000 increasingly emphasized this aspect of financial literacy in the PPM information task. The early years directive instruction to activate the pension savers/readers have left room for goals of increased knowledge of the pension system and of fund and savings management, albeit the practical carrying through of these directives are not expressed in detail.

The informally presented facts about different kinds of funds, the fund managers and personal risk management all hold elements of finance market education. This goes hand in hand with the step-by-step models of practical instruction and is inferred through the basic assumptions that underpin the whole premium pension:

It may seem difficult to choose, but there are ways of making it easier. One very common way is based on the fact that so far shares have produced a greater increase in value than interest-bearing savings for those saving for a long period.

*(Your premium pension 2006. PPM, original English version)*

The historically positive development of shares is a recurring theme also in the argumentation of why the old pension system was changed. It is stated that share-investing funds are an investment with higher risk than interest funds but this is done with the instrumental definition of risk as backdrop. Even if the larger income pension part is mobilized as a balance to the role of the premium pension, the uncertainty of the outcome of the premium pension for the individual shines through.
The domestication of market actors

The business opportunity of the premium pension has attracted many different fund managers and the vast amount of available funds creates an almost infinite number of possible choices of funds for the reader. Some 800 funds are presented in the latest fund catalogue of 2008 and the fund managers have the opportunity to shortly present their products. In earlier versions of the PPM fund catalogue, the participating companies also had a short, restricted section for a presentation of the company and its investment strategies. This option is however removed since 2006. When still possible, the PPM gave the fund managers strict directives on how to present themselves and their products. Funds and companies are not allowed to be advertised but should be objectively described. Wordings like “best fund” or “better than company X” are not allowed.

It is clear that the voice of the PPM authority is superior to the many voices of the participating companies. These are controlled and “domesticated” by the PPM and only allowed to meet the reader in certain ways. This method is well in line with the genre conventions of objectivity. It can also be interpreted as a way of securing the reader that the state is controlling the fund managers in an orderly manner. A picture illustration from an English version of a PPM brochure from 2001 verifies this assumption:
The PPM presents an image of the authority as an interface between the pension savers and the fund managers and that it is maintaining control and administration. In that sense, the authority is continuing a tradition of assurance of citizens’ security and wellbeing that stems from the ideals of the welfare state. But it is unavoidable that the inclusion of a fund market brings uncertainty to this system of security by the very notion of risk-taking. It also asks for the readers’ actions in new ways. The image of authority control over the market actors was very important when the premium pension was introduced and this is still the case. It can be understood as a way of adaption to the established genre conventions and the presentation of a controlled market stand out as one of the most sensitive topics in the body of premium pension information.

The unsuccessful reception of the premium pension

The PPM authority has produced well-planned campaigns and made massive communication efforts in order to fulfill the information directives that are stipulated for the premium pension. The PPM initially received positive comments for their information work when the premium pension was launched.
in 2000 and the first mass campaign was nominated to several national awards\textsuperscript{6}. The PPM authority contracted external PR-companies for the early campaigns but the work with information texts and Internet resources has always been coordinated by the authority’s communication department. Despite the early positive reactions to the information campaigns, the premium pension did not appeal to the citizens of Sweden. The possibility to choose funds and to manage an individual pension portfolio has not been embraced by the broader audience. The premium pension has instead become something of a symbol of a halting new pension system, which is presented as insufficient and inferior in comparison with the old ATP-pension of the golden years of the welfare state. This image has mainly been purported by the media where the reporting has swung from positive to negative and still is very mixed in regard to the new Swedish pension system. The timing of the introduction of the premium pension was not the best since a serious international recession occurred in the years around the millennium shift. The market turmoil following the terrorist acts of 9/11 was an important cause to this together with the bursting bubble of the booming dot.com-industry and IT economy of the late 1990s.

Even if the global finance market has picked up since these down years, the people of Sweden are not making proper use of the premium pension system by actively selecting and managing funds. A majority of pension savers are passive and their assets are placed in the state-controlled Premium Savings fund. When the premium pension was introduced some 60 percent of the pension savers made choices but this rate has dropped to about 10 percent in recent years (Sundén 2006). And a majority of the individuals that actually perform active selections of funds do not monitor the development of these funds. In the continuous internal evaluations of the premium pension information, people also

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\textsuperscript{6} The predecessor of the Language Council and the Department of Justice awarded the very first PPM campaign with the “Clear language crystal” in 2001 and it was also nominated for a prestigious national advertisement business award in the same year.
ask for more practical advice from the PPM authority and of direct suggestions of which funds to choose. The authority has its hands tied when it comes to recommending funds and can only provide in-depth facts and figures about single funds. The task of analyzing details, assessing risk and deciding which funds to place the future pension assets in is always left to the citizen. The original positive official view of the PPM information has also shifted. Two major external evaluations of the premium pension system have pointed out the information of later years as lacking and as a crucial part in why the goals of citizen participation in the system are not reached (RiR 2004:16, SOU 2005:87). As a result, more efforts have been spent on providing guiding support in how to select funds and the inclusion of the model for assessing the level of engagement in the premium pension is an example of this. The ideas behind these changes are firmly based on the view of the individual as a rational decision-maker (SOU 2005:87).

