

# Basic Income and the Swedish Welfare State

by

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## Introduction

Even if basic income<sup>1</sup> has received some interest in Sweden it remains a discussion that is located at the political periphery and it can hardly be said that basic income has appeared as a serious alternative on the political agenda. Why is then the interest for basic income so lukewarm? One candidate for explaining this is that the idea of basic income clashes with some important aspects of the Swedish welfare state, the work principle (arbetslinjen) and income-maintenance (see Anderson 1998:2). This paper will try to answer this question and also to provide an overlook of the basic income debate in Sweden. Another question will also be discussed. What are the chances for basic income to be treated as a serious alternative and for basic income to be introduced in Sweden?

To do this we should start by comparing the Swedish welfare state and basic income. Second, the Swedish basic income debate will be analysed. The aim is not to give a comprehensive coverage of the Swedish debate, only to delineate what the discussion is really about and take a closer look at the different arguments. Furthermore, I also want to give a description of where Swedish social policy is heading at the moment and basic income in relation to this. Finally, with background from these parts the possibilities for basic income to appear high on the political agenda and perhaps even be introduced will be discussed

## Principles for distributing direct social benefits

A description and comparison of welfare states can be structured in many different ways. The perhaps most common distinction is the one between universal and selective benefits, but this distinction is somewhat problematic (see for example Goul Andersen 1999).

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<sup>1</sup> Basic income is here defined as an income unconditionally given to every citizen (or permanent resident) without means tests or work requirements.

Instead I will use three different dimensions to describe welfare states, or rather the principles behind income transfers, in order to grasp the complexity of the issue. The categories that will be used are 1) the status of the recipient, 2) workfare or welfare, and 3) income-maintenance or basic security. These categories are important for on what grounds different benefits are distributed and this is central for the basic income debate and also to understand the difference between today's social security system and basic income.

It should be clear that we are talking about principles for distributing benefits, and not effects. There are two reasons for this. First, it would be difficult to talk about for example the effects basic income would have on the distribution of income before it is implemented and before there is a final basic income proposal. Second, even if we would start from one basic income proposal it would be difficult to fully estimate the effects. This does rule out a discussion about the level or generosity of the benefits, which otherwise is an important distinction between welfare states. Other dimensions are also left out of the picture. For example, are the benefits distributed to individuals or families and is the state the main provider of benefits? These dimensions are left out of the discussion because they are not central to understand the Swedish case in relation to basic income, as the Swedish welfare state and basic income would be very similar in these dimensions. As my aim is not to prove whether basic income and Swedish social policy is different or not, but merely to show that it differs in certain crucial aspects, I believe that these dimensions safely can be held out of this discussion.

What benefits are then going to be discussed? Social policy can roughly be divided between income transfers and public consumption, e.g. health care. Income transfers can then be direct or indirect. Indirect transfers are usually tax allowances and tax reliefs, but it could also be subsidies to specific groups, for example farmers. Basic income primarily gets in the picture when we come to direct social benefits and the discussion will be limited to this dimension, as basic income would first and foremost replace some or even all other direct benefits.

### Status of the recipient

The status of the recipient regulates which initial criteria a person has to fulfil to receive benefits. Direct social transfers can be said to be distributed according to the following three principles (cf. Esping-Andersen 1990:48, Fitzpatrick 1999:19, Purdy 1994:35):

- 1) Demonstrable and abject need. Distribution is here made with explicit<sup>2</sup> reference to need and this kind of benefits are either means- or income-tested. Poor relief, social allowance and housing allowance are often distributed according to this principle.
- 2) Performance in the form of directly or indirectly paid premiums. Distribution of these benefits is made if an individual has qualified for them by paying premiums, directly or

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<sup>2</sup> All benefits can be said to rest on need, but that would be an underlying principle not one that is status related.

indirectly through wage labour. Unemployment benefit, sickness pay and pensions are often distributed according to this principle.

3) Category or group. Distribution is dependent on that an individual belongs to a specific group of citizens. Child benefit, peoples' pension and benefits to people with handicaps are normally distributed according to this principle. These benefits may be called categorical benefits.

It could of course be argued that performance-based principles, for example unemployment benefit, normally are distributed because people belong to a certain category— in this case unemployed—but the main principle for distribution would still be performance, category is simply not enough. People without a job are not given the benefit because they are unemployed *per se*, but because they have paid the premium. It would be like theft insurance on your car; you pay your premiums and if your car is stolen you can claim your insurance. You do not get anything just because your car is stolen, but because you have paid your premium.<sup>3</sup> We could, however, have a single benefit that is distributed by a combination of the above principles where more than one principle determines the distribution. For example, a child benefit that is income or means tested would rest both on the need and category principle.

