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Pertti Koistinen\* and Johanna Perkiö

# Good and Bad Times of Social Innovations: The Case of Universal Basic Income in Finland

**Abstract:** This article draws on innovation and agenda-setting theories to identify critical points in the realization of basic income in Finland. Our empirical data comprise 13 models of either unconditional basic income or social security reform proposals with some similarity to basic income. The models examined were published in Finland between 1984 and 2011. Using these data, we build a conceptual framework that enables us to discuss the role of the content, players, political and macro-economic context, and public interpretations in the successes and failures of the basic income initiatives.

**Keywords:** basic income, innovation theories, agenda-setting theories, social security reform

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## 1 Introduction

Since the maturity of Western welfare states in the 1980s, there has been no new implementation of innovative social programmes. Despite rapid changes in the economy and labour market, social protection systems have mostly experienced only minor modification. In the context of the recent economic crisis, the dominant policy line has been to retrench prevailing social policy systems, cut public expenditure, and narrow the eligibility criteria for existing benefit systems.

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Despite this mainstream tendency of cutbacks, there have been initiatives to introduce fundamental social security reforms. A persistent idea in European and global discussions is universal basic income (BI): an income granted to all members of society as a right without means testing or conditions. Several initiatives for BI in its various forms have been made in different political and socio-economic contexts, but the reform has nowhere succeeded in becoming reality. In the past few years, the idea of BI has spread rapidly to countries where it was previously unknown, and it has gained increasing attention in countries where the debate was already established.

Using the BI debate in Finland as a case study, we attempt to build a conceptual framework to identify the reasons for the failure of BI's realization. We draw on innovation and agenda-setting theories to analyse the 13 models of universal unconditional BI or related reform proposals that were published in Finland from 1984 to 2011.<sup>1</sup> When analysing these initiatives, we pay close attention to the following dimensions: (1) the content of the initiative and its "degree of innovation" in relation to the present welfare system, (2) the political position of the initiators and adherents, (3) the political and socio-economic context for undertaking the initiative, and (4) public interpretations of the initiative and the outcomes that followed.

Finland represents an interesting case for an analysis of BI's non-realization for several reasons. Finland belongs to the family of Nordic countries, which have a long tradition and commitment to Universalism in social and welfare policies. Those ideas have been especially reflected in education and social and health services, but there are also some elements of Universalism in the other areas of society, such as pension schemes. The idea of BI, in one form or another, has featured regularly in Finnish academic and political discourse since the 1970s. What makes Finland's case especially interesting is that the idea of BI has always received support, not only from academics and social movements but also from some influential politicians and parties.

The remainder of the article is structured as follows: In Section 2, we present our theoretical framework, which is used to identify the main reasons for the failure of the BI proposal. In Section 3, we describe our data and

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<sup>1</sup> In December 2013 (after this research was conducted), the liberal think tank Libera published a proposal for a "Life Account", which has some features of BI. The proposal (in English) can be downloaded at: [http://libera.fi/libera-uusi/wp-content/uploads/2013/12/Perustili\\_EN\\_131210b.pdf](http://libera.fi/libera-uusi/wp-content/uploads/2013/12/Perustili_EN_131210b.pdf).

research methods. In Section 4, we analyse the examples of BI models or related reform proposals made in Finland. The first part of the empirical analysis consists of a descriptive analysis of the actors and discourses, and the second part applies the perspective of innovation and agenda-setting theories to identify internal and contextual factors that may be relevant in explaining the reasons for the substantial or gradual failure of BI initiatives. In Section 5, we discuss the results in the light of the previous studies, and Section 6 concludes our article.

## 2 Theoretical approach

Innovation theories have been developed for various purposes in the fields of the technology research, political studies, sociology, human geography, and the economic sciences. They seek to explain how, why, and at what rate ideas and concepts, technical information, and practices spread through cultures and are adopted by individuals, organizations, and political communities (Berry & Berry, 2007; Rogers, 1962; Wejnert, 2002).

