

Reflections about the basic income-debate from [a Swedish perspective](#)

Part One

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As a social scientist sometimes without formal employment, sometimes studying and sometimes working part-time, I have been interested in the concept of basic income for a few years. This interest has grown together with an interest in political philosophy in general, including theories of democracy, justice and a sustainable development. This essay summarizes my current standpoint on the matter, what I see as major drawbacks and some considerations concerning strategy for the basic income movement in general and for Sweden in particular. The essay consists of three parts. In the first part, I discuss and compare the Green Party, the Young Liberals and the visions presented by the left-wing political writer Ingemar Lindberg. In the second part I present and discuss a forthcoming report by Simon Birnbaum and Torgny Tholerus, which is focused upon a universal tax reduction for all. In the last part I make some personal observations and comments about what I see as a gap between the academic world and the political world. Included in the third part is also my petition for a partial basic income for Europe.

Before entering the essay some words also have to be said about the vocabulary. A basic income is to me characterised above all by the fact that the grant is equal to all in a certain age group, so that one can pay out the grant in advance without almost any bureaucracy and stigmatisation. A negative tax on the other hand is, to me, characterised by the fact that everyone do not get the same amount, and that the grant that you are entitled to depends on your income from month to month. Another thing that also should be mentioned is that it is not by accident that I focus so much on a partial basic income. On the opposite I think that a partial basic income either for Europe and/or for Sweden is the only way forward that is realistic. In the long-term I am also in favour of a full basic income, but realise that the resistance at the moment is too big for such a big step, besides that it would be extremely difficult to finance without harming the incentives to work too much.

Basic income in three ideologies

The Green Party vs. the Young Liberals

In Sweden I think the idea of a basic income for all is most strongly associated with the Green Party, whose representatives from time to time has made it clear that this is their long term goal. The concept that the Green Party uses and which also is the most common one in Scandinavia is a citizen's wage. This concept has had many critics but also defenders. It may be especially attractive for Green Parties and certain left-wing groups because it highlights the informal economy, including both the domestic work and the work done in the civil society. To call it a "citizen's wage" (or income) also gives the concept of citizenship a new meaning that all citizens are worthy human beings not because they could work and pay taxes and contribute in that way to the national economy, but because they are worthy in themselves. The critics of the concept, mainly from the right, has instead tried to describe the idea with words other than "wage", such as a citizen's benefit or citizen's grant. That one cannot call something a wage unless there is formal employment involved is a quite logical and understandable critical objection to which there are only half-good answers. However, no matter what concept one prefers to use I regard it as a fact that the idea of an unconditional income for everyone is not yet taken as a serious idea in Sweden. One reason for this may be a quite natural one: There hasn't been any well thought-out basic income-proposal that has been presented yet, at least not anyone which is known to the public. With a well thought-out basic income proposal I mean one which both is economically feasible, in the short run, and one that has also paid attention enough to all the possible objections.

The most recent proposal by the Green Party and the one by the polemic writer Lasse Ekstrand have both, in my mind, been too utopian. In the case with the Green Party's proposal it can also be questioned if they had thought anything at all about poverty traps and unemployment traps and the objection that many people could opt out of the labour market for good. The suggested levels of the grant, 8000 Swedish crowns for adults and 3000 for the children, would perhaps have made the division between the "outsiders" (i.e. the unemployed) and the "insiders" (i.e. the employed) even sharper than it is today. One reason why the Green Party's proposal was so high and that

the priority of a flexible labour market was so low, was probably that they like the Social Democrats and the Left Party tend to dislike the need for massive private insurance to complement the across-the-board system. It is obvious that with a lower level of the grant the need for private complements increases, and that goes of course also for the current welfare-system.

On the other hand there are the Young Liberals, who are also positive to an unconditional grant. But they use another concept, minimum of existence. This is to make it clear it is a quite small grant that they are talking about (about 4000 Swedish crowns has been mentioned, combined with a flat tax of 40 per cent). This concept, however, is probably not known to more than a few people other than those who launched it. Unlike the Green Party's proposal, which is intended to replace almost all the social benefits the Young Liberals vision is more modest. It is not intended to replace the current system of social security as a whole and certainly not the income-related benefits. What it is intended to do, however, is to create a system in which work pay, also for those on welfare.