Direct social benefits in the Swedish welfare state can be said to use a combination of the three first principles. This will be discussed more in detail later (see table 1). In which category should we then place basic income? Basic income could perhaps be seen as a categorical benefit, but it would be much wider in scope than categorical benefits, although the level of the transfer may be lower to certain age groups, for example children. It does not really fit into any of these principles and there is potentially a fourth category that could be used for the distribution of direct social transfers.

4) Member- or citizenship<sup>4</sup> regardless of need, performance and category<sup>5</sup>. Distribution of this kind of benefit makes very few demands on the individual and is basically distributed

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<sup>3</sup> An unemployment benefit given to everyone unemployed is of course possible, but then it would be a categorical benefit. Sometimes it could be difficult to distinguish between an unemployment benefit that is based on performance or category. Consider a case where everyone who is employed is covered by a mandatory unemployment insurance. If a person gets unemployed he or she will get the unemployment benefit. We could construct the category unemployed as someone who has had previous employment. In this case, we could treat the unemployment benefit as categorical. However, it seems strange to treat only people with previous employment as the only ones that can get unemployed. Thus, I would still place this kind of unemployment benefit as a performance-based principle. However, if unemployment benefit was to cover everyone without a job, without the demand of previous employment, it could be seen as a categorical benefit.

<sup>4</sup> Citizenship refers to the legal status as a citizen of a country, whereas membership regulates eligibility if the receiver is seen to be for example a permanent resident, but not necessarily has been granted citizenship.

<sup>5</sup> Citizen- or membership is of course a category, but category is used to distinguish a smaller segment of, as I am treating it, the underlying category of citizen- or membership. All other principles could also be said to be distributed with reference to member- or citizenship, but they are not distributed with exclusionary reference to member- or citizenship. This fourth principle may, perhaps just as the need principle, serve as an underlying principle for the distribution of direct social benefits, but only basic income would be distributed according to this principle.

to everyone. Examples of this kind of benefits are rare, but the Alaskan Permanent Fund<sup>6</sup> could be placed into this category.

From this perspective basic income would be a novel feature in the welfare state. Exactly how different basic income would be from today's system depends on how much of the current system basic income would replace.<sup>7</sup>

### Workfare or welfare

A benefit may be enjoyed passively (welfare) or conditionally on that the recipient must do something in return, usually something connected to wage labour (workfare). According to workfare benefits are only distributed if the on status identified potential recipient actively search for jobs and do not decline job offers or job training activities. Benefits following workfare means that an able-bodied person will receive certain benefits on condition that he or she is willing to accept suitable work or undergo work training. Welfare, on the other hand, does not make such demands and basic income would be welfare. To illustrate this distinction we can use unemployment benefit as an example. It may first of all be conditional on earlier employment which is status related (see above), but then given either passively or demanding that the recipient should undergo training or other forms of activity if he or she will enjoy the benefit. In the first case the benefit would be welfare and in the latter workfare. To conclude, workfare stresses activation, whereas welfare does not.

»Arbetslinjen» (the work principle) has been an important principle in the Swedish welfare state, mainly for the distribution of unemployment benefits, although far from all benefits follow Arbetslinjen (see Table 1). This principle resembles what above was described as workfare. Traditionally, the most important component of Arbetslinjen has been that people who are unemployed must search for work and do not decline work offers to keep receiving the unemployment benefit.<sup>8</sup> A relatively new element has been introduced during the last years, which has moved the Swedish social security system even closer to workfare, by putting a stronger emphasis on activation (Björklund *et al.* 1998:130). There has been a heavier emphasis on activation concerning eligibility for unemployment benefits and also for social allowance. A so-called activation guarantee (aktivitetsgaranti) has very recently been introduced. This guarantee is supposed to increase the possibilities for unemployed to get a job through job training. This guarantee primarily has been introduced for people who have been unemployed for an extended period of time. Those who fail to take part in this programme will lose their unemployment benefit. The requirement that you should actively search for a job is

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<sup>6</sup> The Alaskan Permanent Fund distributes income from the sale of state property (e.g. oil gas, timber, coal) to eligible residents of Alaska.

<sup>7</sup> Not all basic income proposals are faithful to the fourth principle, because in some proposals children are to not to be given any benefit at all.