In the political and social sciences, innovation theories have been used, for instance, to analyse the spread of mass education, social security systems, and nation-state models among the world's political states (Thomas, Meyer, Ramirez, & Boli, 1987). They have also been used to analyse welfare policies and land reform models (Thomas & Lauerdale, 1987), educational models (Boli-Bennett & Meyer, 1978; Boli-Bennett & Ramirez, 1987; Inkeles & Sirowy, 1983), state lottery and innovative tax policies (Berry & Berry, 1990, 1992), and the role of policy entrepreneurs in approval of an education reform (Mintrom, 1997). The concept of social innovation has been used to refer to innovations which aim “to produce long lasting outcomes that are relevant for (parts of) society, given the needs and challenges with which (groups in) society wrestling ... [to] ... create and add to public values that are considered important”, and to “change the social relationships and the ‘playing rules’ between the involved stakeholders” (Bekkers, Tummers, & Voorberg, 2013, pp. 2–3).

The innovation theory perspective is supplemented by agenda-setting theories, especially John W. Kingdon's (2011) theory on how issues make their way onto public policy agendas and gain the attention of governments. Agenda-setting theories help to identify the processes – within the press, civil society, parties, and interest groups – that eventually lead to some issues and innovations becoming the concerns of policymakers.

The conditions for innovation in the fields of technology and social policy are not the same. It has been noted that social policy institutions – due to various mutually intertwined vested interests and complex path dependencies – are often reluctant to implement large-scale reforms (Pierson, 2000, 2004). Therefore, public policymaking is often reactive and incremental (Greener, 2005; Pierson, 2000, 2004; Thelen, 1999). However, at certain critical times institutions may change rapidly (Hall, 1993; Kingdon, 2011). The possibility for change often arises from a large-scale crisis in prevalent practices and continuous failures to overcome problems with the existing means (Hall, 1993).

In history, we can find examples of times when social policy was the subject of active development and enlargement, and social innovations received large acceptance. However, in almost all cases it has taken decades to develop an idea into a true and well-functioning institution (Kangas, 2006; Titmuss, 1974, p. 131). For instance, it took more than 20 years to institutionalize programmes in the Finnish child benefit and child care systems, and unemployment insurance was debated in the Finnish parliament for decades (Anttonen & Sipilä, 2006; Hiilamo & Kangas, 2009; Kangas, 2006; Kuivalainen, 2012). The principle of equal pay for equal work took almost 50 years to become internationally accepted, institutionalized, and ratified as a social right (Määttä, 2008).

The processes that lead some innovations to be finally accepted and implemented and others discarded are not well known. Ideas with seemingly few prospects may receive attention when the “political winds” or paradigms shift as a result of an economic crisis, a shift in political power relations or the influence of strong social movements. For Kingdon (2011), the key to understanding change is the coupling of three largely independent streams: problems, policies, and politics. He argues, at certain critical times, “(s)olutions become joined to problems, and both of them are joined to favourable political forces” (Kingdon, 2011, 20). The situation where a long-considered idea suddenly finds its invitation is called a “policy window” (Kingdon, 2011, pp. 128–130). However, in order to be regarded as realistic alternatives, new ideas need to be well known and sufficiently cogent. Kingdon presents the following criteria for proposals to receive serious consideration: their “technical feasibility, their fit with dominant values and the current national mood, their budgetary workability, and the political support or opposition they might experience” (Kingdon, 2011, pp. 19–20).

When political conditions change, the discursive battle over interpretations plays a crucial role (Hall, 1993). Besides being technically feasible and capable of addressing the most pressing problems of the day, the innovation must also

be attractive to the public and decision-makers (Chong & Druckman, 2007; Kangas, Niemelä, & Varjonen, 2013; Noakes & Johnston, 2005, pp. 11–13). The interpretation of an idea in public discussion often seems to be a decisive element for the idea's further success (Hiilamo & Kangas, 2009; Kangas et al., 2013). Researchers have noted that the familiarity associated with a new idea and its compatibility with the local norms, values, and ideologies relates to the rate of adoption (Dewar & Dutton, 1986; Rogers, 1962; Wejnert, 2002, p. 303). Ideas that appear too unfamiliar or radical often find support from low-status and marginal groups, whereas high-status actors adopt innovations that are mainly non-controversial and consistent with established norms (Rogers, 1962; Wejnert, 2002, p. 305).

