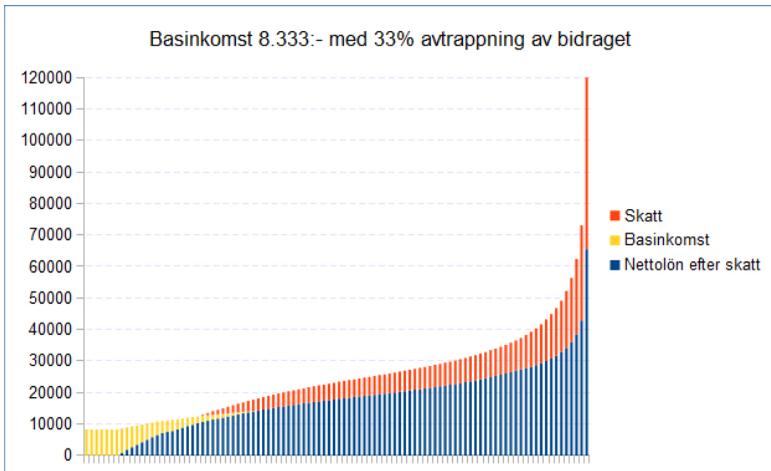


BASIC INCOME

A CONCRETE AND FINANCED PROPOSAL FOR SWEDEN



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Introduction — A concrete and financed proposal for basic income in Sweden

Can a country like Sweden introduce basic income, to guarantee everybody enough to survive on, whether they have a job or not? Yes, of course we can, if we want to.

We already have a number of welfare systems with exactly this goal, that we are already paying for. Nobody starves to death in Sweden, and very few people sleep outdoors for purely economic reasons. In one way or another, we are already allocating the resources necessary to provide everybody with food on the table and a roof over their head. In that sense, we already have basic income in Sweden.

But for anybody who loses their job and needs help from society, a Kafkaesque maze of bureaucracy and arbitrariness awaits at the job center or social service office. If we can afford that —and evidently we can, at least so far —then surely it cannot be impossible to redesign the system to reduce the insecurity and hassle. This is the underlying idea behind basic income.

A concrete proposal

I have developed a draft proposal for a basic income system for Sweden, specifically designed to be realistic both from an economic and a political perspective. The idea is to present a system that could actually become reality, and preferably as soon as possible. Very often, discussions about basic income have been very visionary. This is a good thing, because it means that we have a rather clear vision to aim for. But to move along we need to start discussing basic income in more concrete terms, including how it can be financed.

I propose that everybody between 19 and 65 who lives in Sweden and is covered by today's welfare systems, would get an unconditional allowance corresponding to 900€ per month, tax free. In Swedish money this would be 8,333 SEK per month, or 100,000 SEK per year. When you start getting an income the

allowance will be reduced, but slowly enough to make sure that it always pays to work if you get the opportunity.

An urgent reform

This is an urgent reform. We have about 400,000 unemployed people in Sweden today (out of a population of 10 million), and nobody thinks that this figure will drop significantly in the foreseeable future. On the contrary, there is a real risk that computers and automation will make even more jobs disappear in the future. Hoping that the politicians will create hundreds of thousands of jobs (as they promise every election year) is no solution, because they cannot. If they could, they already would have, but as we all know they haven't. This means that we have an obligation to make sure that the welfare systems for the unemployed are secure, dignified and humane.

The unemployed are not to blame for the unemployment. The number of available jobs does not increase because we put more pressure on the unemployed, and force them to walk around with a knot of anxiety in the stomach, dreading the next meeting with the employment or social service officer.

Basic income replaces the insecurity and arbitrariness of today's system with a straight-forward and predictable right for everybody to have their basic needs met. In the model that I have been looking at, I have assumed a benefit level of 900€ per month. This is roughly in line with Sweden's current level for social assistance, so it is only just about what you need to survive. But unlike today's social assistance, the basic income will not be tied to any demands that the recipient fulfills certain tasks, or submits to intrusive checks or arbitrary conditions by the welfare officer.

Negative income tax

All the practical administration of the basic income can be handled by the computers at the tax authority. The tax authority already keeps track of who lives in Sweden and is covered by the welfare system, and how much each of us earns. This is all that

is needed. The only new element is to instruct the tax authority's computers to make an automatic payment on a monthly basis to all those who are not making enough money on their own to support themselves. This way of administering basic income is called "negative income tax".

In the model that I am proposing, the basic income would be phased out with 33% when you start making money yourself, together with an income tax of 33% (which is the normal marginal tax rate for low and middle income earners in Sweden). Someone on basic income who manages to get an income of 300€ would pay 100€ in income tax and get the basic income reduced by 100€, but would get to keep the remaining 100€ as extra money in the pocket.

This would be a literally infinite improvement over Sweden's current social assistance system, where the benefits are reduced by 100% of any other income you may get, leaving you with nothing extra at all in your pocket. This is the welfare trap, since it removes the incentive to even try to make some money on your own. Basic income will be different, and solves this problem.

Possible to finance

In Sweden, as in all other Nordic and (I believe) European countries, there are publicly available statistics showing the income distribution for the adult population. We can use these statistics to estimate the cost of different proposals for basic income systems.

It turns out that the proposed system, with a level of 900€ per month, and 33% phasing out in addition to 33% income tax, would cost the Swedish government 132 billion SEK per year. Unless you are Swedish, this number as such probably won't tell you very much, but it should be seen in relation to the total Swedish central government budget, which is just under 900 billion SEK. Compared to this, introducing basic income for 132 billion SEK would be a very large reform, but not impossibly large. It is possible to finance in a realistic way.

First of all, the basic income would make several of today's

systems obsolete. Basic income would replace social assistance, student aid, and the Public Employment Agency including current unemployment benefits. These are the only cuts I am proposing in the current Swedish welfare systems.

Keep child and sickness benefits

All child and family benefits, as well as the entire sickness insurance, and are left as they are in my proposal.

Those who have disability pension today that is higher (after tax) than the basic income would be, will simply keep their current disability pension and not get any basic income. In this way, we ensure that no chronically ill or disabled persons will be worse off after the reform than today. But those that have a disability pension that is lower than the basic income, will get the basic income instead of the disability pension. And anybody who loses their right to disability pension (because they got better, or because the authorities decided that they could work after all) would of course get the basic income if they do not immediately find a job. In this way, the basic income supports and strengthens the safety net for the disabled and the chronically ill, even though we make no direct changes to the sickness insurance system. More money in the pocket for the poorest disability pensioners, and more security for everybody.

The rest of the financing I propose that we solve by removing the VAT discounts that certain industries enjoy in Sweden today, especially the food and restaurant industry. Removing these tax discounts to companies would bring in an additional 50 billion SEK in tax revenues for the government.

With this, the entire basic income reform is financed, without any wishful thinking about positive dynamic effects or radically new (and untried) tax bases, and without raising the income tax at all. Basic income is completely realistic from an economic point of view. And the primary objection to basic is not economic, but emotional.

Emotional objection

"But what if everybody just quit their jobs and start loafing around doing nothing on basic income instead!"

"They never will, at least not at the same time," is the obvious answer.

900€ a month is *very* little money to live on in Sweden. It is possible to do it (because people are doing it in today's system), but it is no rose garden and not very fun, especially not in the long run. Economically, even a low-paying job is much better than being forced to live on an income so close to the minimum subsistence level as 900€. If you have a middle income job, the difference will be even greater. If you are used to living on a salary of perhaps 2,500 to 3,000€ (before tax), you have to change you lifestyle drastically to survive on 900€ a month. This is not something most people want to do.

Jobs for the unemployed

But for the sake of argument, let us assume that a couple of hundred thousand people who have jobs today, would actually resign and voluntarily chose to live off the basic income instead. For all those of Sweden's 400,000 unemployed people who desperately want an job, it would be fantastic news to have so many jobs becoming available!

The ones who didn't want to work won't have to, with no stigma and no hard feelings on anybody's part. The ones who wanted a job will get one. And the companies that employ them will get co-workers who really want to work. This would be a win-win-win for everybody, in a way that few other political proposals even come close to.

A Nordic model for the 21st century

In many ways, basic income is not a very dramatic reform. It can be seen as a way of reducing bureaucracy and streamlining the welfare systems we have today. A renovation and modernization

of the Nordic model to make it fit for a new century, if you want to put it like that.

But the underlying idea behind basic income still has great political potential, in a positive way. When people feel secure and get more power over their own lives, this will lead to positive effects for society in many ways, both big and small. How large these positive "dynamic effects" will be is almost impossible to calculate beforehand. We can be pretty confident that they will appear.

But exactly how fast and in what way, we can only find out by trying. I think we should.

The next step in Sweden

The calculations I present in the proposal are estimates. I have done them in a spreadsheet, using public data from various sources, including income distribution statistics divided into percentiles. This is enough to make reasonable estimates about the costs and the financing, but estimates is all they are.

My reason for doing these calculations was to see if it would be meaningful to continue working with the model at all. I think they show that it is.

The next step in Sweden would be to make a more exact calculation of the cost. This would in fact be very easy to do. The Swedish government has a computer simulation system called [FASIT](#), that can calculate in great detail what the cost would be. This system is available both to the government itself and to other parties, such as the political parties in the parliament, academics, or private entities that are prepared to pay a couple of thousand euros to use it. I hope that somebody gets interested enough in the proposal to make a more exact calculation.

...and in other countries

The reason I have translated this proposal into English is that I think the principles behind the proposal may be of interest in

other countries as well. The numbers and the details about the existing welfare systems will be different in each country, but most European countries, and especially the Nordic ones, have welfare systems with a pretty similar structure.

This proposal for a basic income system for Sweden is explicitly designed to be both economically and politically realistic to implement. In the proposal itself I describe the design decisions I have made at various points, and my reasoning behind them.

Please feel free to copy as little or as much from this proposal as you like, if you want to design a draft basic income system for your own country.

Sharing is Caring!

Sweden's public welfare systems are destructive in ways basic income wouldn't be

Nobody starves to death in Sweden for economic reasons, even if they don't have a job. This is entirely intentional. We have several laws, that enjoy massive support from voters, that say that this is how it should be in Sweden. We spend several hundred billion SEK (several tens of billions of euro) each year on the welfare systems we have implemented to make sure that everybody in Sweden can survive, no matter what circumstances they find themselves in economically.

The Social Insurance Agency (*Försäkringskassan*) pays for those that fulfill the criteria for sick pay or disability pension. The Public Employment Agency (*Arbetsförmedlingen*) has various benefits for those that qualify for unemployment benefits. And as a last resort, the social services office to get social assistance (*socialbidrag, försörjningsstöd*) to pay for food and rent.

These social welfare systems have achieved the most basic goal, that nobody actually starves to death. But they fail at the next goal, to guarantee that everybody feels secure and can live

their lives with dignity.

Social assistance is the jaws of the welfare trap

Social assistance is the welfare system of last resort, for those that neither qualify for sickness or unemployment benefits. According to the Social Services Act, anybody who cannot support themselves has the right to social assistance to reach a "reasonable standard of living".

This is all very well on paper. But in reality, you have to go through a very degrading process to get social assistance.

Not only do you have to be completely destitute, without a single cent in the bank. You are not even allowed to own things in your home beyond the bare necessities. Everything else you have to sell before you can get social assistance.

The social service officers have the authority to make house calls at anybody receiving social assistance, to check if there is something in the home that can be sold. Once the social assistance has been paid out, the social service officer will go through your bank statement on a monthly basis, to check how you have been spending the money before they decide if they are going to continue paying out the social assistance. And if a social assistance recipient would manage to make some money on his or her own, the social assistance benefit will immediately be reduced with the same amount, leaving exactly nothing extra in the pocket.

Take for example a guy who has not managed to get a proper employment, but who has an old car and some tools, and usually manages to survive on various odd jobs. But then he comes to a bad patch of a month or two, and has to turn to the social service to be able to pay for food and rent.

The very first thing he has to do to be eligible for social assistance is to close down the firm he was having, and sell the car and the tools at whatever price he can get. In a single stroke, he is miles further away from the labor market than he ever was before. Now he can no longer take any odd jobs, since the

requirement for getting social assistance for a month or two was that rid himself on the few assets he had on the jobs market. And if he still, against all odds, would manage to make a little money, he will not be allowed to keep any of it unless he makes enough to get off social assistance completely.

With basic income, this imaginary would not have to be knocked out of the jobs market just because he needed help for a couple of months. Then he can keep his car and his tools, and can continue accepting odd jobs when he gets the chance. Months when he has not made enough on his own he will get a payout from the government so that he can support himself. months when he manages to earn enough to support himself, he will get no money from the government, and pay taxes like everybody else instead. And whether he pays tax or receives benefits, he will not be subject to the degrading experience of having a social service officer going through his bank statement.

Everybody in Sweden has the right to social assistance and a reasonable standard of living, according to the Swedish Social Services Act. But in practice, the price that the recipient has to pay to get social assistance is to have his economic life crushed, and his personal freedom confiscated by the social service. Once you have done everything you need to do to get social assistance, the rules and regulations have forced you into a situation where there is a much greater risk that you will continue to be dependent on social assistance.

This is just destructive, and expensive for society. If the goal is to have as few people as possible being dependent on benefits, it is crazy to demand that anybody who needs help from society has to destroy whatever resources he might have, and end up even further away from the jobs market.

Social assistance is an important part of today's mosaic of welfare systems in Sweden, since it is the ultimate protection against people actually starving to death. But at the same time, social assistance is the jaws of the welfare trap with razor sharp teeth, that chew people up when they have to turn to the social services office to get help to survive.

The Public Employment Agency provides no employments

In Sweden there was a time when the job center was a place you would go and actually get a job, in most cases. But this is a long time ago. Now there is the Internet, and that is where the jobs that become available are advertised and find somebody that will take them.