If the key to a balanced basic income-proposal could be described as the most reasonable weighing between the highest possible grant and the lowest possible poverty- and unemployment traps, then it seems obvious to me that the Green Party so far has been biased towards the first objective. It is equally obvious to me that the Young Liberals are biased towards a flexible labour market at the expense of a socially acceptable level of the grant for those out of work and who happen to be non-qualified for the income-related social security-systems. Nevertheless, as things are now, it would be a tremendous step forward if a system were to be implemented that guaranteed every adult with an income of at least 4000 a month. It would be a level that would not even be close to a normal low-budget lifestyle, but still far above the current level of the current basic income, which is zero.

The reason that it could be acceptable, even for right-wingers, is because it is not replacing the income-related benefits and because the level is so low that the risk of having someone opting out from the labour market permanently is close to zero. But as will be obvious in the following, when discussing the visions presented by Ingemar Lindberg, this proposal could perhaps also be of interest for the left, including of course the Social Democrats. If a basic income-proposal is to have any chance of being implemented it is of course a prerequisite that there are more than a five per cent party who supports the idea. The visions put forward by the Young Liberals, along with the two other main visions I present in this essay, just might be the reasonable starting point for broad political discussions in Sweden about the future of the welfare state. This starting point may well include the following political principles put forward by the Young Liberals in a recent report:

- The state should be neutral and treat all citizens equal and with respect. The same principle of neutrality should also guide the reforms of the tax-structure.
- All citizens should have a real freedom to form their lives as they wish.
- The question of life styles is individual.
- It should always pay to work, for everyone. The marginal taxes should be the same for all. Poverty traps, unemployment traps and such should be avoided.
- The taxing of the low-income earners has to decrease, which could be done if the basic deduction is increased.
- Those who are completely out of income should be guaranteed a low guaranteed income.

A basic income for the Social Democrats?

Ingemar Lindberg has since more than three decades been involved in the Swedish welfare-debate, through his job as an investigator, under-secretary of state in the department of social affairs, and later in his work for LO, the Swedish Confederation of Trade Unions. He has recently published a book, *Välfärdens Ideér* (the Ideas of Welfare) in which he discusses both the history of the welfare state and the ideas for the future, from the perspective of the broad left. This broad left includes, so it seems, not only the Social Democrats and political parties to the left of the Social Democrats but also the social liberals. In this context the most interesting feature of the book is what he says about reforms of the social security. Although there is no detailed proposal in the book there are nevertheless some clues from which it is up to the reader to draw his or her own conclusions, which I have done.

- The first clue is that he do not like the idea of a full basic income, partly because the level that could

be afforded probably would be very low and thus that the need for private insurance would rise.

- The second clue is that he would also like to raise the roof for the social insurances, so that it in most cases would be unnecessary to complement it with private insurance.
- The third clue is that he realises that there has to be some complement for those who are not "in the system" (of one reason or the other). This complement should not be as stigmatising as the current income support system.
- The fourth clue is that he wants this complement to be a real social right, which could be asserted in court, preferably financed by the state, and not conditioned upon any form of artificial "employment".
- The fifth clue is that he wants to raise the child allowance considerably, so that it would cover all the extra expenses that come with a child. He would also like to get rid of the income-related housing allowances and to reform the system of day-care, so that the fees would be equal to all and low.

The main difference between the current system and the supposed Lindberg-influenced system of social security is the last point, with the child allowance reform. But apart from that there are also two other noticeable differences, a) the higher roof for the social insurance-system, and b) that everyone gets at least some income if not from work or social insurance, then from the so called complement (see next page). In this context the most interesting feature of Lindberg's proposed policy-package, besides the child allowance-reforms, is that he seems to argue for some kind of guaranteed income for everyone. The main reason for this proposal is the growing marginalisation and poverty in Sweden and the long-term unemployment.

As is obvious from these two figures Lindberg does not propose to replace the non income-related social security. The so called complement is neither a pure basic income nor a negative income tax, as I understand it. He is above all concerned about the poor and marginalized in society, groups who do not have a voice in society, no one to represent them. This seems to be the main reason for the proposal to guarantee everyone with at least some income, which indeed is a proposal that is not often heard from Social Democrats. The defending of a general child allowance, on the other hand, is common among Social Democrats in Sweden. Although they seldom talk in favour of basic income in general they nevertheless often defend the basic income for children, which the child allowance also could be called. It is worth taking a look at the arguments for the child allowance reform and how he suggests that the reform could be implemented and justified. Lindberg's arguments for this reform are as follows (Lindberg, p.295-297):

1. Less bureaucracy and stigmatisation

As one could at the same time get rid of the income-related housing allowances there would obviously be less bureaucracy and stigmatisation. The day-care costs should also be equal to all and low. If all these reforms were to be implemented there would no longer be any need for selectivity in the income support to families with children.

