From Citizen Wage to Basic Income. The Nordic experience

BIEN 2018
Nordic Day 23.8
Jan Otto Andersson
Arbetslust för framtidsmål
leva gott men utan prål
prutas kan på all slags flärd
för att få en rättvis värld.

Ett rödgrönt idealsamhälle med en egen
gul-blå-vit-röd fana och en nationalsång om
naturen, arbetslust och självtillit.

Norden År
2030
Henrik Wahlforss · Leif O. Pehrson
Background of the Nordic models

• The five Nordic models, that were successfully constructed after the war, differed from each other.
• They used the free trade Bretton-Wood system, that controlled international capital movements, but allowed occasional devaluations, to ensure full employment and build national welfare states.
• The links between powerful trade unions, egalitarian political parties (above all social-democratic, but also social-liberal and agrarian) and national big capital were strong and used for purposeful modernisation.
The Nordic models under stress
(except for oil-rich Norway?)

• Chronic unemployment and broadening of the precariat.
• Increasing income inequality and social polarisation.
• Commodification and "new public management" of welfare services.
• Growing proportion of elderly, requiring pension benefits and expensive care.
• Populist xenophobic parties gaining political influence and power.
• Social Democratic parties losing their vision and electoral base.
Are the Nordic responses to social inequalities different from other countries?

- The Nordic countries are doing better than most other European countries at limiting income inequality and poverty. The one important exception is the Netherlands.
- The Nordic countries have become ‘more European’ with regard to income inequalities and poverty risks.
- The mix of policies has become ambiguous in relation to promoting individuals’ agency and protecting their level of living outside work. Rewarding employment is becoming more dominant.
- The Nordic countries seem to be on a track that will eventually lead to a welfare model where ‘some are more equal than others’.

Background: political parties and opinions on BI

• Andersson & Kangas (2005):
  – Normative Foundations of the Welfare State
• In the 1980s the idea of a “citizen’s wage” and an “individual income guarantee” were introduced both in electoral discussions and in an official committee report (Perustoimeentulotyöryhmän mietintö1986:2).
• Two parties, the Greens and the Left Alliance, have supported the idea since their foundation. Both have provided detailed proposals concerning the level, other social benefits, as well as financing.
• The Center party has shown a longstanding interest for a BI, but has not made any political commitments. It was on the initiative of the party that the current BI pilot study was started.
Background: The political parties

• Among the **Conservatives** (and especially the short lived party of the Young-Finns) there has been an interest for a more libertarian social benefit system based on the idea of a negative income tax (NIT).

• The **Social Democrats** voted against the idea at the 1996 party congress. However, at the 2018 congress support was given to a reform proposition (*yleisturva*) worked out by the youth organization. The proposal includes an “automatic income guarantee” (*tulotakuu*) in the form of a NIT.

• The **True Finns** are afraid of BI since it could encourage immigration.
YLEISTURVA

TUEN TASOT

AKTIIVITULO

TAKUUTULO

- 80 % viitebudjetista, eli 520 euroa / kk

* 485 e / nykytaso

YLEISTULO

- 100 % viitebudjetista, eli 675 euroa / kk

* 565 e / nykytaso

AKTIIVITULO

- 125 % viitebudjetista, eli 812,5 euroa / kk

* 760e / nykytaso
Back ground: moral justifications

- Deservingness and capacity to choose as justifications for state support
  a) How rightful is the individual’s need perceived to be?
  b) How inescapable are the social risks from which the need emanates?
- Two prevalent points of view:
  1. The source of the need is beyond the control of the victim of destructive societal changes and faceless market forces: society is to be blamed.
  2. Individual choices are decisive: the individual herself is to be blamed herself.
- It is reasonable to suppose that these two mindsets – “social blame” and “individual blame” – play a crucial role in peoples’ attitudes to welfare measures – and especially when it comes to BI.
- These two dimensions are included in our survey to study the impact they have on the support for BI in Finland.
WHY ARE PEOPLE UNEMPLOYED AND IN NEED FOR HELP: RESPONDENTS AGREEING WITH THE STATEMENT

<table>
<thead>
<tr>
<th>CAUSE OF PROBLEMS</th>
<th>LEFT</th>
<th>SDP</th>
<th>GREENS</th>
<th>CENTER</th>
<th>T FINNS</th>
<th>CONS</th>
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<td>44,6</td>
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Opinions on consequences of a BI (2015)

0 = totally disagree; 10 = totally agree
Means according to political affiliation

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<tr>
<th></th>
<th>LEFT</th>
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<td>4,3</td>
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- Voters for the Left alliance and the Greens are the most confident. **Green boxes**
- Voters for the SDP and the Conservatives are the most sceptical. **Red boxes**
- The most mistrustful seems to be the voters for the SDP. **Red boxes**
Political support goes indirectly via opinions on social and individual blame and opinions on the possible consequences of a BI

- In the regression models political affiliation was important when background variables (age, household income, and gender) were controlled for.
- If opinion variables (social and individual blame and presumptions concerning the consequences of BI) are included in the models, the direct effect of party affiliation becomes insignificant.
  (Except for the negative association for the conservatives)
- **Political support for BI is indirectly explained by attitudes and beliefs.**