Instead of giving people jobs, the Public Employment Agency primarily deals with paying out benefits, and keeping the unemployed busy with various courses and activities, that the unemployed cannot refuse if they want to continue getting the unemployment benefits they depend on.

The unemployment benefits administered by the Public Employment Agency support a couple of hundred thousand people, which of course is a good thing. Even those who do not work have to eat, despite what a popular slogan claims. The various unemployment benefits are an essential part of our welfare systems. Without those, the only option would be to social services office and social assistance for anybody that loses their job.

But the Employment Agency does not limit itself to just paying out the benefits that people need. On the contrary, there is an incredible bureaucracy, with lot of demands placed on the unemployed person. "Do this, do that, take part in this obligatory activity although both you and I know it will never lead to a real job".

What good does this do? Most unemployed people are not unemployed because they want to, or because they need more demands on them. They are unemployed because there are too few jobs. Sweden has about 400,000 unemployed people, and about 40,000 advertised free jobs at any moment. Anybody can see that one of the numbers is much bigger than the other. No matter who gets the jobs that are available, there will always be several hundred thousand who didn't get them.

No matter how many demands the Employment Agency place on unemployed individuals, that will not create more jobs in the

economy. The only effect of the Employment Agency's bureaucracy is that people are broken down and feel insecure.

900€ is a low but livable basic income in Sweden

What should a basic income system look like? There are many different proposals for basic income systems, and they can be quite different in how they are designed. This is a good thing. We need a creative and broad discussion about basic income, so it is a good thing that there are different proposals that can shed light on the issue from different perspectives.

I propose a system that can be summarized:

- 900€ per month
- to everybody between 19 and 65
- who lives in Sweden
- and has no other income

900€ per month tax free, or 10,800€ per year — 8,333 SEK per month, or 100,000 SEK per year — is the level I am proposing, at least to start with when the system is introduced. This is about the least you need to be able to pay for food and rent. It is a basic income that is *livable*, but not more than that.

This level is roughly the same as the lowest levels found in various places in Sweden's current welfare systems:

- **Social assistance** (*socialbidrag, försröjningsstöd*) is divided into two parts: a general allowance of 400€ per month, and a housing allowance of up to about 500€ for a single person without children. Since the housing allowance is means tested, and the maximum depends on where in Sweden you live, it is impossible to give an exact figure for today's social assistance level, but 900€ for both food and rent is about as close to the current

level as you can get.

- **Student aid** (*studiemedel*) is partly an allowance that you get to keep, and partly a loan. Together, they will give a full time student the equivalent of 1,080€ per 4 weeks, but you only get the student aid 40 weeks per year, so the yearly total comes to 10,800€, more or less exactly the same level as I am proposing for the basic income.
- **Disability pension** (*sjukersättning, aktivitetsersättning*) varies depending on your previous income, but the lowest you can get is about 735€ (6,800 SEK) after tax. This level is probably too low to be livable, so it is supplemented with a means tested housing allowance for those that are worst off.

All these welfare systems that we have today are different from basic income. In order to be eligible for each of them there are a number of criteria that you have to fulfill, and that often have to be determined individually by a case officer. But the point here is the benefit level that society has come up with in different welfare systems as the lowest you can reasonably survive on. That level seems to be somewhere around 900€ per month.

One can discuss the exact level, and that discussion is going on continuously. But at least it is safe to say that the level for a basic income in Sweden cannot be substantially lower than 900€. That would ruin the whole idea behind basic income, which is to guarantee that everybody, no matter what, will always have enough to food and rent. Then the basic income has to be on a level that can actually cover food and rent.

Many basic income proponents would like to see a slightly higher level, maybe 1,000 or 1,200€. I am actually one of those who think so myself. In the long run, there is nothing to say that we have to keep the basic income at the lowest conceivable level. When you are living on an extremely tight budget like this, every additional euro is really valuable in terms of quality of life, so 1,100€ per month would be a huge improvement over 900€.

But the higher we set the basic income, the more financing we need, and the more financing we need, the more political opposition we risk running into. For this reason, I think it is

interesting to look at the price tag for the government for a basic income at the very lowest livable level. I suspect this is where we will have to start.

If it turns out that we can finance a basic income at the same (low) level as today's social assistance, introducing it will in itself be a huge improvement of our welfare systems. The arbitrariness, the bureaucracy, and the insecurity of today's systems would disappear, even if the actual payouts would not be higher than today. And once we have a basic income system up and running at the lowest possible benefit level, it is easy to gradually raise the level of the benefit when there is the political will to do so, and the financing can be found.

I hope that in time we will see a basic income of maybe 1,100€ or more in Sweden. But it is not strictly necessary to start at such a high level. It is enough that the basic income is livable, and not lower than today's social assistance benefits. Then we can introduce the new system, which is the big and complicated step. Once we have done that, and can see in practice how it works and what it costs, we can continue improving the basic income through the ordinary political process.

But to start with, I want to explore if it would be at all realistic to finance a basic income at the level of 900€ per month. As it turns out, this is entirely possible.

Basic income from 19 years of age

Children and teenagers also have to eat, but that does not mean that they need basic income. They are provided for by their parents. In Sweden, parents have a legal obligation to support their children until they have finished secondary school (*gymnasium*), or at most until they turn 21. This is how it is today, and this is roughly how I imagine it will continue to be when we have introduced basic income.

There are many other proposals for basic income where children

and teenagers would also get a basic income, but my proposal is not one of those.

There are many ways to design a basic income system, but if you want it to be politically realistic in the world we live in, you have to be very careful with every change you make compared to today's welfare systems. If you are too generous, costs for the system will go through the roof, and it will become economically impossible to finance in a realistic way.

But if you reduce the benefits for large groups of voters (such as families with children), your proposal will become politically impossible, and just as dead in the water. No politician wants to spend an election campaign defending benefit cuts for families with children (and if there is one, he or she almost certainly will not get elected).

I have chosen the middle way, by keeping all the child and family benefits that Sweden currently has, instead of trying to replace them with a basic income for children. I believe this is the most realistic approach, to ensure that families with children will not lose on the reform, while at the same time keeping costs under control.

I propose 19 years of age as the start for basic income. This is when young people normally are finished with secondary school. Until then the parents have the responsibility to provide for their children, just like today. All current benefits for children and families will remain, so there will be no cuts in this area.

Choosing the age 19 may sound a bit unusual, considering that you legally come of age when you are 18. But there is a thought behind it.

Most 18-year-olds in Sweden still live with their parents, and go to secondary school. Normally you finish secondary school the year you turn 19, so depending on whether you are born in the spring or the autumn, you will be either 19 or 18 when you graduate. This is when your parents no longer have to provide for you under Sweden's current system, and you are supposed to survive on your own in one way or another.

I do not want to mimic our current rules exactly when we introduce basic income. If we had a rule saying "you will get basic income as soon as you are no longer in secondary school", this would provide a very strong economic incentive for pupils to just drop out of secondary school prematurely, and start collecting the 900€ per month instead. This would be a very bad idea. The dropout rates from secondary school are far too high already, and we most definitely should not introduce systems that actively encourage it.

But at the same time, I also do not want to give basic income to all 18-year-olds that are still living with their parents and attending secondary school. That would give them 900€ per month to spend on luxuries and pleasures during their final year in secondary school.

I cannot think of a worse way of teaching young people the value of money, or how to handle it.

For the majority of 18-year-olds, this would mean that during their final year in secondary school, they would be absolutely swimming in money, with no financial obligations at all. For one golden year in their youth, they would enjoy a disposable income on a level that most of them would probably never achieve again in their life. This would be outright cruel towards the youngsters, and quite bad for society as a whole.

Of course there are 18-year-olds that do not fit this mold. When you turn 18 you legally become an adult and can move away from your parents if you want to, and there are 18-year-olds who fully lead an adult life with all its obligations, responsibilities, and expenses.

This group of 18-year-olds of course also need security if they cannot find a job. But the number of individuals in this situation is small compared to those that are still living at home and attending secondary school, so we can handle them with special rules that do not have to become very expensive, neither in benefit payouts nor administration.

We would then have an element of means testing of the basic income for this group of 18-year-olds, which of course goes

against the fundamental principle behind basic income. But this means testing would not have to be as intrusive or degrading as the means testing that social assistance applicants have to go through today. The means testing would mostly consist of checking that the 18-year-old is not still living with his or her parents. And in any case the means testing would end as soon as they turn 19, and enter the regular basic income system.

And as stated before: we are talking about a quite limited number of individuals, so this does not have to be an insurmountable problem.

Maybe the best way would be to say that you receive basic income from the 1st of July (or the 1st of June) the calendar year that you turn 19, instead of from your 19th birthday. Then we avoid creating a very strange situation in all final classes in secondary school, where those that were born early in the year would suddenly get 900€ per month during the final months, while their classmates would only get the 110€ that is the regular study allowance for secondary school (*studiehjälp*).

This would give most young people a seamless transition from secondary school, when they are supported by their parents and only get the small study allowance from society, to adult life as job-seekers or students, when they are part of the welfare systems for adults.

Leave child and family benefits as they are

Benefits for families with children in general is an important issue in the context of a basic income reform. It costs money to have children, and for families with small margins it is an economic burden.

In Sweden we already have a number of systems to support families with children, and especially economically disadvantaged families with children. We have the child allowance (*barnbidrag*) that everybody gets, but also various

forms of means tested benefits for poor families with children. I expect all these systems to be left in place even after we have introduced the first version of basic income.

The child allowance (*barnbidrag*) is paid out until the child reaches the age of 16. The child allowance amounts to 110€ (1,050 SEK) per month, and is paid out to the parents, since the children are minors.

When the child turns 16 the child allowance ends, and is replaced by a study allowance (*studiebidrag*) for all youngsters that are attending secondary school (*gymnasium*). The study allowance is also 110€ per month, but unlike the child allowance it is only paid out 10 months per year. The money is paid out to the parents until the pupil turns 18, and then to the pupil herself.

Most (but not all) of the benefits for families with children are found under the heading "Economic security for families and children" in the [Swedish government's budget](#). Together they cost 84 billion SEK, out of the total state budget of about 900 bn SEK. This budget heading includes 25 bn SEK for the child allowance, 39 bn SEK for parental leave (*föräldraförsäkringen*), advances of maintenance allowances (*underhållsstöd, bidragsförskott*) for single parents, as well as other benefits for families with children.

I propose no cuts at all to this budget heading.

If you wanted to remove some of these benefits for families in order to help finance a basic income system, you would have to make sure that the basic income is designed in such a way that the total benefits would not be reduced for any poor families. This would require a very careful analysis of how today's systems work for different groups of people, so that you do not accidentally cause a major deterioration for some already disadvantaged group. Instead of doing this, I prefer to simply leave the benefit systems for families with children as they are.

In addition to the 84 billion SEK under the heading "Economic security for families and children", there are rules and regulations in other welfare systems that aim at helping economically weak parents.

If you live on social assistance (*försörjningsstöd*), you get a higher amount if you have children to care for. If you are a university student with children, you get extra student aid (*tilläggsbidrag*).

If we replace both social assistance and student aid with basic income, as I propose, we have to include corresponding extra benefits for basic income recipients with children, to make sure that we do not make the poorest families worse off than they are today.

I have not made the detailed analysis on how to design these extra benefits, and I have not included the cost for them in the overall cost estimate for the basic income system. This remains to be done in the next refinement of the proposal, and it is important that any final proposal for a basic income system includes this.

But even if it is an addition that needs to be made to the basic income proposal before it can become reality, it is not a major economic issue in the grand scheme of things. We are not talking about additional benefits for all families with children, but only for those that today live off social assistance, student aid, or the like. The cost of making sure that there will be no deterioration for the most disadvantaged families should only be a couple of billion SEK. This is quite manageable compared to the total cost for the basic income reform, which will end up somewhere 100 to 150 billion SEK.

Generally speaking, there should be no deterioration at all for families with children. Partly on factual grounds (that it would be a bad idea), but regardless of that, on political grounds. Even if somebody would actually want to make life more difficult for the poorest families, it would (fortunately) be more or less impossible to gather political support for a proposal like that.

Many want to improve the benefits for economically disadvantaged families, and I feel great sympathy for this. There may be very good arguments why the government should spend more money on helping the poorest families with children. But there is nothing that says that we have to postpone such improvements until a general system for basic income has been

implemented. Then there would be an overwhelming risk that the children you wanted to help had grown up to be adults long before it became reality.

If you want to improve conditions for poor families with children, it will be a lot faster to run it as a separate issue, instead of waiting for the grand basic income reform.

It is in everybody's interest to keep the issues separate. Partly to avoid making the basic income reform so big and complicated that it will never happen. But also because even under the best of circumstances, basic reform is a huge reform that it will take years to get political support for and get implemented. The families that are in a difficult situation today would not be pleased to learn that they would have to wait for the basic income reform before they could look forward to any improvements.

When designing the details of the basic income system, we have to make sure that we do not make any deterioration for families with children. The easiest way to achieve this is to keep the benefits for families that we have today. Discussions about improvements for families with children are welcome, but there are good reasons not to lump them together with the discussion about basic income.

Pensioners already have basic income

Pensioners already have basic income today. It is the very definition of being a pensioner. You get your pension without any demands that you should work, or do anything else to get your monthly payout.

The guarantee pension (i.e.: the lowest age pension you can get) in Sweden is 760€ (7,046 SEK) before tax, or about 680€ (6,300 SEK) after tax. This is lower than the 900€ I am proposing for basic income and regard as the bare minimum to survive in Sweden. But those with the lowest age pensions also have the right to a means tested housing allowance of up to 550€, bringing

the total (after tax) up to somewhere around 1,200€.

Most pensioners (except those with a low pension but with very cheap housing costs) in Sweden today get more than 900€ a month after tax and housing allowance, so they would only stand to lose if their current pension was replaced with basic income. And a reform like that would be almost impossible to implement anyway.