2. The marginal tax rates would fall

Today the families with children face marginal tax rates of about 75-90 per cent if they have their children at communal day-care centres (increased tax, increased day-care fees and lower housing allowances). With the proposed reform these marginal tax rates could be reduced to 30-50 per cent.

3. The purposes of the systems would be clarified and more distinct

The horizontal income-distribution between families with children and families without children would be guaranteed by the general child allowance. The vertical income-distribution between high-income earner and low-income earner would be guaranteed by the tax system only.

4. There has to be a balance between retired people and people in working-age

To have a balance between retired people and people in working-age in the future it is important that young couples are not discouraged to have children simply for economic reasons. This is perhaps of special importance for Sweden nowadays, as our birth rates are extremely low. The answer to the question "who

takes care of the elderly" is of course "the younger ones", but then there has to be some younger ones to do that.

5. The reform could be introduced as a general tax reduction, equal to all

If the benefit would be higher than the tax then part of the benefit could, and should, be paid out in cash. With this kind of arrangement the total tax collection would actually be lower than today.

This policy-package has to be seen with the background of an increased poverty in Sweden in the 1990s. Sweden today is, according to Lindberg, a four-fifth society with about one fifth who are in a state of (more or less) permanent poverty and marginalisation. Investigations from Norway and Denmark suggest similar levels. The increased poverty, says Lindberg, is due to the growing marginalisation in the labour-market. This marginalisation, in turn, should be the new focus for the labour movement. The key problem is of course the unemployment and especially the long-term unemployment. As a consequence of this there are many people who are left out of the general social security.

To meet the growing problem with poverty without stigmatising the poor even more Lindberg has three main suggestions. The first one has already been mentioned, and it is to have a social benefit for those who are not "in the system" that is a true social right, which is not means-tested. The other suggestion is a kind of adjustment-insurance so that the companies are forced (or perhaps it is a cooperation between the state and the companies in question) to give the employees education instead of simply firing them when the demand for the products of the company weakens. Last but not least Lindberg also argues for an education-account to complement the social security. These accounts would be individual. The purpose is to widen the possibilities for education and re-education, which obviously is very much needed in an ever-changing labour market. To give all 25-year-olds a lump sum of 100.000 Swedish crowns that they could use for education when needed, would most certainly (according to Lindberg) be an investment that is way more productive than to pay off the national dept. The money for this gigantic reform would come from three different sources:

- a) The state (for that part that is the responsibility of the state)
- b) The employers (through collective agreements for each branch)
- c) The individuals themselves

This kind of arrangement may be easier to tolerate for the basic income-sceptics as the money could only be used for education. A risk with lump-sums, which is often mentioned, is that some people may not be responsible enough and may just spend all of the money irresponsibly. But if it could only be used for studying purposes then such a risk seems smaller. The education accounts main purpose would be as a compensation for the loss of income when studying instead of working. Perhaps it would also, in the long-term perspective, change the attitudes to work. In the short-time perspective, however, it would increase the power of the individual vis-à-vis those who arrange different kinds of educations. The most important objection is, obviously, the financing. An education account is not a real basic income, but quite close. Lindberg also argues in favour of the possibility for a year off, a sabbatical from work, in the middle of the working-life.

Lindberg vs. the Young Liberals

It seems to me that the similarities between the proposals that Lindberg discusses and those, which the Young Liberals seems to be in favour of, are greater than the differences, although Lindberg represents the broad left and the Young Liberals are part of the right-wing movement. Some comments regarding the similarities and differences that I would like to focus on are:

Similarities:

- They are both arguing for a complement to the current social security rather than a full basic income, as Ekstrand and the Green Party among others have been proposing.
- Both are also emphasising the need to re-bureaucratise the social security and to create systems that are not as stigmatising as the current ones.

· A higher roof for the social insurance is part of the policy-package for both Mr. Lindberg and the Young Liberals.

· Both Mr. Lindberg and the Young Liberals propose to raise the basic deduction, as the taxing of the low-income earners has to decrease.

Differences:

· The first and most obvious difference between Lindberg and the Young Liberals is that the former is defending the high income taxes that we have in Sweden while the latter, as a youth organisation for a right-wing party, naturally does not.

· The Young Liberals argues for a flat marginal tax rate, which Lindberg does not do.

· The justification of the unconditional complement to the social security is slightly different. The Young Liberals mainly uses the argument that it is very important to have economic incentives also for the unemployed and those on benefits, while the main argument for Lindberg seems to be that it is justified because we should do whatever we can to eradicate the absolute poverty,

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