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Fact sheet – Finland

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Current social security in Finland

- **Social Insurance:** *Earnings-related unemployment benefits, sick-benefits, parental leave benefits and pensions*
- **Families:** *Universal child benefit* for each child under 17 years, the amount depends on the number of children (100.40-182.73 €/month), single parents get a supplement of 46.79 € for each child. *Parental allowance, Child home care allowance and private day care allowance.*
- **Students:** *Study Grants* (246-298 €/month) , *Housing Supplements* (max. 201.60 € /month) and government guaranteed student loans + subsidies for meals and public transport
- **Unemployed:** For those not eligible to earnings-related unemployment benefits, *basic unemployment allowance* (25.74 € per day, on average 553 € per month + child increase) or *labour market subsidy* (for those with no recent work experience, the amount is the same as in unemployment allowance, but it is means-tested). The both are taxable benefits.
- **Pensioners:** for those not eligible to earnings-related pensions, a *national pension*. Since March 2011 there is a *quaranteed minimum pension* of 687.74 €/month (taxable)
- **Sickness, disability ect:** *Partial or long lasting sickness allowance*, reimbursements for private medical treatment or medicine expenses, *disability allowance* 85,59-387,26 €/month + support for special expenses
- **Housing:** *General housing allowance* 80 % of reasonable housing costs, additional to other benefits. Housing allowance is sharply means tested.
- **Social assistance:** strictly means tested last resort safety net 420 €/month + supplementary to cover extra expenses, granted by municipalities

The disposable income of the poorest will be on 1st Jan 2012 raised by 25-75 €/month as a result of increased social security benefits.

Problems:

- Growing income inequality: since 1990's the level of basic security has lagged far behind wages and also partly behind the costs of living. The improvements in 2012 will not change the trend.
- Bureaucracy and complexity of the system, different categories of beneficiaries incompatible
- The fordist welfare model does not provide income security for precarious workers or encourage unemployed to accept part-time or short-term work
- In categories of beneficiaries differences eg. with regard to taxation, means testing and terms of payment
- Simultaneous receipt of social assistance and other benefits → traps for the unemployed

Basic income proposals

The Green Model

The Green party of Finland proposed a universal basic income of 440 € in 2007. In 2011 it was

raised to 500 €. Basic income would be tax-free and it would replace all minimum social transfers except national pension. Earnings-related benefits (the net income), child benefits, housing allowances, and social assistance (when needed) would remain as they are. The green model would not intrinsically change the in-hand income of most individuals. The taxation would be two-tier: up to 5000 €/month earnings would be taxed by 39 % and over 5000 €/month by 49 % (state and municipal taxes included). Capital income tax for individuals would be raised from present 28 % to 32 % and environmental taxes would be raised by billion euros. The green BI-model would be cost-neutral.

The Left Model

The working group of basic security and basic income composed in 2011 a step-by-step model towards basic income. The first step is to enhance basic security by raising the level of all minimum benefits to 750 € / month, unifying and streamlining the system, diminishing means-testing, conditionality and control and removing the barriers of employment. This basic security model would cover minimum unemployment allowance, pensions, parental allowance, sick benefits and student grants for independently living students. Social assistance would be raised from current 420 € to 620 € and its conditionality would be mitigated. Combining benefits with part-time work would be facilitated.

The next step is a universal basic income of 620 €/month, granted to all adults permanently residing in the country. Additional benefit of 130 € will be granted on conditional basis for those eligible for minimum unemployment allowance, student grant, minimum parental allowance or minimum sick benefit. Minimum pensions will be 750 €. The 620 € BI is tax-free and all additional earnings will be taxed progressively on a scale 30-57 %. The earnings-related benefits will remain as they are. Housing allowance and social assistance would remain and they would be needed for many unemployed and other low-income groups. The net income of majority of the people will not greatly change. The BI of 620 € is the first step towards a BI which will enable a decent life. The working group's initiative is not yet officially adopted by the party council.

The political atmosphere and support for BI

Many individual actors and groups from right to left support the idea of basic income, but it has never truly entered into mainstream political discourse. It has been present in Finnish political and academic discourse since 1980's with ups and downs, and since 2007 it has got a new boost thanks to precarity movement, student's activity and the proposal of the green party. The wider audience is not very conscious about the contents and meaning of BI. The trade unions are strongly against it.

Other BI- related activities

BIEN Finland was set up in May 2011 as an open network of researchers, activists and politicians advocating basic income. The network has a mailing list of nearly 100 subscribers and the discussion on it has been intense. It has given rise to various projects such as a BI-pamphlet (coming out in spring 2012), a website, brochure, network meetings and seminars.

A leftist political think tank Left Forum and few researchers of the University of Tampere are preparing a joint European research project on BI. The study will be conducted in 5 work-packages: 1) Theories of Justice in European Context 2) New Forms of Labour and Lifestyles 3) Institutional Approach to Basic Income 4) Economic and Labour Market Effects of Basic Income and 5) Political Feasibility of Basic Income.