<sup>8</sup> Arbetslinjen has been combined with an active labour market policy, but this should not be considered as a part of Arbetslinjen. We may very well have an active labour market policy without the use of Arbetslinjen.

nothing new, but this last trend could still be seen as a change of policy as the rules are now stricter and more strictly enforced. Furthermore, it is more difficult to get long periods of unemployment benefits without having employment in-between. However, some of the rules concerning unemployment benefits will be less strict from year 2001. (Government Bill 1999/2000:139).<sup>9</sup>

### Income maintenance or basic security

The income maintenance principle is, as the name tells us, related to income: the more you have earned the higher your benefit will be. The purpose of this principle is to provide a buffer for sharp declines in income. Basic security benefits are on the other hand not related to previous earnings. The same amount is given to everyone who is entitled to the benefit and basic income would follow this principle.

The Swedish social security system is based on a combination of income maintenance and basic security. Child benefit is a good example of the latter and sickness pay of the former. Unemployment benefit and the pension system are a combination of the two, where income maintenance constitutes the most important part, economically speaking. It should, however, be pointed out that even if these benefits in principle are based on income maintenance they have a roof for how high the benefit can be that in effect means that the benefits do not fully compensate for income losses. For example, the unemployment benefit is 80% of previous earnings, but because of the roof only people with fairly low income get these 80 percent. The average is around 50-60% of previous income, but it is likely that the roof will be increased in the near future, but the exact amount is yet to be decided.

### Direct social benefits in the Swedish welfare state

The table below summarises the principles behind distribution some of the direct social benefits in Sweden.

**Table 1: Benefits in the Swedish welfare state and basic income and principles of distribution.**

<i>Principles of Distribution Benefit</i>	<i>Status of the recipient</i>	<i>Arbetslinjen</i>	<i>Income maintenance</i>

<sup>9</sup> Today unemployment benefits should be paid to those unemployed who search all kinds of jobs in the entire country, whereas the new rules (to be introduced in 2001) says that during the first 100 days of unemployment the unemployed only need to search for jobs within ones vocation and geographical area, but after 100 days all jobs should be searched for.

Social allowance	Need	Yes, to a large extent	No
Housing allowance	Need	No	No
Unemployment benefit	Performance, and a smaller part is category	Yes	Yes, except for the category part.
Pension	Performance, and a smaller part is category	No	Yes, except for the category part
Sickness pay	Performance	No	Yes
Child benefit	Category	No	No
Basic income	Membership	No	No

We see from the table above that Arbetslinjen is only used for social allowance and the unemployment benefit. However, the lack of number is made up by importance. Arguably, unemployment benefit and social allowance are the most important direct social benefits in terms of income distribution, perhaps with the exception of pensions. It should also be said that Arbetslinjen is not really of importance for pensions, because it does not make much sense to get retired people back to work. Consequently, for people of working age Arbetslinjen is an important principle in the Swedish welfare state, but it should not be forgotten that many benefits do not adhere to Arbetslinjen.

Social allowance is distributed according to the need principle and have traditionally not been workfare but it is increasingly so,<sup>10</sup> and is based on basic security. The Swedish unemployment benefit is quite unique and consists of two parts; one based on basic security and one on income maintenance. The performance-based unemployment benefit is voluntary and administered by the trade unions and you need actively to register for it. It is possible to take the insurance without being a member of a trade union and most employed people have unemployment insurance. The basic security part of part of the unemployment benefit is quite low and there is 90 days of waiting before the benefit may be claimed. The consequence of this waiting period has been that unemployed people that are not yet established on the labour market have to resort to social allowance for economic support. This in turn has led to financial difficulties for the social allowance system, probably one reason for the introduction of stricter rules for claiming social allowance. Income maintenance is another principle that plays an important role. According to Björn Rosengren (29/06/00), the Swedish Minister of Industry and Commerce benefits based on income maintenance are «central for our [the Swedish] general welfare» (own translation). The principles behind the distribution of basic income

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<sup>10</sup> The financial and administrative responsibility for social allowance lies at the local level. This means that the degree of activity differs somewhat between different municipalities.

are much different from the principles of distribution of direct social benefits. Basic income would in most proposals be distributed according to the member- or citizenship principle, based on welfare and basic security.

To conclude, direct social benefits are strongly connected to work in the form of wage labour in the Swedish welfare state. Hence, to enjoy the full range of direct social benefits the individual must have had previous employment and to enjoy a more limited range of benefits the individual must either actively search for work, undergo job training or study. For those who does not fulfil these demands the benefits left to enjoy are unlikely to establish a decent standard of living.

## **The Swedish basic income debate**

Even if basic income is not a highly debated subject in Sweden the ongoing debate about the future of social security is interesting from a basic income perspective. This chapter will try to give an overlook of the basic income debate and issues close to it during the last ten years.