Changing the pension system is incredibly hard, because pensions are such a long term issue. The people who retire today have spent forty years collecting their pension benefits. Many have paid with their own money to various pension schemes, to get a higher pension the day they retire. This is not something you can change overnight.

We cannot tell those who turn 65 today that they have to become 20 again and relive their lives, because we have decided to change the rules retroactively. That would be completely unreasonable.

Changing the pension system is very difficult because people have been paid with their own money to be part of various pension schemes. If we were to introduce a basic income system for pensioners, and reduce the basic income for those that have other pension benefits, we would in effect be confiscating the money that people have spent decades setting aside to get a better pension. This goes against all fundamental principles for how a non-rouge state may legislate. You simply cannot do that.

So making big changes in the pension system is very difficult. And from a basic income perspective, there is no reason to, since pensioners are the group that already has basic income today.

Many want to improve benefits for the poorest pensioners, and I have nothing against that idea as such. But that is a separate issue from introducing a better and more robust safety net for people in working age that cannot find a job.

If you want to give the poorest pensioners more money, it is technically very easy to do so. All you have to do is to raise the

level of the guarantee pension with the desired amount (and find financing for it). It is rather expensive (since you have to raise the pension for all pensioners, and not just the poorest ones, in order not to confiscate the money that people have put aside to get a better pension). But it is technically trivial to do. The guarantee pension in Sweden has been raised a number of times since it was introduced, so this is something we know for certain that we can do without creating any technical problems in the system.

If the political will to improve benefits for pensioners is there, there is no reason at all to wait for a future basic income reform. Tying the two issues together is just bad for everybody: the pensioners will have to wait longer before they get any improvements, and the basic income reform will get bigger and more complicated, and more difficult to get through politically.

I am interested in finding a model for basic income that is politically realistic, and has a real chance of actually being adopted and implemented in a not too distant future. The bigger the reform, the harder it will be to push through the political system, and the longer it will take if it happens at all. Therefore, all reductions we can make in the scope of the reform are welcome, as long as we keep the basic idea: that everybody who lives in Sweden should get what they need to survive even if they cannot find a job.

Quite possibly in the future, when we have introduced a comprehensive basic income system for people of working age, we may want to adjust and simplify the pension system to make it more in line with the basic income system. Simplifications and harmonization of rules are always welcome when we can find a good way of doing them. But that is an issue for later, when we have introduced a basic income system for those under 65.

The social security system for pensioners is not perfect, but it is a lot more robust than the various systems for the jobless. The pension system that we already have is built on the same fundamental principle as basic income: that you will get what you need to survive each month no matter what, and without being subject to arbitrary decisions by a social welfare officer or other official.

But the social security systems for the unemployed need to be rebuilt from the ground, in order to do away with the arbitrariness, bureaucracy, and insecurity that characterize today's systems for unemployment benefits and social assistance. This is what I see as the primary objective of a basic income reform.

From this perspective it is good news that we do not have to make dramatic changes to the pension system at the same time. It increases the chance that basic income for the unemployed between 19 and 65 can actually become reality in a foreseeable future.

Basic income must cover everybody who is covered by the welfare systems today, not just citizens

A basic income system for Sweden must cover all adults who live here, whether they are Swedish citizens or not, just like today's welfare systems.

But this does *not* mean that anybody can move to Sweden and immediately start collecting basic income. The social security systems we have today do not allow that, and neither would basic income. Unemployed EU migrants, asylum seekers, and tourists are not covered today, and would not be covered by basic income either.

There may or may not be reason to discuss the details in the rules for who should be covered by the social security systems we have in Sweden, but if so, that is a separate issue that has nothing to do with the introduction of basic income for those that are covered.

Sweden has 10 million inhabitants, including about [740,000 people](#) who live here permanently, but are not Swedish citizens. This group includes everyone from (relatively) newly arrived refugees who have just been granted residency, to people who have been living and paying taxes here for decades. The largest

group of foreign nationals living in Sweden are the Finnish citizens, who number 60,000.

These people are all covered by the social security systems today. If the basic income is to replace (at least some of) these systems, the basic income has to cover them as well. We do not want anybody who lives in Sweden to starve to death, regardless of whether they have a Swedish passport or not.

I seriously doubt that anybody honestly thinks that we ought to exclude the 60,000 Finnish citizens, or the 680,000 others, from our social security systems. But if there is someone who actually does think this, he or she has no reason to wait for a basic income reform to start pushing that political proposal. Keep it as a separate issue in that case, for it has nothing to do with basic income.

The idea is that a basic income system should replace at least some of the welfare and social security systems that we have today. To do this, the basic income has to cover everybody that is covered by today's systems. Otherwise we cannot get rid of the old systems.

A basic income system can be realistically financed without excluding anybody who is covered by the welfare systems today. Trying to do so would only make it more difficult to make basic income a reality.

Basic income does not mean free money to everyone

"To give everybody basic income would cost more than the entire government budget. That is impossible to finance," is one of the most common objections to basic income.

On the face of it, this is a valid argument. If you were to design a basic income system for Sweden where everybody would get a livable cash benefit, including children, pensioners, and everybody who already has a salary to support themselves, the cost would be somewhere around 1,000 billion SEK. The entire

government budget in Sweden amounts to 900 billion SEK. Trying to squeeze an additional 1,000 billion of expenditure into a 900 billion budget would quite obviously be impossible.

Even if you exclude the children and the pensioners (who already are supported today), and only give the basic income to everybody of working age, it would still be close to 600 billion SEK per year. That, too, is impossible to realistically fit into a 900 billion SEK budget.

But this does not prove that basic income is impossible to finance. It proves that the most naïve design of a basic income system — giving more money to everybody — is impossible. But it does not rule out more intelligent designs.

Basic income means that everybody has a guarantee that if they do not make enough money on their own to survive on, the government will provide them with a cash benefit so that they do, without requiring the performance of any work or the willingness to accept a job if offered.

But basic income does not mean that everybody will get more money in their pocket.

It should be obvious why not. Basic income is a form of redistribution policy. There is no way to redistribute income (or anything else) so that everybody gets more of it at the same time. No matter how clever you are at slicing a pie, you cannot do it in a way that gives everybody a bigger slice.

Unfortunately, many proponents of basic income express themselves in a way that makes it sound as if they had not yet understood this simple fact. For example, the Basic Income Earth Network BIEN, which is the leading global organization pushing for the introduction of basic income, writes [on its webpage](#) that basic income "is paid irrespective of any income from other sources".

Now, to be fair to BIEN, they do not actually mean that a basic income system must give high income earners more money in their pocket just because those with no or low income get it. They are perfectly happy with financing a basic income system with

higher income taxes for the rich, so that the net effect is that only the poor get more money in their pocket from the basic income system.

From a mathematical point of view, it is of course possible to say that "everybody gets 900€ in basic income each month, but those who have income from other sources get a tax raise of 900€". This has exactly the same net effect as a system where only those with no or low income from other sources get the basic income.

But I see no pedagogical advantages, and several disadvantages, in expressing it as "basic income for all but higher taxes for most".

Opponents on the right will say "look, I told you it was impossible, see how many billions of tax increases they are proposing". And opponents on the left will say "they are planning to give 900€ per month to high income earners and millionaires, that makes no sense as an income redistribution policy".

"Negative income tax"

To make basic income understandable, I am convinced that we have to talk about the net effect of basic income for people in different income brackets. Even if we were to introduce a system that was described as "basic income for all but higher taxes for most", we would hardly implement it as the tax authority first making a physical payout of the money, just to immediately demand to get the money back.

Instead, we let tax authority's computers calculate the net sum for every person, and either demand income tax or pay out a basic income benefit, depending on their income from other sources.

"Negative income tax" is the name of this method of administering a basic income system.

For the great majority of people in working age, who have a job with a salary that they can live on, the tax system continues to

operate exactly as today. The employer pays the preliminary income tax each month according to the tax table, and the rest is paid out to the employee as the net salary.

The only change will be for those who do not make enough money from other sources to sustain themselves. Then the tax authority's computers will notice this, and make a monthly payout to the person.

No intrusive and subjective means testing, no requirement to perform any work or to accept jobs if offered, no pointless unemployment activities, no humiliating and degrading visits to the social services office. Just an automatic monthly payment from the tax authority, as painlessly as when you get a tax refund today.

The negative income tax model fits very well into Swedish conditions. Our tax system is very well-functioning from a technical point of view. Most of the actual work is done automatically by the computers. Many of course think that the taxes are too high, but that is a different thing. Technically, the government has an excellent infrastructure for both collecting taxes from people with jobs, and for handling payouts to people who get entitled to them under today's rules.

Using the tax authority's infrastructure to handle basic income as well would lead to almost no additional administrative costs at all. The tax authority already knows exactly who lives in Sweden, how old we are, how many children we support, and how much each of us earns. This is all the information needed to calculate if a person is entitled to a payout from the basic income system, and if so, how much.

To administer basic income, all the tax authority would have to do would be to publish a new set of tables for preliminary income tax, where there would be a minus sign before the tax for those that have very little income or none at all. Those persons will get a monthly payout of the negative preliminary income tax, so that they get 900€ to live on if they have no income at all, or a little more if they do have some. Everybody else would pay their normal taxes just like today.

Sweden already has the administrative systems to do this. For those that are employed and make enough to support themselves, the employer will deduct the preliminary tax from the salary each month, just like today. And for those that should get the basic income benefit, all it takes is an automatic bank transfer, just like when the child allowance is paid out today.

This is very good news. Once we have the political will to move ahead with basic income, we can make it a reality quickly.

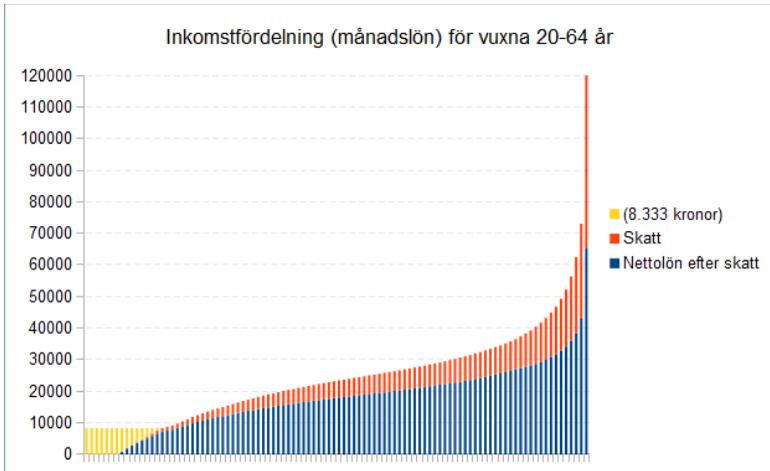
With the income distribution statistics, we can calculate the cost

Sweden has excellent publicly available statistics in most areas, produced by a government agency that calls itself [Statistics Sweden](#). This is exactly what we need, in order to make a realistic estimate how much it would cost to give basic income of 900€ a month to all Swedish residents between 19 and 65 that do not make enough money to support themselves.

Swedish public service broadcaster SVT produced [a nice infographic](#) from the income distribution statistics, divided into percentiles of the population. In the infographic you can also see the income distribution for different age groups, including 20 to 65 years, which is close to what we are interested in.

I have redrawn the diagram to show how much people get to keep as net salary in their pocket (blue), and how much of the income is deducted in tax (red). I calculated this by looking up each of the gross incomes in the preliminary tax table.

The numbers are in Swedish kronor (SEK) rather euros. A euro is slightly less than 10 SEK. In the diagram, I have also marked the 900€ (8,333 SEK) per month level in yellow, as a reference.



Each bar in the diagram represents 1% of the population between 20 and 65 years. Since there are 5.6 million people of these ages living in Sweden (out of a total population of 10 million), each bar corresponds to 56,000 people.

I have used [this spreadsheet](#) to produce the diagram, and to calculate the cost for different parts of the basic income system. In this [blog post in Swedish](#) I give more details about how the calculation was done, but I will skip those details here. The interesting thing is the end result:

A general income guarantee of 900€ per month would cost 102 billion SEK per year.

This is a lot of money, but as we shall see, it would be quite possible to finance in a realistic way, and not impossible in relation to the 900 billion SEK that is the governments total budget today.

Unlike today's system for unemployment benefits and social assistance, this would be a straight-forward and understandable social security system. Everybody of working age who does not earn enough to get 900€ after tax, would get either a tax reduction or a payout from the tax authority, so that they reach

the level of 900€.

No forms to fill out, no degrading visits to the social services office, no demands that you have to rid yourself of everything you own to get a handout from the government. Instead, your mobile phone goes ping once a month with a message saying that the tax authority has transferred enough money to your account to make sure that you will survive.

This would be a much better system than the one we have today. More robust, more dignified and a lot less destructive.

But since the marginal effect would be 100% (just like it is today), it would still be a bad system.

We would get rid of the most degrading and destructive aspects of today's social assistance, where you have to be completely destitute before you can get any help from society. But with a marginal effect of 100% --- i.e.: that your benefit will be reduced by 100% of what you might succeed in earning yourself --- it would still be a welfare trap that many would find it difficult to get out of.

For a person getting basic income in a system like this, it would never pay to take small jobs and earn a couple of hundred euros if the opportunity arises. Unless you make enough money to get clear of the basic income altogether, you will not get a single cent extra in your pocket.

And quite often, getting a job will make you incur additional costs compared to just staying at home. Costs for commuting, lunch at work, maybe some nicer clothes than what you wear at home. In practice, a system with 100% marginal effect will leave you with less in your pocket if you manage to get an odd job and make a couple of hundred euros on your own. And at the levels we are discussing, very close to today's social assistance and the minimum needed to survive, every hundred or even ten euros plus or minus make a lot of difference.

If you do not get anything extra in your pocket if you manage to make some money on your own, then the system is a welfare trap. We do not want that. The marginal effect must be less than

100%.