In order to be self-sustainable, the innovation must be widely adopted among individuals, groups, organizations, or national polities. Within the rate of adoption, there is a point at which an innovation reaches critical mass. From this tipping point, the number of individual adopters ensures that continued adoption of the innovation is self-sustaining (Rogers, 1962; Wejnert, 2002). However, some actors have more political, cultural, and material resources than others, and better access to decision-makers and the media (see Kingdon, 2011; Korpi, 2001; Korpi & Palme, 2003; Mintrom, 1997). They can thus play a more crucial role in spreading the idea throughout society.

When explaining the failure of BI's realization, authors have emphasized factors such as its weak and divided political support (Andersson & Kangas, 2002; De Wispelaere & Noguera, 2012; Vanderborcht, 2006) and its unsuitability for the prevailing social security systems and ideologies (Andersson, 2000; Julkunen, 2009). De Wispelaere and Noguera (2012, pp. 22–23) argue that one significant reason for the failure of the BI proposal is that it has often been supported by groups and individuals that are politically weak; thus, it has not been able to move up the policy agenda. In some instances, support from a particular marginalized group or political faction has prevented other, more powerful agents from offering valuable support. In the Finnish context, Julkunen (2009) and Andersson and Kangas (2002) note that although there is a high degree of support for generous social protection among Finns, BI's unconditionality principle is in contradiction with the strong work ethic of the Nordic welfare model. Furthermore, political support for BI is scattered in the sense that adherents from different ideological backgrounds do not work together to advance the idea.

Based on our reading of innovation and agenda-setting theories, we distinguish the following four dimensions as central in identifying the drivers and barriers of social innovations such as BI:

- *The qualities of the innovation itself*: its economic viability and empirical credibility, its alleged problem-solving capacity, its attractiveness to the public, and its “degree of innovation”, i.e. the magnitude of change it will introduce to the existing system;
- *The actors (initiators and adherents)*: the credibility of adherents, their social position and power resources, channels for communicating the idea, and the presence of advocacy coalitions;
- *Culture*: the extent to which the proposed idea is compatible with the prevalent norms, values, and sensibilities;
- *The economic and political context*: the economic cycle, the parties present in the government, the objectives expressed in the government platform, the dominant theories and paradigms concerning the economic and public policy, and the previous policy choices and institutional path dependencies.

### 3 Data and methods

Our empirical data comprise 13 models that are either a model for unconditional BI or a social security reform proposal that is somewhat similar to BI. These models were published between 1984 and 2011 (for detailed information on all of the models, see Appendix). The models have been created by academics, individual activists, and political parties. Six of the models represent a *partial* BI, which means that the benefit is granted unconditionally to all citizens/residents, but the sum is not sufficient to provide a livelihood without income from other sources.<sup>2</sup> In two models from the 1980s, the amount of BI is considered to be rather high, which means that they could be classified as models of *full* BI (i.e. a payment sufficiently high to account for all living expenses). In addition, there are models that propose a BI-like social security that would be either conditional or targeted at some particular groups or specific situations.

All proposals except for one (the Young Finns 1998) have been studied as original versions. Other relevant information describing the socio-economic and political context and the reception of the proposals has been collected systematically from various sources (newspapers, government platforms, government

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<sup>2</sup> In recent discussions, the proposed amount for a partial BI in Finland has varied between €440 and €620.

compositions, statistics). In addition, we used research reports, dissertations, and other relevant secondary sources.