An important factor in the emerging negative image of the new pension system seems to be the advertising efforts made by large commercial actors like banks and insurance companies. The major Swedish players are all acting fund managers within the premium pension system where the possibilities for traditional advertising are very limited and restricted by the PPM authority as mentioned above. But they quite naturally also advertise similar fund products aimed for private pension saving schemes through traditional advertisement channels like in-house print material, ads in print media and commercials on TV. The following excerpt, taken from a “personal letter” from the major insurance company AMF Pension, aims directly at the symbolic orange envelope of the new national pension system:

During this spring, you, I and all other adult Swedes have received an orange letter in the mail. This is the letter that tells us how little we will receive in pensions. I was actually somewhat astonished, despite the fact that I work with
pensions day in and day out. It is one thing “to know” that I will have about 50% of my end salary in pension – and another thing to see it in black and white in actual figures. (AMF Pension advertisement 2000, my translation)

In general, the advertising trend of Swedish banks and similar companies that followed the new pension system habitually depicts it as inferior in comparison with the old ATP pension system (Ohlsson 2007).

The negative reporting of the premium pension by media and the negative advertisement image of the new pension system are two plausible factors in why the citizens of Sweden are not making full use of the premium pension. But these factors cannot solely explain the negative reception of the premium pension and why its information not reaches its goals. Sweden has, since the 1980s, a very high rate of private saving in finance products (Jonsson 2002) and private pension schemes, mainly based on funds, are increasingly being adapted. The high level of household savings in funds was also an important argument for the introduction of a fund-based, individualized part of the new pension system in the political debate of the 1990s. Politicians argued that since many Swedes had their savings in funds, they would also be able and willing to handle part of the future pension in a fund-based system. The popular negative image of the new pension is not shared by most Swedish politicians or by the architects behind the reform as well as by many economists. The Swedish pension reform has by professional groups been received as a successful effort to get a modern pension system that is balanced with the fluctuations of the larger economy and that addresses the problems with a changing demographic structure – e.g. the argument that a dwindling young population must sustain the growing older age groups (Sundén 2006). But could it be that the imposed financialization of a part of the national pension creates a conflict of ideals? Is it

7 This may of course to some extent be the outcome of successful advertising campaigns where the national pension is presented as a threat to the future pension of people.
perceived as more acceptable to save in finance products outside the boundaries of traditional Swedish state control but not in the domain of a state-administered system?

The premium pension as an example of financialization

The mix of welfare system changes, introduction of market values and risk transfer from institutions to the individual are all brought to our attention in the literature on financialization. The notion of everyday financialization is mainly discussed from an Anglo-American context in reflective or critical studies of economy and society. Financialization of private interests can be viewed as a new way of finding capital for the ever-hungry finance markets (Leyshon & Thrift 2007). In relation to this, the introduction of a finance-based social security system can also be seen as an attempt of a mass investment culture with the ideology of private enterprise as constant underpinning (Harmes 2001). Martin (2002) discusses how the consumer credit industry has been made into a crucial part in the lives of everyday Americans and how the rules of the professional finance market have been transferred into private domains. This also brings the notion of risk into the lives of middle-class Americans where the risks of made investments and debt management also are accompanied with the risk of missing finance opportunities and investment offers. Individual decision-making becomes increasingly important when the home becomes a market place. Martin argues that this development threatens to disassociate people from collectivities and that efforts are focused on meeting ever growing demands from the finance market and stopping families of actively being part of and constructing society.

The situation of increased household involvement in finance products and the financialization of consumer credits, loans and mortgages are further discussed by Erturk et al (2007) where the authors ask the question if finance actually is
becoming more democratic through this dispersion. Erturk et al explores whether basic preconditions for democratized finance are present by asking certain empirical questions. These include factors of both citizens’ knowledge and understanding of finance products and also how these products are packaged. The authors conclude that these preconditions seldom are met in current market situations and that finance products should be made more easy to understand and analyze for the citizen and that citizens usually lack the competence to properly evaluate finance products on the market on a long-term cycle.

The issue of financial literacy is obviously not only brought up by researchers but also by politicians and lobby groups. An OECD report discusses the need for increased education on financial issues and puts the focus on young persons, school students and groups with low economic resources (OECD 2005). The need for strengthened efforts on financial literacy has risen also in Sweden on several occasions where representatives for banks and insurance companies have asked the government for finance education in school\(^8\). The problematic reception of the new pension system has also led to demands on increased knowledge of finance issues and how to manage a pension fund portfolio\(^9\).

Is then the introduction of the premium pension mainly an inevitable matter of financialization of one domain of many that previously was managed by a declining welfare state? And is this only in line with an ongoing and perhaps unavoidable global development as suggested by Harmes (2001) and Martin (2002) among others? The request of increased resources for improving financial literacy seems to be a method widely used to sustain the recently financialized masses and Erturk et al (2007) indicates that this is needed if we should talk about democratic finance. The case of the premium pension

\(^8\) An open letter from company officials to the Minister of consumer interest was published in several media sources on May 27, 2005.
\(^9\) As done by the current Minister of finance, Mats Odell, in an article in newspaper SvD, June 24, 2008.
introduction is definitely a case of everyday financialization and also a plausible attempt to do it in a democratic and sustainable way even if the success of this can be disputed. The road to the new pension system is paved with good intentions from Swedish politicians. But the embedding of this reform in an established discourse of public information with the dependence on texts that are subject to genre conventions actually points out the problematic issues of the whole process. It is doubtful if it is possible to combine the ideals of the encompassing welfare state and a managing branch of state with the transfer of risk and constant insecurity of ones future pension. The ambivalence of the premium pension system shines through the lines of the PPM information texts. The insecurity in how to address this hybrid between state and market is most probably one important explanation to why the premium pension sofar has been received negatively.

The ambivalence of the premium pension might also travel to other parts of a financialized welfare system, where the social security system increasingly is discussed in terms of personal risk management and responsibility. If this is the case, the democratic values behind the social contract between state and citizen are definitely put up to discussion.
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