Lowering the marginal effect makes the system more expensive, but that cannot be helped. In the next section, I will be examining how much more expensive, and where we can realistically put the marginal effect.

But the calculation looks encouraging so far. For 102 billion SEK we can get a system that admittedly has 100% marginal effect and is a welfare trap, but at least would give an unconditional safety net that it would be impossible to fall through, unlike today's patchwork of systems. We are on the right track.

Basic allowance instead of basic deduction for low income earners

How can you modify Sweden's tax system to introduce basic income in a smooth way? There are several different ways to do this that are technically different, but give the same effect in your pocket.

I propose a version where we would replace today's basic deduction (*grundavdrag*) with a basic allowance (*grundbidrag*) for those with a low income or none at all. To see what this would mean, we have to look at Sweden's current income tax system in a little bit more detail.

In the Swedish tax system today, we have something called a "basic deduction" (*grundavdrag*). It means that the first couple of hundred euros you make each year are tax free.

Those who make up to 2000€ per year pay no income tax at all in Sweden, thanks to the basic deduction. If you make more you will start paying income tax, but the basic deduction is there for everybody, and makes the final income tax a little lower than it would have been without any basic deduction.

But there is a problem with the basic deduction, that has to do

with the fact that it is a deduction. If you have income --- high, low, or in between --- the basic deduction will leave you with more money in your pocket after tax. Seen as a percentage of the income, low income earners will get largest tax reduction. So far, so good.

But those who earn nothing at all will get no basic deduction at all. If you have no income, you have nothing to make deductions from, and you get zero euros in you pocket both before and after tax.

The basic deduction is there for income redistribution policy reasons, and to make life a little easier for low income earners. But it is not enough to enable those with very low incomes to support themselves. 2000€ per year corresponds to about 170€ per month. Nobody can survive in Sweden on just 170€ per month. And if you have no income at all, you will get no help at all from the basic deduction.

Basic income solves this problem. In a basic income system, those with no income at all will get a livable basic allowance (instead of the basic deduction). When they start making money the basic allowance will get reduced, but never with 100%, and slowly enough to make sure that all low income earners get more in their pocket than today.

I am proposing a basic income system where those that have no income at all would get 900€ per month as a tax free basic allowance, instead of the basic deduction. When you start making money on your own, you will pay income tax on the entire amount (without any basic deduction), and the basic allowance will be reduced by 33% of what you make.

When you reach a monthly income that makes it more advantageous to pay taxes according to today's system (with no basic income, but with a basic deduction instead), you will revert to today's system. The cut-off point when this occurs turns out to be at a gross salary of 1,960€ per month. For those with a higher salary, there will be no change at all in the income tax, and they will continue to pay exactly the same income tax as today.

In terms of basic deduction and basic allowance, the proposal

looks like this:

- Those with a monthly income of **over** 1,960€ will get a basic **deduction** according to today's rules, and will continue to get the same amount in their pocket after tax as today.

but

- Those with a monthly income **under** 1,960€ will instead get a basic **allowance**, leaving them with more money in their pocket.
- The basic allowance is 900€ tax free for those without any other income.
- The basic allowance replaces the basic deduction, so those that get the basic allowance will pay income tax from the first euro they make.
- **The basic allowance is reduced by 33%** of the gross income for those that start making some money on their own.

The income tax rate in Sweden varies slightly depending on the municipality you live in, but it is around 33% for low and middle income earners. Together with the 33% reduction of the basic allowance, it would mean that basic income recipients would get to keep one third of what they earn on their own (plus the 900€ basic income).

A basic income recipient that manages to make 300€ on her own would pay 100€ in income tax, get the basic allowance reduced by 100€, and keep 100€ in her pocket.

And as soon as she reaches an income where it would be more advantageous to get the basic **deduction** instead of the basic **allowance**, she will get the basic deduction and pay tax according to today's rules instead. This applies to everybody who makes more than 1,960€ per month.

Summarized as a soundbite it might sound like this:

Tax deductions are worthless for those that have no income to deduct from. Therefore, we will replace the basic deduction with a basic allowance of 900€ for those that have no other income. The basic allowance will be reduced by 33% when you start making money on your own, and you will pay income tax on everything you earn.

On marginal effects

To give everybody in Sweden a guarantee of 900€ per month would cost 102 billion SEK, we noted in a previous section by making a calculation based on the public income statistics. This is an amount that can be reasonably financed in the 900 billion SEK budget of the Swedish government. With a guaranteed minimum basic income of 900€ per month for all adults of working age, those who manage to make some money on their own would not be permitted to keep any of it. But at least everybody would have a guarantee that they will always get enough money to sustain themselves, no matter what.

Such a system would be a better system than today's social assistance and unemployment benefits, since it is simpler, fairer, and less arbitrary. But it would still be a bad system.

If you are not allowed to keep anything at all when you start making money on your own, this corresponds to a marginal effect of 100%. When you make some extra money, the government will take all of it in taxes and/or reduced benefits, and leave you with nothing extra in your pocket.

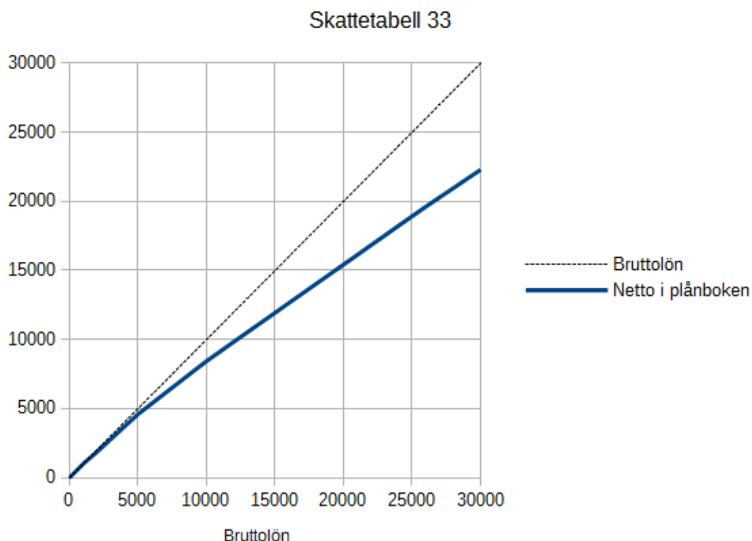
This is how for example Sweden's social assistance (*socialbidrag*) works today. But it is a bad aspect of the social security system, since it creates a welfare trap that it can be difficult to escape.

So what would it cost to reduce the basic income a little slower, so that there will be at least some money extra in the pocket for basic income recipients that manage to make a few hundred

euros on their own? We will start by taking a somewhat deeper look at the income tax system that Sweden has today.

The exact income tax depends on which municipality in Sweden you live in, but low and medium income earners pay about 33% in marginal tax today.

If you draw preliminary tax table 33 as a diagram, it will look like this:



The diagram is in Swedish kronor SEK, and a euro is slightly less than 10 SEK, so in order to get a feel for the magnitude, you can divide the amounts in SEK by 10 to get a rough equivalent in euros.

On the x axis, we have the monthly salary before taxes. The dark blue curve shows how much of your salary you are allowed to keep for different incomes.

In the diagram we can see how someone with a monthly income of only a few thousand SEK (a few hundred euros) will pay almost no income tax at all. This is due to the basic deduction (*grundavdraget*) that is part of the tax system today, and which

lowers the total tax for everybody, including low income earners.

But as we have noted earlier, tax deductions are worthless if you have no income to make the deduction from. Those who have no income at all will get nothing at all from the basic income tax deduction.

The idea behind basic income is that those with no income at all would get 900€ per month from the government. In technical terms, this can be implemented by replacing the basic deduction in the tax system with a basic allowance of 900€ for those with no or low income.

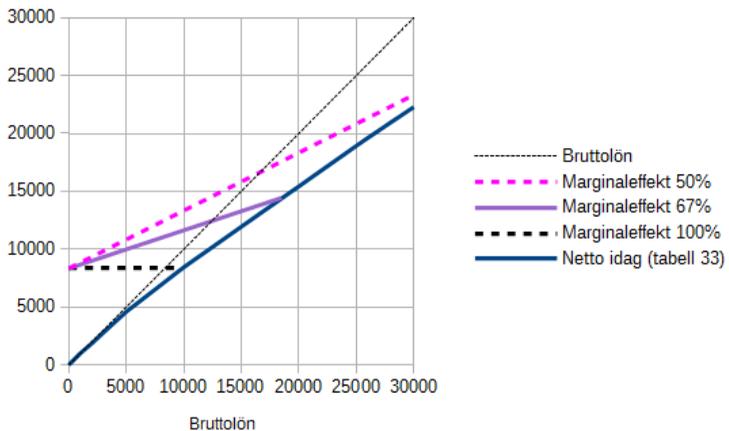
This allowance will be reduced for people with a higher income, so that only those that actually need it will get a payout from the basic income system. Middle and high income earners will continue to pay income tax exactly as today, so for them, the system will not lead to any changes at all in income taxation.

The starting point in the diagram is that people with no income get 900€ (8,333 SEK) as a monthly basic income allowance. For people with an income, the allowance will be reduced. The question is by how much, or, to put it differently, how high a marginal effect we are prepared to accept.

For the individual, a lower allowance or higher income tax have exactly the same effect in their pocket, namely that there will be less money there. This makes it interesting to look at the total marginal effect, which is the sum of lowered benefits and higher taxes.

Depending on the level of marginal effect that we are prepared to live with, the line for the basic income will intersect the curve for today's tax system at different points. We can use the diagram of today's income tax system to explore different marginal effects in the basic income system:

Basinkomst 8.333:- med olika marginaleffekter



The idea behind the diagram is that for each person, the benefits and taxes will be calculated in two different ways, to see which one is more advantageous. Either the person will get the basic income benefit and pay the higher marginal tax and benefit reduction on any income she makes on her own. Or, she will get no basic income benefit, and pay tax according to the old system that we have today, if she makes enough money to make that option more advantageous.

The cut-off point where it becomes more advantageous for the individual to not get any basic income and pay taxes according to the old system instead, depends on how high we make the total marginal effect (marginal tax plus benefit reduction). In the diagram, the cut-off point for basic income is the point where the straight line for basic income intersects with the curve for today's tax system.

With 100% marginal effect (where you get to keep nothing of money you make on your own as long as you get basic income) the lines cross each other at a gross income of 1,060€ (9,800 SEK) per month. In other words, the cut-off point for basic income would be 1,060€. This is the black dashed line in the

diagram.

Everything you make between 0 and 900€ is deducted from the basic income benefit, and everything you make between 900€ and 1,060€ disappears in tax to "catch up" with today's income tax system. If you make more than 1,060€ per month you get no basic income benefit, and pay income tax on your entire salary according to today's rules.

With 100% marginal effect everybody with a monthly income lower than 1,060€ would be better off than today, and everybody with a higher income would continue to have it exactly as today. 100% marginal effect minimizes the number of people that are directly affected (i.e.: get an improvement), since it will only be those who make less than the cut-off point of 1,060€. Therefore, 100% marginal effect is the option that would be cheapest for the government to implement.

But as we have noted, it is not a good idea to put the marginal effect as high as 100%. It is true that the social assistance system that Sweden has today has a marginal effect of 100%. But this is a bad aspect of today's system, since it locks people into a welfare trap where there are no economic incentives to work just a little if you get the opportunity. It is desirable that people who get basic income should also have the possibility to get a little more money in their pocket by taking odd jobs when they get the chance. Then the marginal effect must be lower than 100%.

On the other hand, if you make the reduction of the basic income benefit too slow, you will end up giving a lot of money to medium and high income earners. This would of course be very nice to do if we had an unlimited supply of money, but we don't. The purpose of a basic income system is not to give more money to medium income earners that already have a full time job, but to build a safety net for everybody that is outside the jobs market, or has a very low income.

If you put the marginal effect at 50% (which does not sound very low when you first hear it), the lines for the basic income and today's tax system will not intersect until a gross income of

3,700€ (34,000 SEK). In other words, with a marginal effect of 50%, the cut-off point for basic income ends up at 3,700€. This is the dashed pink line in the diagram.

In such a system, everybody with an income of up to 3,700€ would get more money in their pocket than today. This would of course be very nice if it was realistic, but it is not, since we would have to finance tax reductions for very large groups of middle income earners. If we look at the diagram over income statistics in Sweden (below), we see that more than 80% of people of working age make less than 3,700€ per month before tax. It goes without saying that a system that would mean tax reductions for more than 80% of the adult population would be very expensive.

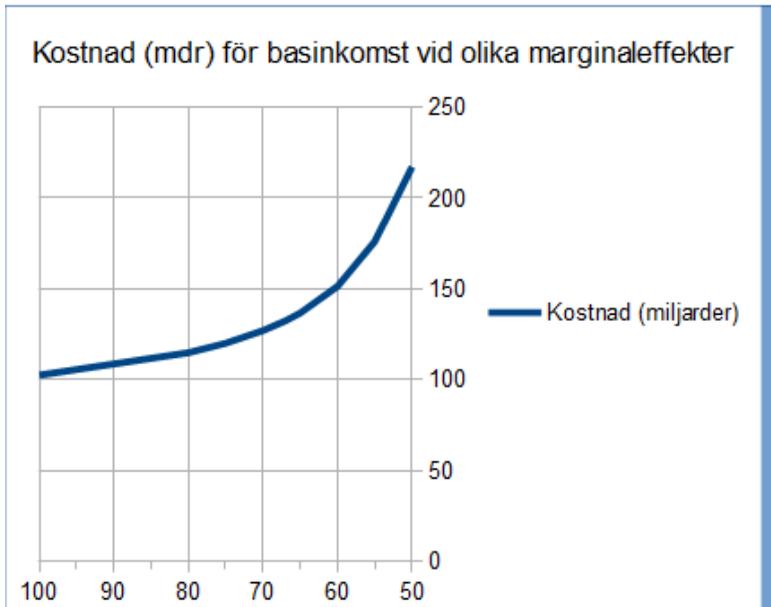
To have any chance of financing the basic income in a realistic way, we unfortunately have to choose a higher marginal effect than 50%. But we do not have to choose the 100% that makes today's social assistance a welfare trap.