The analysis of the successes and failures of the Finnish BI proposals is based on a systematic literature and document survey. In order to qualify the analysis, we cross-checked various information sources. Methodologically, this means that we followed the rules of critical source analysis (Haapala, 1989; Hyytiäinen & Tähtinen, 2008; Kalela, 2002) and the ideas of conceptual analysis (Furner, 2006; Levering, 2002).

In order to make our analysis more systematic and transparent, we developed an analytical frame based on the assumptions of previous studies and innovation theories. Using these dimensions, we aimed to identify the preconditions for the successes and failures of the BI proposals. The dimensions of analysis are as follows:

- *What*: What was proposed exactly? What were the objectives of the proposal? What was its relation to the existing social security system?
- *Who*: Who was proposing what to whom, and who was the carrier of this message? What were the means of distributing this information?
- *Macro-economic context*: What was the macro-economic context (main features and cycles, level of welfare, unemployment rate) at the time of the proposal? How was this macro-economic context reflected in the proposal?
- *Political context*: What were the political power relations and objectives of the government? Did the proposal have a special political motive, such as a local crisis, an election campaign or a policy programme, etc.?
- *Reception*: What was the reception of the proposal? How it was considered by the other actors? Which groups supported it and which groups opposed it? What were the arguments for and against it as expressed by individuals, parties, and interest groups? How was the proposal seen to change the prevailing systems of social security? Was it viewed as a positive input, a competitor, or as a threat to the system?
- *Outcomes*: Did the proposal trigger some minor reforms or other measures? What were the reasons for the death of the proposal? Did the proposal re-emerge later?

Applying these dimensions and collecting available information on each proposal, we constructed a table summarizing the characteristics of BI and related proposals in Finland in from 1984 to 2011 (see Appendix). In the following two sections, we first provide a descriptive analysis and then analyse each proposal using the analytical frame.



## 4 Basic income initiatives in Finland

### 4.1 Actors and discourses

There has been some discussion regarding the idea BI or *negative income tax* (NIT)<sup>3</sup> among Finnish academics and policymakers since the 1970s, but the debate became more topical in the early 1980s.

The first concrete proposal was made in 1984 by two academics, Professors Jaakko Uotila and Paavo Uusitalo. In their book, they proposed sabbatical leave combined with a citizen's wage<sup>4</sup> as a voluntary option for each citizen. The sabbatical leave would be available every ten years and it was assumed that it would produce mild work redistribution.

The second model was published in 1987 by sociologist Matti Virtanen. It was the first actual universal BI model designed to support the transformation from an industrial to an information society and the green restructuring of production. Virtanen's model was soon followed by left-wing economist Jan Otto Andersson's model (1988) and Social Democrat economist Pekka Korpinen's (1989) model. Both aimed to reduce working time in order to allow more space for free time activities.

In 1988, Olli Rehn (then a Centre Party MP) and David Pemberton (the Green League) took the initiative to create a group that would discuss and promote the idea of BI. The group included representatives from most political parties. Its secretary, Ilpo Lahtinen (1992), wrote a book that reflected the ideas discussed by the group and proposed the introduction of a partial BI (see the definition of partial BI in Section 3). The book appeared in 1992, in the midst of the deep economic recession (Andersson, 2000; Ikkala, 2012, p. 67).

Throughout the 1990s, Lahtinen's model was followed by a series of other proposals for a partial BI or related reform. In 1994, after the worst of the recession, Osmo Soininvaara (a Green League MP), released a model first in a report ordered by the Ministry of Social Affairs, and later in his award-winning book (Soininvaara, 1994). He introduced a detailed proposal for a partial BI scheme with an analysis of its implications for public finances. His main objective was to increase the attractiveness of irregular and low-paid

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<sup>3</sup> Negative income tax (NIT) is a model for implementing a guaranteed minimum income system where people earning below a certain amount receive supplemental pay from the government instead of paying taxes. It produces similar outcomes as BI.

<sup>4</sup> The term "citizen's wage" has sometimes been used in Finland to refer to a conditional participatory income and sometimes to refer to BI.

employment. A slightly modified version of the model was later approved by his party.