The economic crisis in the beginning of the 90s hit hard on the Swedish welfare state. With extraordinary high unemployment the social security system was heading for a financial collapse, but with some minor alterations and less generosity the basic principles remained intact. The situation today is much different than it was in the beginning of the 90s. The Swedish economy is at the moment working very well, interest rates are low, high technological sectors of the economy are booming and unemployment figures are declining at a steady pace. The most serious threat to the economy appears now to be labour shortage in many sectors of the economy. What is unclear, however, is if this is a temporary or structural phenomena, and where the long-term trend of employment and unemployment is pointing at the moment. What a few years ago appeared as (permanently) declining employment possibilities has changed to almost the opposite, (permanent) labour shortage.

### **Advocates of basic income**

One striking feature about those positively inclined towards basic income is that the discussion about basic income is closely linked to the question of full employment. Many advocates of basic income argue that full employment as we have grown accustomed to treat it cannot be upheld in the future. Consequently, following this reasoning it would be problematic to link social security to wage labour as the case is today if poverty and social marginalisation should be avoided. A new practice will be needed, where large segments of the population are not left out of the existing social security systems just because they have not had any previous employment. This is a criticism on pragmatic

grounds against the current system that it cannot fulfil its goal of preventing poverty. Those who are expressing this view often also argue that there is no longer any connection between increased production and new jobs, and that fewer people will produce the necessary goods and services in the future (see for example Rosenberg 1997 and Silva 1997). The strength of this argument has of course somewhat weakened in the last years following the changes on the labour market.

It is not so common to find arguments where basic income is seen as a good strategy to solve the problem of unemployment, by creating a social security net that is better suited to a labour market, which is believed to be more flexible and insecure than before. Basic income, according to this view, does not give rise, to poverty- and unemployment-traps as unemployment benefits and social allowance may do and provides better economic incentives for accepting a job. Two interesting exceptions deserve, however, to be mentioned. In a debate article in *Dagens Nyheter*, arguably the most influential forum of debate in the Swedish press, two local politicians from Moderaterna (the Conservative Party) and Vänsterpartiet (the Left Party – former Communist Party)<sup>11</sup> argue in favour of basic income (Frank and Högstedt 2000). Their article begins with pointing at the problems with the existing social insurance system, and they argue that it is no longer effective in preventing poverty. The authors are fully aware that social security should be not be linked to work is a radical idea, but believe that the current system is stigmatising and it would be more humane to guarantee all citizens a basic income. Furthermore, their proposal also puts the individual in the centre and they argue that »the individual will become more successful in the labour market and everyday life if she or he does not constantly have to motivate her or his existence to different public authorities» (Frank and Högstedt 2000, own translation). In another debate article in *Dagens Nyheter* Mats Alvesson (1999), professor of Business Economics, has proposed a kind of participation income to solve the problem of unemployment. He argues that unemployed should be offered to do what can be considered as socially valuable work, such as care of handicapped people and elderly. What should be demanded from the recipient is that he or she should perform such work 25 hours a week and those who accept this offer should have a benefit of 85% of previous earnings. Those who do not accept this offer should be given 65% of previous earnings. It is unclear from the article what should be done with those who have not had previous employment.

It is even more difficult to find arguments that basic income is neutral in its relation to full employment, and as far as I know no such argument has not yet appeared in the Swedish debate. According to this line of reasoning it is difficult to predict the future of the labour market and we should choose a policy that makes as few assumptions as possible to avoid problems if the situation on the labour market should change. Basic income is then said to be the man for the job as it makes very few assumptions about the labour market.

Another argument for basic income in relation to full employment is not so much that full employment cannot be upheld, but that it ought not be upheld, or at least not that it

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<sup>11</sup> This is definitely an unholy alliance in Swedish politics.



should be defended at all costs. The reason why full employment no longer should be treated as a public goal may be that we value other things more dearly than full employment (see for example Ekstrand 1995, 1996). Work in the form of wage labour is here treated as something that should be subordinated to for example the right to choose leisure and ecological concerns. Very close to this kind of argument is also the view that the concept of work is too narrowly defined as wage labour (Ehrenberg 1996) and that we need a discussion about what work really is or should be (Alvesson 1999, Christensen 1993). They argue that if basic income (or participation income or negative income-tax) is to be implemented we need to alter our view that work must be treated as wage labour and the stigma this view gives people who are unemployed. I think this goes to the heart of the matter, something that will be discussed later.

There are also some debaters who bring forward more explicit normative arguments in favour of basic income. For example, basic income is supposed to guarantee the freedom of the individual and provide the individual with economic security independent on his or her performance on the labour market (Ehnmark 1998, Ehrenberg 1996, Silva 1997).