With [this spreadsheet](#), we can see how much a basic income system with different marginal effects would cost the government per year. This table shows the results of the calculations:

Basic income per month	Marginal effect	Cost (bn SEK)	Cut-off point for basic income (monthly salary)
8333	100	102	9800
8333	80	115	13000
8333	75	120	15000
8333	70	127	16500
8333	67	132	18200
8333	65	137	19000
8333	60	151	22300

8333	55	176	26600
8333	50	217	34000

If we draw the table as a diagram, it will look like this:



On the x axis in this diagram, we see the different marginal effects, from 100% down to 50%. The blue curve shows how many billion SEK the cost would be for the Swedish government for a basic income system with that marginal effect.

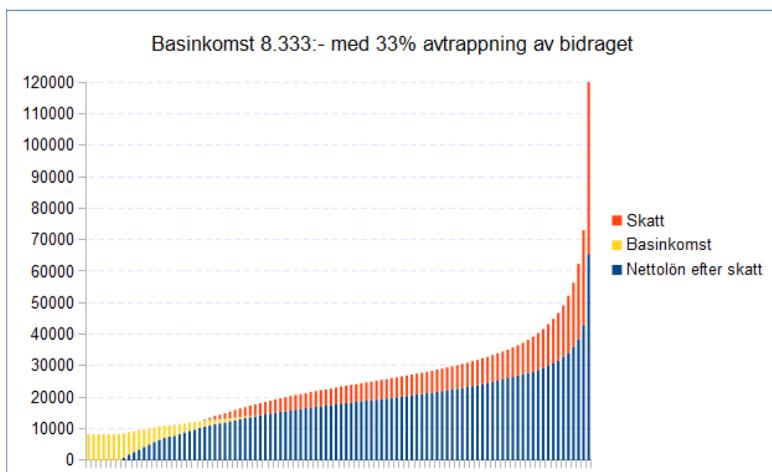
As we can see from the diagram, the cost for the system goes up quite a lot if you try to lower the marginal effect towards 50%. For a system with 50% marginal effect, the total cost would be 217 billion SEK. That is a little too much to be realistic, since we would not only be financing a basic income for everybody with no or low incomes, but also quite substantial tax reductions for all middle income earners up to 3,670€ per month.

But with a marginal effect of 67%, the total cost stays at 132

billion SEK. A marginal effect of 67% is what you get if the basic allowance (basic income) is reduced by a third of what you make on your own, together with an income tax of 33%.

The cut-off point for basic income then ends up at a gross salary 1,970€ per month. Everybody who makes less would get more money in their pocket with a basic income system with 67% marginal effect. Everybody who makes more would continue to pay the same tax as today. This model is possible to finance in a realistic way.

The proposal for basic income with 33% benefit reduction (and 67% total marginal effect) looks like this if you add it to the diagram of income distribution in Sweden:



In this diagram, the blue bars represent the net salary that people get to keep after tax, and the red is the income tax. For everybody over the cut-off point of 1,970€, the red and blue bars are exactly as they are today, under today's income tax system.

The new part is the yellow area. This is the basic income. For those with the lowest incomes or none at all, the yellow represents a payout of basic allowance from the tax authority. For

those with a slightly higher salary, but still under 1,970€, the yellow represents a tax cut compared to today.

As can be seen from the diagram, the proposal has a very clear income distribution profile, where all the money goes to people with a low income or none at all. This is entirely intentional.

The basic income proposal then looks like this:

- The system includes everybody between 19 and 65 who lives in Sweden
- Those with no other income get 900€ per month as a basic income allowance from the government. This amount should cover rent, food, and everything else.
- Those who make less than 1,970€ pay income tax (33%) on their entire gross salary, and get their basic income allowance reduced by a third of their gross salary.
- Someone who for example makes 600€ would pay 200€ in income tax, and get the basic income allowance reduced by 200€, from 900€ to 700€. This would mean 400€ in net salary + 700€ in basic income = 1,100€ after taxes and benefits.
- Everybody who earns more than 1,970€ will get no basic income, and will continue to pay income tax just like today.

This proposal would cost 132 billion SEK per year in the governments budget. The next step is to see how this can be financed in a reasonable way. In the following sections, I will do that.

But I will present a spoiler right now. Things will work out nicely. A basic income reform that costs 132 billion SEK per year is quite realistic to finance within the Swedish government's budget.

Raising the basic income over 900€ per month becomes fairly expensive

In the previous section, we noted that a basic income of 900€ per month with a 33% reduction of the benefit would cost 132 billion SEK for the Swedish government. This is a lot of money, but would be possible to finance in a realistic way.

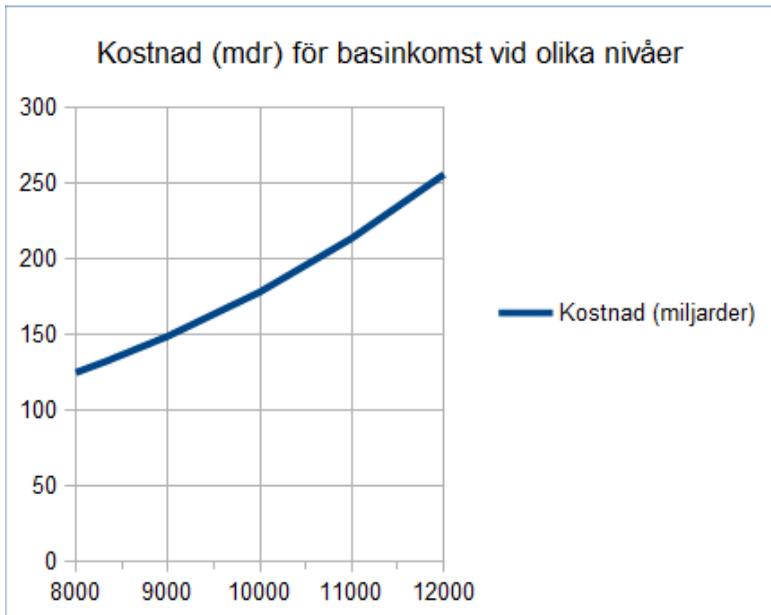
This is the main proposal that I have been calculating the cost for.

But what happens if you want to set the basic income to a higher amount than 900€ per month, without changing the marginal effect of 67%?

We can see the answer in [this spreadsheet](#), that I have used to do the calculations. Here is a table:

Basic income per month	Marginal effect	Cost (bn SEK)	Cut-off point for basic income (monthly salary)
8000	67	125	17000
8333	67	132	18200
9000	67	149	20000
10000	67	178	22600
11000	67	214	25300
12000	67	256	27900

Drawn as a diagram, it looks like this:



The values on the x axis are the different basic income levels in SEK, from 8,000 SEK (865€) to 12,000 SEK (1,300€). The blue curve shows how many billion SEK per year this would cost the Swedish government.

From the table and the diagram we can see that raising the level of the basic income is unfortunately rather expensive for the government. Raising the basic income from 900€ to 970€ (a very modest increase of only 70€) would raise the cost of the entire system with 17 billion SEK, from 132 billion to 149 billion.

Raising the basic income to 10,000 SEK (1,080€) would mean an extra cost of 46 billion SEK. And if you were to put the basic income at 12,000 SEK (1,300€) would raise the price tag with 122 billion SEK —almost doubling the cost compared to the 900€ level.

That it turns out to be so expensive to raise the level even modestly, is due to a combination of two factors. If you raise the level, the government has to pay more money to those that get the basic income. This is the whole point of raising the level, so it comes as no surprise.

But raising the level of the basic income also means that more people will get a tax reduction as a consequence of the basic income system. We can see this in the rightmost column in the table. As I wrote in the previous section, the basic income cut-off point is the gross income where the basic income has been completely phased out, and the person reverts to paying the normal tax according to today's system.

Everybody who has a salary that is higher than the basic income cut-off point will continue to pay the same tax as today. But everybody below the cut-off point will get more money in their pocket than today. Those with the lowest incomes will get a direct payment of the basic income benefit, and will get more money that way. And those with slightly higher but still low incomes will get a tax cut compared to today.

If we raise the basic income level, we automatically raise the cut-off point, meaning that more people will get a tax cut. If the basic income is 900€, the cut-off point ends up at 1,970€. But with a basic income of for example 1,080€, the cut-off point will be at a monthly salary of 2,440€.

This means that in addition to giving more money to everybody who makes less than 1,970€, we also have to give a tax break to everybody who earns between 1,970€ and 2,440€. That would be a very nice thing to do, and I am not saying that it would be unreasonable to do so.

But from the income statistics in [the spreadsheet](#), we can see that there are 725,000 people who have between 1,970€ and 2,440€ as their monthly salary. In relation to Sweden's total population of 10 million people, that is a quite large number of people. It is perfectly understandable that lowering the tax for so many people will cost a fair amount of money.

In and ideal world I would myself prefer to have the basic

income at a slightly higher level than the 900€ I am proposing. 900€ per month to cover everything is *very* little money, especially in the long run. I think it would be an even better system, with even more positive dynamic effects on society, if we can put the basic income level at maybe 1,100€ to 1300€ instead.

But since it would be so much more expensive to put the basic income at a higher level, I am *not* proposing that, at least not to start with.

Already at the 900€ level, basic income would be an enormously much better system than the patchwork of social assistance and unemployment benefits that we have today. It would not necessarily give unemployed people a lot more in their pocket than today. But many of the negative effects of today's system would disappear: the insecurity, the arbitrariness, and the raw destructiveness that forces people further into dependency and locks them into welfare traps. With basic income, we get rid of all of that.

I hope we will be able to do it in two steps. If we can first introduce a basic income system at a lowest livable level around 900€ per month, this would in itself be major reform with many positive effects. But once we have done that, and have had a chance to see how the system works (and that the sky did not fall down), I hope we will be able to continue and gradually raise the level of the basic income.

A journey of a thousand miles begins with a single step, and a basic income reform at the 900€ level would be a fantastic first step in the right direction. But improving society is a project that never ends, so I hope that the first basic income step will be followed by others, where we gradually raise the level as finances permit.

Financing part 1: Replace social assistance

The basic income proposal that I have presented would cost the Swedish government 132 billion SEK per year. This is a lot of money, but it is not an impossible amount in relation to Sweden's 900 billion SEK government budget. It can be financed in a quite realistic manner.

The first part of the financing is that the basic income would replace Sweden's current system for social assistance (11 billion SEK), student aid (17 billion SEK), and unemployment benefits (64 billion SEK). This adds up to 92 billion SEK in direct savings.

The second part I propose is to remove the VAT subsidies that certain industries enjoy, and reintroduce a uniform VAT tax rate. This would raise the VAT on food and certain cultural products to the same level as everything else, 25%. This would give 50 billion SEK in additional tax revenue.

Together this makes 142 billion SEK in financing, which is more than enough to cover the cost of 132 billion SEK for the basic income.

Social assistance (11 billion SEK)

Social assistance (*socialbidrag, försörjningsstöd*) is paid out by local authorities to those that have no other means of supporting themselves. This is what we have instead of basic income in Sweden today. Social assistance does not fulfill the criteria for basic income, since it is means tested and every payout has to be individually decided by a social service officer, and there are severe demands and restrictions placed on the person receiving the support. But social assistance is the "welfare system of last resort", that has as its goal to make sure that everybody in Sweden get what they need to survive.

When we introduce basic income it will replace the social assistance system, so the money we spend on social assistance today becomes available for financing the basic income.

Today's social assistance system [costs 11 billion SEK per year](#)

in direct payouts to recipients. During 2014, there were 410,000 people (out of Sweden's 10 million) that received social assistance at some point, but most of the recipients only got social assistance part of the year.

The government agency [Statistics Sweden has compiled statistics over how many full time equivalents](#) between 20 and 65 that are supported by various welfare systems. There we can see that social assistance (under the heading "*Ekonomiskt bistånd*") supported the equivalent of 100,000 people for the full year, so:

The payouts from the social assistance system amount to 11 billion SEK for 100,000 full time equivalents.

11 billion for 100,000 people corresponds to 110,000 SEK (11,900€) per person per year. This is very close to the 100,000 SEK (10,800€) per year that I am suggesting in basic income. This is a confirmation that the level I am proposing (900€ per month, or 10,080€ per year) corresponds well to the minimum level in Sweden's welfare systems today.

(That today's average social assistance is slightly higher — 110,000 SEK instead of 100,000 SEK — is probably due to the fact that the number for today's social assistance also includes extra payments to recipients with children. As I have written before, I have not yet included the cost for giving a higher basic income to people who are responsible for supporting children. This is something that needs to be added before we have a finished basic income proposal that can be implemented. But as we can see with the comparison to today's social assistance, the cost of giving extra basic income to parents who support children will only be a billion SEK or two, so it does not affect the feasibility of the basic income system in any major way.)

How much does the administration of the social assistance payouts cost? The cost is spread out over the social services budgets of local authorities in Sweden, and I have not found any official numbers on the total administration cost.

But economist Mattias Lundbäck [has made an estimate on his blog *The Healthy Economist*](#), based on statistics from the National Board of Health and Welfare. He concludes that the

administrative costs for the social assistance system are substantial, and could run as high as 40% of the actual payouts. To pay 11 billion SEK to the people who need it would then cost over 4 billion SEK. This is ridiculously expensive, bearing in mind that most other social security systems in Sweden have administration costs of only a couple of percent of the payouts.

