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BASIC INCOME

**The Finnish
Experiment
2017-2018**

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Finnish
Experiment

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Finland has drawn considerable international attention due to its willingness to launch a basic income experiment at the national level. Today, it is the only country to have engaged in such a process, but this is not unusual as the discussion for a basic income has gone on for a while in Finland, and the project's launch is facilitated by a national culture of experimentation which puts unanimity above traditional political rifts. Nevertheless, the scope of the trial determined by the government and parliament seems limited, and those responsible estimate that, even if the experience could bring about some interesting elements for the future of the social system, it is unlikely that a general basic income system will be put in place in future years, due to its disadvantages in terms of cost if it were to act as a high-level universal income, or its social impact if it were more limited. Consequently, management, labor and the government are searching for a new system of social welfare which would have the advantages of a basic income, notably in terms of simplicity, without its associated disadvantages.

Basic income is a long-discussed idea in Finland

The terms "negative income tax" and "citizen salary" were used in Finland for the first time in the 1970's, but the debate became more popular in the 1980's. The political discussion also focused on the idea of a basic income system which would standardize transfer payments and guarantee a minimum income regardless of an individual's life situation. Beginning in the mid 1990's, the term "basic income" was progressively established. While interest in it was varied, the idea never completely disappeared from public debate. The discussion generally culminated around campaigns for legislative elections, where certain parties presented the notion of basic income in their platforms, notably in 1987, 1994, 1996, 1998 and 2007. The discussion peaked before the 2015 elections, when an experiment was part of the campaign commitments of the Centre Party of Finland (Keskusta; agrarian center-right party) led by Juha Siplä, who won the elections and was Prime Minister from 2015 to 2019.

The idea of a basic income has floated around for a long time in Finland. In a 2014 article entitled "*Good and Bad Times of Social Innovations: The Case of Universal Basic Income in Finland*", Pertti Koistinen and Johanna Perkiö outlined no fewer than 13 models of basic income proposed and studied in Finland. The following is a summary of these models as they presented them.

A first proposition was presented in 1984 by two academics, professors Jaakko Uotila and Paavo Uusitalo. In their book, they proposed a sabbatical leave combined with a citizen salary which would be optional for each citizen. The sabbatical leave would be possible every ten years, its objective being to reach a certain level of labor sharing.

The second model, particularly ahead of its time, dates back to 1987. Sociologist Matti Virtanen proposed a model of universal basic income designed to support the transformation from industrial society to information society as well as the ecological reorganization of production. Virtanen's model would soon be followed by that of left-wing economist,

Jan Otto Andersson (1988), and later by that of social-democrat economist, Pekka Korpinen (1989). Both rather traditionally aimed to reduce time worked in order to allow time for other activities, particularly cultural, athletic and leisure activities; activities which those in France were calling 'free time' during the left's rise to power in 1981.

In 1988, Olli Rehn, then-member of Parlement who would later become Minister and twice European Commissioner, and David Pemberton of the Green League took the initiative to create a team to focus on the subject. In 1992, the team's secretary, Ilpo Lahtinen, wrote a book taking another look at the team's ideas and proposed introducing a partial basic income, that is to say, granted to all citizens and residents without condition, with a total sum which would not be sufficient to assure subsistence to the individual without another source of income. This idea fueled the debates of the 90's, where proposals multiplied widely.

In 1994, immediately following a hard recession in Finland, Osmo Soininvaara (deputy of the Green League) published a model in a report commanded by the Minister of Social Affairs, and later a very thorough book proposing a model of partial basic income, along with an analysis of its implications for public finance. Its principal objective was to increase the attractiveness of irregular and low-paying work. A lightly modified version of this model was later approved by his party.

In 1997, Kati Peltola (expert in social politics and left-wing politician) published a model of basic income paired with community service, with a proposal of voluntary participation income and major fiscal reform.

Starting in 1998, the first of the political parties' models were published. In this year, over the course of the electoral campaign, the Young Finns (a small liberal party which held two seats in parliament at the time) presented a detailed proposal which envisioned a partial basic income with a reduced rate for minors and an increased rate for retirees. Keskusta, the Centre Party (then the second-largest party) also included the idea of a conditional basic income in its work-reform proposal. But during the legislative elections of 1999, the Young Finns lost their two seats and the Centre Party remained in

opposition. As a consequence, at the beginning of the twenty-first century, there would be practically no discussion on basic income, despite the publication of Anita Mattila's doctoral thesis in which she compares previously-published models and develops two additional ones which were solely minor reforms of existing social welfare framework, an idea which would resurface in 2019 after the 2017-2018 experiment.

Starting in 2006, after a few years of silence, the discussion on basic income returned to the forefront of civil society and media. In 2006-2007 and again in 2012-2013, pre-electoral years, the public debate raged. The Green League (Vihreät) published a new model before the legislative 2007 elections, and the Left Alliance similarly published its own new model before the 2011 elections. Both models aimed to replace the existing systems of income transfers, except for housing allocations, social assistance and benefits linked to income. The Greens asserted that their model would have a neutral effect on public finance, while that of the Left Alliance aimed for a more equitable repatriation of income.

On the eve of the 2017-2018 trial, one could say that the political class in Finland was predominantly in favor of the concept of a universal basic income. The Greens still supported the idea, as did the Left Alliance. The Centre Party which had just come to power had included a basic income trial in its electoral program, one which was also supported by the Conservative Party, then its ally in government. Finally, the Finns Party (Perussuomalaiset, populist) was less enthusiastic, but consented to the trial in the framework of government programming in which it took part with the Centre and the Conservatives.

The Social Democratic Party of Finland, for its part, was against a basic income several years ago. This rejection was notably based on a very critical publication by Ville Kopra, a researcher friendly with labor unions, entitled, "*Basic income: hard or soft solution ?*". His analysis was taken up again by the Social Democrats and was clearly summarized in a few words by Eero Heinäluoma, one of the party leaders, during a 2007 electoral campaign debate: "Basic income encourages idleness, is expensive, and when all is said and done, it is nothing but an additional system and does not align with