One political party, Miljöpartiet (the Green Party)<sup>12</sup>, in the Swedish parliament actually is in favour of basic income<sup>13</sup> as they call it, although it really is and individual negative income-tax (NIT) they are discussing.<sup>14</sup> It has made two motions in favour of a NIT. In one of the motions the need for NIT is primarily motivated by the assumption that less people will be needed to produce the necessary goods and services in the future. But, it is also stressed that the individual should be guaranteed economic security without dependence on the labour market (Goës 1997/98). In the other motion it is urged that a governmental report should be initialised that investigates if a NIT could be an alternative to the existing system (Samuelsson 1997/98). The party (see [www.miljopartiet.se](http://www.miljopartiet.se)) has very recently moved one step forward to promote NIT. At their last Party Congress the representatives agreed that the party should actively work for the introduction of such a guaranteed income at a level of 7000-8000 SEK (around 850-960 EURO) a month for adults and about 3000 SEK (360 EURO) for children. The aim is to replace most current direct social benefits. It is still not decided if the grant should be taxed or not and it is also mentioned that one region in Sweden could be used as an experiment. A universal basic income was rejected because of fears that it would be too expensive.

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<sup>12</sup> Miljöpartiet is the smallest party in the Swedish parliament. It got 4,5% of the votes in the last election (1998) and it has 16 seats out of the total 349.

<sup>13</sup> The by far most used term for basic income as defined here is «medborgarlön» in Sweden, which in direct translation would be citizen wage. In general, there are far less terms used for what is called basic income in this paper in Sweden compared to the English terms used.

<sup>14</sup> Negative income-tax (NIT) is here defined as a guaranteed income which normally gives individuals an additional income if they fail to reach a certain level of income, who for whatever reason fails to reach a certain level of income. Those who earn more than this level do not receive this additional income.

## Opponents of basic income

The criticism of basic income is very fierce and sometimes even hostile. Editorials in some of the largest newspapers in Sweden (Dagens Nyheter, Expressen and Svenska Dagbladet) have on several occasions strongly objected to the idea, not always in a diplomatic manner. Arguments that basic income is a utopian idea are often seen. A director of one Research Institute (SNS), a politically independent think-tank on economic and social issues, has perhaps progressed furthest on this road when he argues that basic income »is a lost idea that ought to be sent off the political debate» (Molander 2000, own translation).

Sadly, many arguments against basic income show that the idea is misunderstood, which prevents a serious scrutiny of the idea. A particularly strange comment is that basic income is an idea that resembles a planned economy (Dagens Nyheter (editorial) 16/06/00). Some arguments also seem to be self-contradictory as well as badly informed. One example is from a report, from the same Research Institute as above (SNS), about the future of Swedish welfare politics by: »With basic income the individual must accept that for his own security it does not matter whether he is working or not» (Björklund *et al.* 1998:26, own translation). This could of course be true, but it is unlikely that basic income would be on such a high level that working would be irrelevant for providing economic security to an individual, at least above the poverty line. A similar argument against basic income comes from Anders Sundström, at that time the Swedish Minister of Industry and Commerce, »[t]here must be an economic motive to work» (TT 26/07/98, own translation). There is really no need to comment this last argument as it completely misunderstands basic income. Both of the above arguments are in addition self-contradictory if you favour income maintenance to basic security, as income maintenance provides fewer incentives to work than basic security. Another self-contradictory comment comes from the former Minister of Employment Margareta Winberg when she criticises basic income: »I can never accept that one group supports another. And I do not believe that some would like to support others who will be completely powerless» (Dagens Nyheter 30/05/97, own translation). This argument against basic income surely has some problems, because it would mean that several other benefits are in danger as well. For example other groups support retired people, unemployed and people on social allowance. What could be problematic is of course if there is a situation where one group supports another permanently. But it is intrinsic for the welfare state that one group supports another during transitional phases of peoples' lives.

Are then these comments only a reflection of ignorance or should they be treated as an unconsidered reaction against something that is very foreign to traditional social insurance policy? It is of course difficult to answer, but my guess is that it is a combination of the two. This is not to say that the opponents have got it all wrong and if they would have a better understanding of basic income they would all be supporting it. That basic income is misunderstood is only an observation made and it says nothing

about how people would approach the idea if they were better informed. What it does mean, however, that a serious debate about basic income is stifled.

Many of the opponents of basic income directly confront the arguments brought forward by the advocates. One is that we have not seen the end of full employment. Most debaters that take this position also seem to assume that to argue for basic income will mean that unemployment must be accepted (see for example Göteborgsposten 02/02/98, Svenska Dagbladet 15/01/98, Wetterberg 1996, 1999). Basic income is here sometimes understood as a policy that accepts unemployment as either inevitable or undesirable from some perspective, and that it cannot co-exist with full employment. This is not particularly strange as many advocates of basic income in the Swedish debate pursue this line of reasoning. This argument is sometimes combined with the view that basic income would marginalise the individual socially, as work is considered as the main source of providing the individual with a structured life and access to a social network (see Svenska Dagbladet 15/01/98).