But we do not need to know the exact cost for the social workers who spend their days granting or refusing social assistance applicants their money. When calculating the savings we get when basic income replaces some of today's systems, I have *not* included the up to 4 billion SEK that the administration of social assistance costs the local authorities today.

Instead, I am assuming that ***all social workers in the municipalities stay on their jobs*** even after we have introduced basic income. But instead of having highly trained social service professionals spending their days refusing people money, they could devote more time to what they are trained to do, which is to help people with more complicated problems than only lacking an income to buy food.

In the end, it will be up to local authorities in the individual municipalities how they choose to handle the good news. Basic income will free up quite considerable resources at the local social services offices around the country, when they no longer have to administer the social assistance system. Some municipalities may want to take the opportunity to reduce the number of social workers to lower taxes. But in Sweden we nowadays get more or less daily reports from municipalities where the social workers are on their knees from an extreme workload, so my guess is that most municipalities will welcome the possibility to have their social workers focusing on other things than just administering social assistance benefits.

The primary reason for dismantling the means tested social assistance system and replacing it with unconditional basic income, is that it increases both security and freedom for the individuals. But if it also brings relief to municipalities whose social services are under heavy pressure, this is a nice bonus.

The fact that basic income will free up social service resources in

municipalities is a positive effect that I have *not* included in the economic evaluation of the basic income system. But the effect is there, and will certainly be welcomed by many municipalities.

To help finance the basic income system, it is enough that we take the 11 billion SEK that are currently paid out in social assistance benefits each year.

Financing part 2: Shut down the Public Employment Agency

Sweden's Public Employment Agency (*Arbetsförmedlingen*) costs 64 billion SEK per year. That is quite a lot of money, considering that Sweden's total government budget is around 900 billion SEK.

According to the [annual report of the Employment Agency](#) (p. 136), this is how they spent that money:

- Administrative costs: 8 billion
- Transfer payments: 56 billion, whereof:
 - Benefit payouts: 35.5 billion
 - Costs for recognized unemployment insurance funds: 15.6 billion
 - Procurement of education and other services: 4.9 billion

We can see that the bureaucracy ("Administrative costs") amounts to 8 billion SEK, to be put in relation to transfer payments of 56 billion SEK. Calculated in this way, the administrative cost corresponds to 14% of the amount paid out.

But even if the total transfer payments are 56 billion, only 35.5 billion are actual "benefit payouts". If you put the 8 billion in relation to that, the administrative cost would be 23%.

You can probably argue about which is the more reasonable way to calculate the administrative cost for handing out money through the Public Employment Agency, but whether you choose 14% or 23%, it is a quite high cost. Not as high as many people on the right hand side of the political spectrum believe, that the administrative costs would be as high, or even higher than, the actual benefit payouts themselves. But both 14% and 23% are remarkably high numbers if you compare them to the Social Insurance Agency (*Försäkringskassan*) or Student Aid Agency (*CSN*), which both have administrative costs of 2-3% of the amounts paid out.

But from a basic income perspective, there is a third way to look at the overhead costs of the Employment Agency.

Benefits from the Employment Agency [support 270,000 people](#), converted into full year equivalents. In a basic income system where each of them would get a cash payout of 900€ per month (*100,000 SEK per year*), supporting 270,000 people would cost 27 billion SEK. But the Employment Agency costs 64 billion SEK, which is more than twice as much. Here we have a great opportunity to make savings to help pay for the basic income.

There are two different reasons why the Employment Agency is a so much more expensive way of supporting 270,000 people than basic income would be.

The first reason is that unemployment benefits are income related (at least in part). If you had a high enough salary before you got unemployed, you can get up to 2,160€ (*20,020 SEK*) per month in unemployment benefits. You have to pay tax on these benefits, but it is still considerably higher than the 900€ per month tax free that I am proposing as the basic income.

The income related unemployment benefits are time limited, so you will keep this top unemployment benefit level for about 4.5 months (100 working days). After that, the unemployment benefits will be reduced gradually in steps. But during the period some people get the high unemployment benefits, they raise the average cost.

On the other hand, there are many unemployed people who get

less in unemployment benefits today than the basic income would give. Those with the minimum unemployment benefit only get 870€ (8,080 SEK) before tax, which corresponds to 670€ (6,200 SEK) after income tax. This is less than the 900€ I am proposing as basic income.

It would be very interesting to see what the distribution of high vs. low unemployment benefits is, but unfortunately I do not have access to any such statistics. This makes it uncertain how much of the high cost of supporting people through the Employment Agency is due to the benefits being income related. We can take note of it as a factor, but we cannot know how big it is without a deeper study based on more statistics.

But the other reason why the Employment Agency is so expensive is more obvious, and almost certainly a much more important explanation. This is all the courses and activities that an Employment Agency organizes, and that the job seekers have to attend if they want to keep their unemployment benefits.

Sometimes, these courses and activities can be valuable for individual job seekers, but very often, they are just seen by everybody as a pointless waste of time. Then they become just another way of applying pressure to the unemployed person.

Because the fundamental problem is not whether the Employment Agency's courses and activities are meaningful or not. No matter how excellent they might be, there will not be more jobs created in the economy because of that. With a total population of 10 million, Sweden has about 400,000 unemployed people today, and nowhere near as many vacant jobs.

Regardless of whether Alice or Bob gets a certain job, the other one will not. No matter how good the employment officers may be at helping certain individuals to get a better chance in the race, there will not be more medals (i.e.: jobs) to share because of that.

In a situation where the problem is a lack of jobs, there is no way to solve the problem by modifying the unemployed. If Bob becomes more attractive to the jobs market and better at writing a stunning CV, this of course great for him. But if all his and his

employment officer's efforts finally lead to Bob getting a job that would otherwise have gone to Alice, society gains nothing at all from this. Now Alice is unemployed instead.

The consequence is that from society's perspective, the only thing that the Employment Agency actually produces is insecurity for the unemployed. This is not because the employment officers are evil or want to do this, but because the rules and regulations have this effect.

The rules say that a job seeker must do this and that in order to qualify for benefits, and it is the employment officer's job to assess if each individual job seeker has done enough to fulfill the criteria. Since it is an assessment (and the law say it should be), the unemployed person can never be sure she will actually get the money she needs to survive. An assessment means that the final answer could be either yes or no. And for many the answer becomes no, often on grounds that the job seeker herself find arbitrary or wrong. This creates insecurity.

To shut down the Employment Agency and remove the benefits it administrates is a cornerstone in the financing of the basic income proposal. It represents almost half the cost of the basic income reform (64 billion SEK out of 132).

But shutting down the Employment Agency is also a cornerstone for reasons of principle. It means we get rid of the arbitrariness and insecurity that the Employment Agency produces, and replace them with a simple and straight-forward right to basic income for anybody that ends up unlucky in the jobs lottery, according to rules that are the same for everybody.

Then society would no longer offer to help Bob outcompete Alice in the jobs market (or vice versa).

Instead, all unemployed people will get the security of knowing that they will get a livable income for as long as they need it, without being exposed to humiliation or arbitrariness. This is the core idea behind basic income.

The income related unemployment benefits that (former) high and middle income earners today enjoy in the beginning of their

unemployment, will disappear when we replace the Employment Agency and its benefits with basic income. But if they want to have an income related unemployment insurance, they can get one outside the basic income system.

Already today, the unemployment insurances are partially financed with money that people pay in themselves. The government supplies some of the financing, as we can see from the numbers above, but the rest is money that people with jobs contribute to have the right unemployment benefits if they lose their job.

Private unemployment insurances, both from private insurance companies and from labor unions, will appear on the market to offer additional income protection in case of unemployment. Basic income provides the foundation that all unemployed have a right to. But medium and high income earners who want better protection can get it if they want.

If they do, they will have to pay for it themselves. But since this only applies to medium and high income earners, they can afford it if they think it is worth it. Since the basic income takes care of the basic financial security, a private insurance to add some extra income protection on top of that does not have to be prohibitively expensive.

Trade unions will continue to play an important role in the web of social security systems, by offering their members income insurances in case of unemployment. But the basic income will provide everybody with basic security, whether they are union members or not.

And no unemployed person will ever be forced to take part in pointless workfare activities, or be subject to a case officer's arbitrary judgement in order to get food on the table. This we can achieve by replacing the Employment Agency bureaucracy with basic income, and letting the unions and other players offer additional income protection insurances to those who want it.

Financing part 3: Replace student aid

University students are perhaps the most obvious winners if we introduce a basic income reform.

Today, students get student aid from the Student Aid Agency (CSN). The level of the student aid is almost exactly the same as the proposal for basic income — 10,800€ (100,000 SEK) per year, or 900€ per month if you split the money evenly over the year. But while most of the student aid is a loan that you have to pay back, basic income is money that you get to keep. This is an enormous improvement for students.

Student aid in Sweden is at [9,904 SEK per 4 weeks](#), but normally you can only get student aid 40 weeks per year, so a full time student will get 99,040 SEK per year to live on. But out of this money, only 28% is an allowance that you get to keep. The remaining 72% (or 70,880 SEK per year) are a loan that you have to start repaying when you are finished with your studies.

There is nothing glaringly wrong with the student aid system we have today. The level is far from a life of luxury, but most students manage to make do. For students who for one reason or another have fallen behind in their courses, it is a stress factor to know that they may lose their livelihood if they fail to keep the prescribed tempo in their studies. But by and large, there are no major problems associated with the student aid — in particular if you compare it to the destructive and degrading social assistance (*försörjningsstöd*), or the insecure and bureaucratic unemployment benefit system.

The student aid for university students costs the Swedish government [17 billion SEK](#) per year. These 17 billion are directly available to help finance the basic income system, since the basic income will automatically cover the university students.

University students will have the same amount as now in their pocket when they are studying, but they will not have to pay back any student loans at all. This is what I have assumed in the model that I have done costings for.

But I am fully aware that this is very generous towards the students, and that there are arguments against favoring a specific group that much when basic income is introduced. Everything that is a loan today would be replaced by a pure allowance. Instead of adding some 7,650€ of debt for each year they study (as it is today), students would get their degree with no student debt at all.

This would be a great improvement for all newly graduated academics. Maybe too great. Although a university exam no longer comes with a guarantee of a well paid job for the rest of one's life (as it more or less did when the Swedish student aid system was [introduced in 1965](#)), university graduates in general are not one of the most disadvantaged groups in society. You can reasonably question if it is sensible redistribution policy to favor this particular group to such a large extent. This is something that deserves to be discussed.

If we want to limit the improvement for university students it is technically very easy to do so. Then we let the students get basic income just like everybody else, but at the same time, we introduce tuition fees at the universities, and let the students take loans at the Student Aid Agency to pay the fees.

Depending on how high we choose to set the tuition fees, we can have any distribution profile that we want, so this is not a black-and-white issue where we have to choose all or nothing.

If we wanted things to be exactly the same as today for students, we would put the university tuition fee at 3,825€ per semester. Then students would borrow 7,650€ per year from the Student Aid Agency, just like today, but the money would go to the tuition fee instead of the student's livelihood, when the livelihood is covered by the basic income. The net result would be the same as today: the students would have 10,800€ per year to live off while they were studying, and would graduate with debt of 7,650€ per year they studied.

If we want to make some improvement for students and freshly graduated academics, but not as much as removing the student loans altogether, we can choose a different level for the tuition fees.

When I was studying in the 1980's, the demand from the student organizations at the time was that the benefit component of the student aid should be restored to 50%, as it was when the student aid system was originally introduced. As far as I know, this is what the student organizations still are demanding (since there has been no significant improvement at all in this area for the last 30 years).

If we want to fulfill this demand from student organizations, we would put the tuition fees at 2,700€ (25,000 SEK) per semester. A student would then get the same amount of money to live off as today, 10,800€ (100,000 SEK) per year. Half of that amount, 5,400€ (50,000 SEK) per year, would be added to the student's debt.

This would fulfill the old student demand of 50% allowance and 50% loan, and it would be a very significant improvement over today — 5,400€ per study year in debt, instead of 7,650€. But it would not be as generous as letting all students graduate without any loans at all.

Maybe this is a more reasonable way to design the first version of the basic income system — or not.

I leave the question open on how to design this particular aspect of the basic income system. When I have made the costings for the basic income proposal, I have made them on the basis of the most generous model, where nobody has to take any student loans at all. Then all students will get full basic income, without having to pay any tuition fees. In that case, we can take the 17 billion SEK that the student aid cost today, and use them to help finance the 132 billion SEK that the basic income system will cost in total (for both students and everybody else).

If we add tuition fees, we get even more money than the 17 billion SEK to help finance the basic income. How much will of course depend on how high we set the fees. I have not made any exact calculations, but it seems reasonable to think that we might be able to get something in the range 10 - 20 billion SEK as additional funding this way. If so, these billions can be used for any purpose we choose, for example giving the universities more resources, or raising the basic income level a little, or any other

purpose that we can think of that would be nice but costs money.

But this is a subject for further discussion. In the proposal I have put forward made a cost estimate for, I have assumed that we will not introduce any tuition fees, and that graduates will leave university with no debt at all. Then we have 17 billion from today's student aid system that we can use to help finance the basic income.

Keep the sickness insurance system and disability pensions

In most concrete proposals for basic income systems, it is taken for granted that the basic income will replace the sickness insurance system, including disability pensions for those with long term illnesses or conditions. This may sound like an reasonable idea on the face of it. But if you examine the sickness insurance system that Sweden has today a little closer, you see that it would be politically very difficult to replace it with basic income.

I propose no cuts at all in the sickness insurance system. Basic income will replace the sickness insurance for those that today have the lowest benefits, but nobody who is supported by sickness insurance today will lose any benefits.

Basic income can be financed without making any cuts in the sickness insurance system, so there is no need to make any deterioration for sick or disabled people to make ends meet. But it is still interesting to take a brief look at the sickness insurance system we have today, even though I am not proposing any changes to it.