Another point that is frequently invoked by the opponents is that basic income is ethically unsound and that you should not get anything for doing nothing. To have rights you must perform corresponding duties (i.e. wage labour) and that people that does not work or actively search for work should be supported is unethical (see Dagens Nyheter 19/05/00, Molander 2000, Wetterberg 1996). An introduction of basic income would send the wrong signals to the citizens and then undermine the moral and solidarity in society (Expressen 06/03/00).

There is also one argument, which is not a direct response to the advocates, but still a very important one. It is that basic income would be too expensive, or alternatively if it is affordable it would be too small on its own to provide individuals with economic security (see Göteborgsposten 02/08/98, Molander 2000, Wetterberg 1996). This argument is often combined with the view that there is a connection between work and economic wealth. In order to keep a welfare system that prevents people from falling into poverty it is crucial to have as many people as possible employed (see Aftonbladet 18/09/99, Expressen 02/10/99).

These are of course familiar arguments against basic income and they are definitely worth taking seriously. It is interesting to note that all these the arguments criticises basic income from the perspective of how the social insurance system traditionally have worked. What also is interesting is that critics of basic income come from all political quarters, from left to right, mostly right though, and they all argue from the perspective of the traditional social security system. For example, the two largest parties and main opponents in the Swedish parliament (Riksdagen), Socialdemokraterna (The Social Democratic Party) and Moderaterna (The Conservative Party) fiercely defend workfare and income maintenance and have expressed strong criticism against basic income.

There seems to be a strong position among the opponents that we must put strong demands on people to receive benefits or else everyone will choose leisure. Furthermore, work in the form of wage labour is regarded the most important base for direct social benefits. That work in this form is treated in this way is interesting. Why cannot the concept of work be broadened as some people positively inclined towards basic income

propose and why does then the belief that you should do something to get something focus exclusively on wage labour? I believe that there are two reasons for that. To begin with, it is easy to measure how much an individual has contributed. Secondly, wage labour is convenient to link to total output, which is said to lay the grounds for the whole social security system.

### The future of social policy

But even if there appears to be a great distance between advocates and opponents there are some positions held in common. Such an example is that today's social insurance system functions rather badly. It has been argued that benefits based on performance, most notably the unemployment benefit, have made it particularly difficult for two groups—youths and immigrants—to be entitled to social benefits as they have had difficulties entering the labour market (Andnor & Eberstein 1999, Björklund *et al.* 1999:123).<sup>15</sup> Another concern is that the social insurance system has problems in accommodating the changes in the labour market, where there is, it is argued, a decline of regular long-term employment contracts and more short-term contracts and temporary jobs. For example, a governmental commission (Efraimsson & Eklund 1999) investigating the labour market in Sweden criticised today's welfare system and urged the government to reform the current one in order to provide security and stimulate flexibility on the labour market. Furthermore, it is also argued that the current system is complex and difficult to overlook and that a more simple system is needed (Svenska Kommunförbundet 1999). Furthermore, social allowance, designed to work as a final safety net and to accommodate very few people, have following rising unemployment figures been overused, mainly by those groups, who have not qualified for unemployment benefit and causing financial difficulties. (Björklund *et al.* 1999:126).

But, many of those who criticise the current system and even propose that the unemployment benefit should be treated more like a categorical benefit have no plans to abandon Arbetslinjen (Andnor & Eberstein 1999, Björklund *et al.* 1999, Svenska Kommunförbundet 1999). Some argue that Arbetslinjen should be complemented with a right to work (see Svenska Kommunförbundet 1999), which would sharpen the focus on wage labour. It is clear that there appears to be a kind of fear of being associated with basic income. Some commentators who point at the problems with the existing system and argue that benefits should not be linked to performance (wage labour) are often quick to point out that they are not proposing a basic income. For example, Centern (the Centre Party – former Farmers' Party) has a proposal that is not that distant from basic income. They propose that social security to a higher extent should be based on citizenship. Furthermore, Centern expresses some scepticism against income maintenance and argue that there should be flat-rated benefits for illness, parental leave and unemployment that

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<sup>15</sup> To qualify for performance based unemployment benefit you must have been a member of an unemployment benefit fund for twelve months and been working for six months.

could be supplemented with some form of private insurance (see Johansson *et al.* 1997/98). But, nowhere in their proposal is basic income mentioned and their former spokesman on welfare questions has explicitly denied that their proposal should resemble basic income. He said that: »It is not basic income that we want to introduce and it is problematic that it is sometimes regarded as that» (Dagens Nyheter 05/11/96 – own translation).

How can we then conclude the Swedish debate about basic income? There is to begin with a widespread understanding that the traditional social security system has problems, mainly because of exogenous changes. Youths and immigrants have difficulties getting employment and consequently difficulties to qualify for the social benefits that are based on performance. Furthermore, long-term employment has increasingly been substituted by short-term contracts something that the current system has difficulties to cope with. But even if there seems to be a need for reform, the available room appears to be limited. Arbetslinjen seems by most debaters to have a holy status. It should be clear from the Swedish debate that there is widespread support for Arbetslinjen and that direct social benefits should be closely tied to employment in the formal sector.

It is obvious that most opponents argue against basic income from a work centred perspective and from the current social security system. The predominant view seems to be that »[t]he base of social insurance is work» as Ingela Thalén, the Minister of Social Insurance, puts it. (Arbetet 27/10/99, own translation). What is perhaps even more striking is that most advocates also discuss basic income in relation to work and full employment. This is, however not very surprising considering the strong connection between work and benefits in the current social security system. This does not, as already discussed, mean that basic income must give up the goal of full employment if we wish to keep that goal. It does, however, mean a change of perspective. Social security would, if basic income were introduced, no longer be closely tied to wage labour as it is today.

## **How radical is basic income?**

It is not all that easy to place basic income on a scale of radical change before we know more in detail what a certain basic income proposal would look like. A replacement of all or most direct social transfers in favour of basic income would definitely constitute a major, if not radical, change. We could also envisage many of the benefits co-existing with basic income, which would be less radical. But, it would surely be too costly to keep the current system running and above that introduce basic income. It does also seem more or less natural that basic income would replace some benefits, as they would lose much of their purpose. It appears not too distant to argue that social allowance and unemployment benefit would be replaced by basic income. By assuming this change we now see that basic income would change the principles behind the distribution of social benefits in the three dimensions discussed above (see table 1). In this case, basic income would firstly mean that part of the direct social income transfer system would be distributed according to the member-citizenship principle and less on need and performance. Furthermore, it

would mean a swift change from workfare to welfare and finally it would constitute some change from income maintenance to basic security. It should be pointed out that the member- or citizenship principle more or less implies welfare and not workfare. Consequently, the introduction of basic income would mean a clear break with the workfare principle and to some extent with the income maintenance principle depending on the final construction of the basic income scheme.

Is then basic income a radical reform? That of course depends on how we describe a radical reform. We could, according to Peter Hall (1993), see changes in policies as proceeding through three stages. Hall's framework is borrowed from Thomas Kuhn's well-known discussion on scientific paradigms. It should be pointed out that Hall is discussing macroeconomic policy change and he argues that his framework most likely is to be found in technical areas such as environmental regulation and energy policy (Hall 1993:291), but I believe that his discussion can be illuminating also for social policy. To begin with, Hall argues that there are mainly three components of policy: hierarchy of goals behind the policy, instruments to achieve goals and instrument settings. The first stage, or first-order change, involves alterations of the levels of the instruments used. The second-order change means a change of instruments but with largely intact goals. These two changes can be described as normal policymaking. The third-order change is a radical change of all three components including the hierarchy of goals. If there is a third-order change of policy we have a change of policy paradigm. Hall argues that first and second-order changes to very large extent are a learning process where changes are responses to earlier policies, where experts in policy-networks play a significant role in the formulation of the policy. Third-order change is shaped by a wider set of actors, politicians play a more significant role and it also involves the media, political parties and other interests outside the state.

What could we then say about basic income in relation to the welfare state? It would definitely be more than a first order change, but then it becomes more difficult to say whether basic income is a first or second-order change. Again it depends on the final basic income proposal. But first of all there is the question of there is a paradigm at all. We could argue that most social security systems, and most definitely the Swedish one, rest on the performance principle, workfare and this is something basic income does not. The main change with basic income would then be that those who do not want to be activated would not be sanctioned. This would indeed be a radical change »in the overarching terms of policy discourse«, which Hall (1993:279) associates with a paradigm shift. The Swedish debate shows that basic income indeed would mean a change of the policy discourse. The discussion about the future of social policy is kept well within the discourse of work and those who dare to question this are ridiculed or left unnoticed. Consequently, if we choose this perspective it is not far-fetched to say that there is a paradigm. Even if we describe this a paradigm or not the introduction of basic income would as Zygmunt Bauman (1998:98) puts it »involve resignation from quite a few sacrosanct (all the more sacrosanct for being unreflexive) assumptions of our present mode of life. That, for instance, efficiency is a good thing regardless of what it might serve and what might be its side effects in terms of human suffering«. This is of course