The budget heading "Economic security in case of sickness and disability" is the largest single expenditure area in the Swedish government's budget. It amounted to [100 billion SEK in 2015](#), and has increased to [110 billion in 2016](#). But this sum

includes many different systems that have been created for different motives and for different groups of recipients. To make any sense of this area, it is necessary to dive a little deeper into the numbers, and not just look at the grand total in the budget.

First of all, we have to make a distinction between short term and long term sickness. If you have a job and get temporarily sick, you get sick pay. The employer will pay for the first two weeks. Then the Swedish Social Insurance Agency (*Försäkringskassan*) will step in and pay [compensation for up to 364 days](#).

The compensations paid for short term sickness has very little to do with basic income, so we can leave it aside. It is an income related insurance for people who in most cases have jobs that they can return to once they are well again. This is a system with benefits for people with jobs, that is paid for by people with jobs.

It is the long term sickness system that is interesting in relation to basic income. The Swedish word for this compensation is either *sjukersättning* or *aktivitetsersättning* depending on how old the recipient is, but here I will refer to it as "disability pension", which is more descriptive.

From the [annual report of the Social Insurance Agency](#), we can see that the disability pensions cost the government 47 billion SEK (page 102 and 106). Expressed in full year equivalents, disability pensions supported 293,000 people.

47 billion SEK to support 293,000 people gives an average cost per person of 160,000 SEK (17,000€) per year. This is more than the 10,800€ per year that the basic income would be.

This may look tempting to anyone looking for ways to finance a basic income reform. The numbers are not entirely comparable, since the disability pension is subject to income tax, whereas the basic income would not be. But still, on the back of an envelope. If we could use this money to help finance basic income, it would be a great contribution. But unfortunately, this is not a realistic idea.

Disability pensions are income related. If you have the misfortune of getting struck by an accident or chronic illness that

prevents you from ever working again, the compensation you will receive for the rest of your life will depend on what your income was before you got ill.

The lowest disability pension, for those who had a low income or none at all before they got sick, is called "guarantee compensation" (*garantiersättning*). The [guarantee compensation amounts to 957€ \(8,860 SEK\) before tax](#), or about 735€ (6,800 SEK) after tax.

For those with the lowest disability pension, basic income would be an improvement, from 735€ to 900€ after tax. This is a welcome improvement, which is totally in line with the basic idea, that basic income should guarantee everybody the same minimum level, no matter what.

But for those who had a higher income before they got sick, and therefore get a higher disability pension, a basic income of 900€ would be a deterioration compared to today.

The maximum disability pension is 1,935€ (17,914 SEK) before tax, or about 1,380€ (12,800 SEK) per month after tax. This is considerably higher than the 900€ I am proposing for basic income.

If you want to dismantle our current sickness insurance system and replace it with basic income, it would mean that a large group of people with chronic illnesses or disabilities would get a drastic reduction of their benefits.

Such a reduction would be completely impossible from a political perspective. It would mean a politician has to sit in a TV studio and first look at a spot about a family with a chronically ill or disabled family member, who will get their compensation brutally reduced. Then it is up to the politician to try to defend the proposal.

That is impossible, you would get totally crushed in the debate. And this is something that every politician who has ever been on TV understands immediately, so none of them will accept such a suicide mission.

Personally, I think it would be an objectively bad idea to dismantle the sickness insurance system and lower the compensation for a large group of chronically ill or disabled people. But I will not even bother to argue on the merits of the case.

For even if there is someone out there who disagrees, and really wants to lower the disability pension to the basic income level for everybody, he or she can totally forget about it from a practical political perspective. Basic income is the largest social reform since the introduction of the Nordic model some 80 or 90 years ago. There is no way to get political support for it by pulling the rug from under people who are chronically ill or disabled. All proposals to replace the income related sickness insurance system with a uniform basic income are politically stone dead, no matter what somebody may or may not think about the idea as such.

Instead, I assume that we will keep the sickness insurance system as it is, and let it coexist with basic income. The chronically ill and disabled would get the compensation that is highest. Those who have the guarantee compensation and today get less than the basic income, would get the basic income instead.

For those with the lowest disability pension, basic income would mean an increase of about 165€ (1,500 SEK) per month after tax. This is quite a substantial improvement.

Those who have a disability pension that is higher than the basic income, would continue to get their disability pension.

In this way, we ensure that nobody will lose from the basic income reform. Those with the lowest disability pensions will get an improvement, while at the same time, there will be no reduction of benefits for those with a higher compensation. This design of the basic income system makes it politically realistic to go ahead with the proposal.

And basic income would increase security even for those who today have a disability pension that is higher than the basic income level.

For many who live on disability pension today, it is a major source anxiety to know that if they lose their disability pension for one reason or another, they would be forced to turn to the social services office to go through the degrading and destructive process of applying for social assistance to sustain themselves. Basic income would at least soften the blow considerably. I believe this would be a very welcome improvement for all those who live off disability pension today.

I realize that many will find it surprising that I propose that we keep the sickness insurance system in place. In many basic income proposals, it is taken more or less for granted that the basic income would replace all sickness insurance and disability pensions. But I have chosen a different road.

Basic income can be financed without dismantling the sickness insurance system. And since it is not necessary from an economic point of view to make reductions in the sickness benefits, there is no reason to take on the political fight — especially since there is no way to ever win it. I propose that we refrain from banging the head against this particular brick wall, and instead focus on finding a model for basic income that is politically realistic and can become reality.

Basic income cannot replace disability pensions, but it can replace unemployment benefits

In the two previous sections, I have first argued that basic income can replace our current system for unemployment insurance, even though the unemployment benefits are income related. Then, I have said that it is politically impossible to replace the disability pensions, because they are income related.

Isn't this slightly illogical? someone may wonder.

No, because there is a major difference that makes it politically possible to reduce unemployment benefits, even if it is politically

impossible to do it with disability pensions.

The vast majority of those who depend on disability pension today, will continue to do so in 5, 10, or 20 years as well. The very definition that the Social Insurance Agency uses to decide who should get a disability pension, is that it should be for people who "will probably never be able to work full time ever again in their lives".

But none of those who have high unemployment benefits today will still have those benefits in 5, 10, or 20 years, since unemployment benefits are time limited.

If you talk about reducing disability pensions, there are tens or hundreds of thousands of people who can immediately see that the reductions would hurt them directly, for the rest of their lives. They would (quite rightly) see this as an immediate threat that they would have to fight. They would have an easily understandable and emotionally intense story to tell, perfectly adapted to the media format of identifying winners and losers from political proposals. No politician would stand a chance of winning that discussion.

But with the unemployment insurance it is different. For each of us, regardless of whether we have a job or are unemployed today, there is no way we can be certain about what employment situation we will be in 5, 10, or 20 years from now.

In philosophical discussions about how to design a better society, it is common to make the thought experiment that you can design a future utopia in any way you want, but you will not know beforehand what social class or life circumstances you yourself will be in. With this precondition, it is much easier for everybody to focus on how to achieve as good a result as possible for as many as possible, rather than (maybe unconsciously) starting a scramble where everybody tries to get the most resources to the group that they themselves belong to.

When it comes to the unemployment insurance system, we happen to have almost the perfect philosophical starting point, more or less by accident, due to the fact that today's income related unemployment benefits are time limited. Those who have

the highest unemployment benefits today get considerably more per month than the basic income I am proposing. But they will only get the highest level of unemployment benefits for 100 working days, or about 4.5 months. Then the reduction of the benefits will begin.

I like to be an optimist when it comes to making political changes, and to make them quickly. But it is perfectly obvious that we will not have implemented a national system for basic income in 4.5 months from now.

Even in a best case scenario, it will be several years before a basic income system can be implemented in practice. Everybody will have plenty of time to prepare themselves for the new system.

Middle and high income earners who want to have income protection, above and beyond the basic income, will have ample time to get that protection through private insurances. They can be offered either by private insurance companies or by labor unions. This kind of insurance exists already today, but will probably become much more common with basic income.

And since this only applies to middle and high income earners (who are the only ones who get high income related benefits today), we are talking about a group of people who can afford to get a private insurance if they decide they need one.

In contrast, there is very little people with disability pensions can do to improve their situation if their benefits were reduced drastically, even if they get 5 or 10 or 20 years advance notice. Since they are already ill, they cannot get a private health insurance on the open market. And to simply say "get well, or it's your loss" does not work, neither from a humanitarian perspective or in any other way.

For this reason, I see it as politically completely unrealistic to reduce benefits for chronically ill or disabled people, even in the medium term. But it is possible to make changes to the unemployment benefit system, even quite large ones, as long as everybody is given a reasonable advance notice.

A basic income reform where we keep the sickness insurance system intact, may not be as radical and visionary as some other proposals. But it has the advantage that it may one day become political reality, which proposals that include cutting benefits for the sick and disabled do not.

Keep the parental leave and all other benefits for families

Sweden has quite generous rules for parental leave. When you get a child, the parents have the right to 480 days of paid parental leave. For the first 390 days, the compensation is income related, and is on the same level as your sick pay would be. The final 90 days, you get the minimum compensation level, which is at 20€ (180 SEK) per day. You can find a more detailed description of the rules (in Swedish) [at the Swedish Social Insurance Agency's site](#).

I propose no changes at all to the parental leave system when we introduce basic income. The reason is the same as why I want to keep the sickness insurance system intact:

In practice, it would be politically impossible to find a majority for reductions of the parental leave benefits, and it is not necessary to make any such reductions in order to finance basic income. Therefore, I see no reason to pick this political fight.

Basic income would automatically improve the conditions for parental leave. The minimum compensation level of 20€ per day is lower than the basic income would be. When we introduce basic income, it will replace the days at the minimum compensation level, and leave the parents with more money in the pocket. This applies to all families, whether they have an income or not.

For parents with a job, the compensation for the first 390 days is higher than the basic income would be. They would keep the parental leave benefit and get no basic income, just like today.

But for parents who are unemployed, or have a very low salary, today's parental leave compensation is lower than the basic income. They would get the basic income instead, and more money in the pocket.

Leaving the parental leave benefits intact is a system design choice that may surprise many basic income proponents, just like keeping the sickness insurance is.

You can have philosophical objections against the fact that the parental leave compensation is income related, so that it gives more money to high income earning parents when they get a child. Why shouldn't the principle of equal pay for equal work apply? It is no more work to take care of the child of a high income earner than the child of someone who is unemployed. Why, then, should the high income parent get a higher compensation from the government?

But these objections would be just that: philosophical, without any relevance to the practical political debate. If there had been a majority for a parental leave system with the same compensation to all parents, then we would have had such a system. But no such majority exists, neither in the Swedish parliament nor among voters.

The parental leave insurance looks the way it does because a very solid majority wants it to be that way. The parental leave legislation has been one of the most debated political issues for a long time, and there is a more or less constant public discussion about details in the legislation.

To make a complete redesign of the parental leave according to entirely new principles (i.e.: not income related) would almost certainly be impossible, even if one wanted to. And I am not at all sure one would want to, even if one could.

That the basic income strengthens the parental leave benefits for economically disadvantaged families is a good thing. It will happen more or less automatically when we introduce basic income, and is completely in line with the fundamental idea behind basic income, that everybody should get what they need to sustain themselves without any means testing or bureaucracy.

And since we do not need to take on the political suicide mission of trying to reduce benefits for middle class families with children, we have no reason to do so.

In fact, I do not want to eliminate any other of today's welfare systems at all. To secure the financing for the basic income, it is enough to let the basic income replace the three systems that I have identified in earlier sections: social assistance 11 billion SEK, Public Unemployment Agency 64 billion SEK, and student aid 17 billion SEK. This adds up to 92 billion SEK in savings.

The rest of the financing for the basic income I propose we secure by removing the VAT discounts that certain industries enjoy today.

Financing part 4: Remove the VAT discounts

The remaining billions needed to finance basic income we can find by removing the VAT discounts that certain industries enjoy. Today, the food industry (including restaurants) only pays 12% in VAT. Certain parts of the cultural industry, personal transportation, and ski lifts have a VAT rate of only 6%.

If these industries were to pay the same VAT as everybody else — 25% — tax revenues would increase. By how much? We can find the [answer at the Swedish parliament's site](#):

The VAT discounts cost 50 billion SEK per year in lost revenue.

Broken down into different areas, the numbers look like this for 2015:

VAT reduced to 6%	Cost, billion SEK
Personal transportation	6.57
Newspapers and magazines	1.72
Books and brochures	0.93
Entrance fees cultural events	1.82
Commercial sports	1.76
Transportation in ski lifts	0.23
Copyright	0.36
Entrance fees zoos	0.08

Revenue lost on 6% VAT **13.47**

VAT reduced to 12%	Cost, billion SEK
Food	26.42
Restaurants and catering	9.18
Accommodation rental	1.63
Sales of artwork	0.02

Revenue lost on 12% VAT **37.25**

Total revenue lost on 6% and 12% VAT **50.72**

Since 40 billion SEK is all we need to finance the basic income proposal, removing the VAT discounts would be enough to secure the financing (with a margin for error).

The financing is complete.

Raising the VAT, as opposed to raising the income tax, is a way

to make the reform more sustainable.

Today, income taxes are the single most important source of revenue for the public sector. But nobody knows if this is sustainable in the long term. If things develop the way many people fear, automation will make many jobs disappear in the future. The the income taxes will produce less revenue for the public sector.

There are many ideas about different tax bases that the government could start relying on instead of income taxes. Some of these ideas are down to earth, whereas others are more long term or utopian. If unemployment gets high enough, maybe we will have to use most of them to compensate for shrinking income tax revenue. Time will tell.

But at the very least, we can say with certainty that we are uncertain if taxes on employment are going to be a sustainable tax base in the long term. Therefore, it would be rather self-contradictory to finance the basic income with taxes on employment, when one of the reasons for the reform is that employment may be diminishing in the future. It is much more in line with the general ideas behind basic income to start the move towards more sustainable tax bases. VAT is a source of tax revenue that is unrelated to how many people have jobs, and that will continue to be available.