bad news for basic income supporters, but there may be even more things that work against basic income. It is probably, as Bill Jordan (1994:117) argues, that there is a big difference between arguing for a policy that starts from scratch compared to if the proposed policy shall replace something already existing. There are always some vested interests in an existing policy and perhaps also a bit of anxiety to move to something different even if the current policy is not working well. Furthermore, reforms where effects are uncertain stands a lesser chance of being implemented compared to reforms where effects are easy to calculate (de Beus and Koelble 1994:529). Basic income is a reform that does not start from scratch and where the effects are relatively unknown and it is easy to see that basic income face difficult odds right from the start. We may also consider that some reforms if implemented can be difficult to get rid of. It could depend that it technically could be difficult or expensive to change or that it would introduce vested interests. I am not sure if basic income would be such a reform, but it could be worth taking into consideration.

If there is a paradigm, what does it take to change it? According to Hall following Kuhn's approach, a paradigm can change when previous policy has failed. Furthermore, he argues that the process of change is not so much characterised by what experts say, as they when facing a change of policy are likely to say different things. Instead, it depends to a large extent a question of authority. Hall (1993:280) says »the choice between paradigms can rarely be made on scientific grounds alone. The movement from one paradigm to another will ultimately entail a set of judgements that is more political in tone, and the outcome will depend, not only on the arguments of competing factions, but on their positional advantages within a broader institutional framework, on the ancillary resources they can command in the relevant conflicts, and on exogenous factors affecting the power of one set of actors to impose a paradigm over others».

What are then the possibilities for basic income to be introduced or appearing on the political agenda? Following de Beus and Koelble (1994:525) it could be argued that the economic crisis and rising unemployment in the 80s opened a »window of opportunity» for basic income, as the established policies seemed to be inadequate to solve problems of poverty and social marginalisation. It is also probably so that the rising unemployment figures in the beginning of the 90s in Sweden increased the interest in basic income. But if the case for basic income only would be centred on this aspect it would not receive much attention today, as the situation on the labour market has changed considerably. This way of arguing for basic income is in a way reactive and quite vulnerable as it leaves much of its faith to outside factors like unemployment figures. The chances for basic income to be a real alternative is of course not independent of what happens around us, but without a proper discussion about the merits of basic income on its own the result may be nothing more than a flash in the pan. In other words, the case for basic income must be dressed up in something more substantial than increasing unemployment. There appears to be no good reasons to say that »the burden of proof falls to its opponents», as Offe, Mückenberger and Ostner (1996:217).

The list of things to discuss to achieve a rational scrutiny of basic income can easily be made very long. There is no room to bring up even the most urgent discussions here, but

let me just make some remarks of what in my view are the most important aspects. First, normative questions surrounding the issue must be discussed, and they must be discussed without losing sight of the practical problems. A discussion about the importance and definition of work and how basic income can affect employment are also crucial aspects of this issue. But, even if a strong case could be made in these areas this does not have to be enough for success, as the existing ideas of performing social security policy may be difficult to change even with good arguments.

## Conclusion

The principles for distributing basic income is very different from the ones used for direct social benefits in the Swedish welfare state. In fact, it goes against deeply held convictions such as Arbetslinjen and income maintenance. There is a widespread consensus that there are flaws in the Swedish social security system, but very few are prepared to abandon Arbetslinjen, but also income-maintenance and a performance-based unemployment benefit. It is then hardly surprising that basic income in the Swedish public debate in is met with a high proportion of scepticism. I have tried to show that basic income is an idea that is foreign to the existing social security system, and this probably accounts for many of the strong words used against it. It is simply an idea that is difficult to handle in the existing social policy environment. It could hardly be said that there is a serious debate about basic income. The discussion is also fraught with misunderstandings of the idea. This observation is relevant not only for a large share of opponents, but also for some advocates.

Could then basic income appear on the political agenda as a serious alternative and perhaps even be introduced? From the current Swedish debate there is nothing much that points in this direction. However, Miljöpartiet's recent decision to work actively for the introduction of NIT may help it climb a few steps on the political agenda. Their decision to promote NIT led to some public debate, but most of the comments were negative inclined towards the idea. Furthermore, the ongoing and open-ended debate about the future of social policy has and can lead to an increasing interest in basic income. But to conclude, it appears as if the existing paradigm, if there is one, still is going strong and it is clear that the principles of basic income run counter to some important principles for distributing social benefits in Sweden.

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