It will be politically controversial to VAT discounts. Each one of them represents billions that go to some special interest that evidently has highly skilled lobbyists (or they would not have gotten the discount in the first place). But from the citizens' point of view, the fact that a certain special interest has invested a lot in lobbying is not even an argument for continuing to grant those industries special favors.

And fortunately for us, the basic income reform itself actually strengthens some of the arguments for abolishing the VAT discounts.

Removing the VAT discount on certain culture will get publishers and other middle men in the cultural industry up in arms. They are the chief beneficiaries of the VAT discount that

they have managed to secure by painting themselves as the representatives of the cultural workers. They have enormous lobbying resources (ask me, I spent five years in Brussels working on copyright reform), and they are a formidable foe.

But in the context of basic income, they will find it a little more difficult than usual to trick politicians into thinking that what is good for the publishers is good for the artists.

Basic income is the most fantastic improvement for cultural workers, who often have an income that is both meager and uncertain. Basic income provides all cultural workers with a low but livable income if they so chose, without having to go before any panel of judges or government official to decide what is art or not.

It is a good thing that we reduce the economic uncertainty for those that are cultural workers today. But we can also look forward to an even richer and more vibrant cultural life when more people get a chance to contribute on their own terms. Both culture and the cultural workers will gain enormously from dropping the VAT discounts for the middle men in favor of basic income for the actual artists.

*Reduced VAT on food does **not** help the poor more than the rich*

The reduced VAT on food is the most expensive one, in terms of lost revenue for the government. The VAT discounts on food eaten at home and food eaten in restaurants together cost 35 billion SEK per year, and represent more than two thirds of the total VAT discounts.

To put this number in perspective, we can compare it to the general child allowance (*barnbidraget*) which costs 25 billion SEK, or Sweden's total defense budget, which is 50 billion SEK. So the question becomes:

Why should the government spend what corresponds to two thirds of the defense budget on raising the profit margins in the food industry?

The answer that the food industry lobbyists gave, and which convinced the politicians at the time, was that reduced VAT on food would benefit poor households more than rich ones. The underlying assumption was that poor households spend a larger proportion of their income on food than rich ones, so that they would benefit proportionally more from the lower VAT. But this assumption turns out to be completely wrong.

Reduced VAT on food has no income redistribution effect at all.

In a [report by the Swedish Parliament's Research Service \(Riksdagens utredningstjänst\)](#), they have looked at the actual numbers by dividing all households into four groups, from the poorest to the richest (on page 13).

It turns out that all households, rich or poor, spend 15-16% of their total expenditure on food. If the VAT is normalized to 25%, they would instead spend 17-18% on food. Any differences between rich and poor households are so small they fall completely within the margin of error.

This fact may come as a surprise when you first learn it (it did to me), but it is easy to explain once you know it. Evidently, when people get more money to spend, better food is one of the things they like to spend it on. Nothing wrong with that. But it kills the argument that the VAT discount would help the poor more than the rich. It does not.

The rich get a discount on fillet steaks and lobsters, while the poor get a discount on pasta and noodles.

If we want help poor households or families with children, it is much better use the money in systems that really have a redistribution effect that is targeted to the groups we want to help. If we want to help families with children, raising the general child allowance (*barnbidraget*) is much more effective than the reduced VAT on food. And if we want to help poor households,

basic income is the way to go.

The Swedish Consumer Agency (*Konsumentverket*) has calculated how [much a person in Sweden reasonably needs to spend on food](#) to survive. Using this estimate, [we can see](#) how much more expensive food for one person would become with the normalized VAT.

With 25% VAT on food, we need to raise the basic income by 30€ per month.

To do this will cost an additional 7 billion SEK per year, and I have not included this in the general calculation. But even if we have to add 7 billion SEK to the estimated cost for basic income, this fits within the margin of error for the overall financing, and is a lot more targeted towards helping the poor than the general VAT discount on food.

Summary: A concrete and financed proposal for basic income

In this paper I have introduced a proposal for basic income based on two criteria: that it be both economically and politically realistic. I have wanted to start drafting a system that could actually become reality, and preferably as soon as possible.

Here is a quick summary.

Introduction

Is it possible to create a universal basic income system that guarantees everybody enough income to sustain themselves?

Yes, of course it is. We already have welfare systems with exactly this goal, that we already are paying for. Today's systems are a patchwork of hassle and bureaucracy, which exposes those who need help to insecurity and arbitrariness, and the risk of

falling through the cracks.

If we can afford this —and evidently, we can —then it cannot be impossible to redesign the system to reduce the hassle and insecurity. We are already allocating the real economic resources necessary, even though we do it in an unnecessarily bureaucratic way that has several negative side effects.

The problem

Unemployment is a reality, and technological development may very well increase it. It is not enough to hope that the politicians will be able to create hundreds of thousands of jobs, because they cannot do that. Then we have an obligation to make sure that the welfare systems for the unemployed are secure and treat people with dignity. Today, they do not.

Social assistance (*försörjningsstöd*) is outright destructive towards the recipients, and forces them further into dependency. The unemployment insurance system is a Kafkaesque maze of complicated rules and bureaucracy, combined with obligations to take part in various activities whether they are meaningful or not. And it is easy to fall out of the unemployment insurance system, and be left with the social services office as the only remaining option. Basic income removes the arbitrariness and insecurity from today's systems for those without jobs, and ensures that nobody falls through the cracks.

The model

The proposal can be summarized as:

- 900€ (8,333 SEK) per month
- to everybody between 19 and 65
- who lives in Sweden
- and has no other income

Behind each of these limitations there are reasons that I have discussed in the different sections. But the overall idea has been

to find a system that is realistic to implement, that fits into the welfare systems that we already have, and does not introduce more changes than necessary.

The cost

Statistics Sweden has publicly available statistics over the income distribution among the adult population. We can use these statistics to make estimates of the cost of different basic income systems. We can also see how the cost varies with different benefit levels and different rates of phasing out the basic income.

The model that I am proposing is that the basic income would be reduced by 33% when you start making money on your own, in addition to the normal income tax rate of 33% from the first krona earned.

For a basic income recipient who manages to make 300€ on his/her own, it will be 100€ in reduced basic income, 100€ in income tax, and 100€ in the pocket.

This is a (literally) infinite improvement over today's social assistance system, where the benefits are reduced by 100% of what you make on your own, so that you are left with nothing at all extra in your pocket. This is the welfare trap, since it makes it meaningless to even try to make a little more money. Basic income will be different.

It turns out that this system, with 900€ (8,333 SEK) per month and 33% reduction combined with the normal 33% income tax, would cost the government 132 billion SEK per year. This can be financed.

The financing

The financing of the basic income consists of two parts. First, we close down three systems that are replaced by the basic income. These are the social assistance (11 billion SEK), the Public Employment Agency (64 billion SEK), and the student aid system

(17 billion SEK). This makes for a total of 92 billion SEK.

In addition to this, I propose that we unify VAT at 25%, and remove the VAT discounts that companies in the food industry and certain parts of the cultural industry enjoy today. This gives 50 billion SEK of additional income.

This gives us $92 + 50 = 142$ billion SEK in financing, which is more than enough to cover the cost of 132 billion SEK.

Both the sickness insurance system and all benefits for families with children are left as they are. I propose no cuts at all in these areas.

To replace the income related sickness insurance with basic income would be politically impossible, and objectively doubtful. Therefore, I propose no cuts in the sickness insurance system. But the basic income system supplements the sickness insurance system in an excellent way. It means more security for everybody with chronic illnesses or disabilities, and more money in the pocket for those who have the lowest benefits today.

The income related parental leave system is also left as it is, along with all other benefits for families with children.

Conclusion

In a way, basic income is not a very dramatic or radical reform. If you want to, you can see it as just a way to streamline and improve the welfare systems that we already have today. A renovation and modernization of the Nordic model, if you want.

But the idea of basic income still has great political potential in a positive way. When people no longer have to feel insecure, and get more possibilities to be masters of their own lives, it will lead to many positive effects for society in many ways, big and small. How large these positive "dynamic effects" will be is almost impossible to calculate beforehand. That they will appear, we can be pretty sure of. But how large they will be, and how quickly they will come, we can only learn by trying.

This proposal for basic income is explicitly designed to be both economically and politically realistic to implement. I hope we can start doing this as soon as possible.

So what, if basic income makes people quit their jobs and become slackers

"But what if everybody quits their job and just become slackers!" is one of the most common objections to basic income.

"They never will, at least not at the same time," is the obvious answer.

900€ per month is about the lowest level you can sustain yourself on in Sweden. It is possible to survive on this little, but it is certainly no rose garden, especially in the long run. Even the smallest of luxuries are out of reach, or you will never make ends meet. If you have children, they will have to get used to not even asking for an ice cream on a hot summer's day, since they know the family cannot afford it.

The most common objection to universal basic income is that everybody, or at least a lot of people, would quit their jobs and start living at the expense of the government instead. This is highly unlikely.

Economically, there is a huge difference between having even a low-paying job on the one hand, and being forced to live off benefits at the lowest sustainable level on the other. If you have an average salary, the difference is even greater. If you are used to living on 2,500€ or 3,000€ a month (before tax), you have to alter your life radically to survive on 900€ in your pocket. Most people do not want to do this.

Exactly how many people would be prepared to leave their jobs to live off basic income will depend on the benefit level. If it were 2,000€ or 3,000€, perhaps many people would. But the basic

income will be nowhere near those levels. Basic income should be at a level where you can afford food and rent, but not very much more than that.

But suppose a couple of hundred thousand people who have jobs today actually would hand in their resignation and start living off basic income instead. That would be fantastic!

Then a couple of hundred thousand people who really want jobs could get them.

If this were to happen, it would be perfect for all parties. Those who were longing for a job will get one. The employers will get employees who actually want to work. And those who for one reason or another prefer to stay at home can do so, without feeling either shame or economic uncertainty.

From society's point of view this would be excellent, especially if you take into account the effects that fall outside the traditional GDP measure.

I am certain that there are a number of fathers who today are stuck in an office with meaningless tasks, who would much rather be at home and play football with the kids in the neighborhood, and contribute a lot more to society if they did.

If those who do *not* want to work for whatever reason — family situation, cultural ambitions, studies, health issues, or just complete laziness — can do what they want, while a number of people who *do* want jobs for whatever reason — to make money, to make a career, or just to have something to spend their time on — can do what *they* want, it is a win-win for all parties.

The dynamic effects, this is: what happens when we have introduced basic income and people start adapting their lives to the new reality, are the big unknown in this reform. It is almost impossible to predict in detail how people will act, and what the effects on society will be. These questions are too complicated to answer with just a spreadsheet calculation.

But even if we cannot know for sure, there are many good reasons to believe that the dynamic effects of basic income will

be overwhelmingly positive. Lower health care costs when we reduce stress for disadvantaged groups, richer cultural life when cultural workers get more financial security, fewer excluded when people living on the margin are no longer crushed by the welfare bureaucracy. Maybe even a few more people who dare to take the risk of starting a company and creating real jobs, when entrepreneurs are no longer excluded from society's safety net.

The list of potential positive dynamic effects can be made almost as long as you want to. But almost none of these effects can be proven with certainty beforehand.

The only way to get an answer is to try.

I think we should.

Annex

Swedish - English glossary

Basinkomst

basinkomst basic income
negativ inkomstskatt negative income tax
marginaleffekt marginal effect
behovsprövad means tested
inkomstberoende, (principen om) inkomstbortfall income related
bidragsfälla welfare trap

Allmänt

samhällsklass social class
handläggare case officer
försämring deterioration
kommun municipality
kommunal municipal
landsting county council [[GOV](#)]
Statistiska Centralbyrån SCB Statistics Sweden
Konsumentverket (Swedish) Consumer Agency [[KO](#)]

Skatt och budget

statsbudget government budget
utgiftsområde expenditure area [[GOV](#)], budget heading
budgetproposition Budget Bill [[GOV](#)]
marginalskatt marginal tax
fördelningspolitik redistribution policy [[WIK](#)]
brytpunkt cut-off point [[LINGUEE](#)]

Socialtjänsten

socialtjänsten social services
socialtjänstlagen Social Services Act
socialkontor social services office
socialsekreterare, socialassistent, biståndshandläggare
social service officer
**socialhjälp, socialbidrag, försörjningsstöd, ekonomiskt
bistånd** social assistance [[SOC](#)]

bostadsbidrag housing allowance [FK]
Socialstyrelsen The National Board of Health and Welfare
[SOC]

Arbetsförmedlingen

Arbetsförmedlingen (Swedish) Public Employment Service [AF]
arbetsförmedlingskontor job center
arbetsförmedlare employment officer
arbetslöshetsersättning, a-kassa unemployment benefit
arbets sökande job seeker - [UK]
arbetslöshetskassa unemployment insurance fund

Försäkringskassan

Försäkringskassan (Swedish) Social Insurance Agency [FK]
socialförsäkring social insurance
sjukförsäkring sickness insurance [FK]
sjukersättning, aktivitet ersättning, sjukpension disability
pension
sjukersättning sick pay (*allmänt eller korttidsersättning*)
sjukersättning sickness compensation (*formellt hos FK*)
aktivitet ersättning activity compensation (*formellt hos FK*)
barnbidrag child allowance [FK]
föräldraledighet parental leave
stöd till barnfamiljer child and family benefits
underhållsstöd, bidragsförskott advances of maintenance
allowances [EU]

Studiemedel

CSN Student Aid Agency
studiemedel student aid (*bidrag + lån*) [CSN]
studielån student loan
studiebidrag student grant (*högskola*)
studiehjälp study allowance (*gymnasium*)
gymnasium secondary school
terminsavgifter tuition fees

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