In 1997, Kati Peltola (a social policy expert and a left-wing politician) released a model of “ground income and civil work”. It was a proposal for a voluntary participatory income combined with extensive tax reform.

Soon after, in 1998, the first models by political parties were released. In its parliamentary election campaign, the Young Finns (a small liberal party with two seats in the parliament at the time) made a detailed proposal for a partial BI with a reduced rate for minors and a higher rate for pensioners (Mattila, 2001, p. 227). The Centre Party (at the time the second largest party) also included the idea of a conditional BI in its “work reform” proposal (The Centre Party, 1998a, 1998b). In the 1999 parliamentary elections, the Young Finns lost both its seats and the Centre Party remained in opposition (Andersson, 2000; Ikkala, 2012, p. 69; Julkunen, 2009).

At the beginning of the 21st century, there was virtually no discussion of BI despite the publication of Anita Mattila’s doctoral dissertation (2001) in which she compared previously published models and developed two of her own. The models represented an idea of an “adjusted BI”, which proposed only a minor reform in the existing framework of social protection.

From 2006 onwards, after some years of silence, the discussion on BI arose swiftly in civil society and in the media. In 2006–2007 and again in 2012–2013, public debate was widespread. New models were released before the parliamentary elections in 2007 by the Green League and before the parliamentary elections 2011 by the Left Alliance. In both models, a micro-simulation analysis was made on the required tax-rates and BI’s budgetary implications. Both models were intended to replace the existing income-transfer schemes, excluding housing benefits, social assistance and earnings-related benefits. The Green League claimed their model was neutral for public financing, whereas the Left Alliance’s model aimed at progressive income distribution.

Besides discussions on these concrete models, in recent years there has also been a range of civil society activities and campaigns that has kept the BI discourse alive.

## **4.2 Successes, failures and continuities**

### **4.2.1 Content and degree of innovation**

Eight of the thirteen proposals can be categorized as models of partial or full unconditional BI. They often include an unconditional BI integrated with other

benefit systems like housing benefits, social insurance, and social assistance. One of the proposals considers BI itself to be conditional (Peltola, 1997), three target it only at particular groups (the Centre Party 1998; Mattila, 2001 I & II), and one limits the eligibility to some specific situations (Uotila & Uusitalo, 1984). All proposals include tax-reform of some kind.

During the period analysed, the BI models have become more elaborate in their technical features and cost–benefit calculations. The earliest proposals are rather rough estimates of the potential components of the model, whereas the two most recent models (the Green League 2007; see also Ylikahri 2012 and the Left Alliance 2011) have a detailed design and use micro-simulation analysis with real tax and benefit data to estimate the effects of the models on public finances and different types of household.

All models discuss BI in the framework of their contemporary social and labour market policies. They reflect upon the gaps and failures of the prevailing system and allege to solve problems such as structural unemployment, benefit non-take-up or incentive traps. BI is presented rather as a partial renewal of the existing systems rather than a radically new principle. In general, the earlier models (e.g. Matti Virtanen, Jan Otto Andersson, and Pekka Korpinen in the late 1980s) are more visionary and the latter ones more pragmatic (e.g. Soininvaara, 1994; the Centre Party 1998 a & b; Anita Mattila, 2001; the Green League 2007). The general objectives of all proposals are to increase flexibility in working time and support activity and new forms of work.

All models largely focus on the problem of unemployment. However, there is a difference between the earlier and latter models; whereas the models of the 1980s aim at solving the problem of unemployment by reducing the labour supply (by introducing sabbatical leave, job-sharing, and new civil society activities), the latter BI models in most cases aim to increase the labour supply by improving work incentives.

The models vary in their “degree of innovation”, i.e. the magnitude of change they intend to introduce to the social protection system. This may concern either the technical qualities of the model, or the values and principles on which the model was built. Most of the proposals from the 1980s represent a more radical departure from the principles of the existing welfare model than those published from the 1990s onwards. They embrace rather post-productivist visions with less material consumption and a more relaxed way of living. However, the technical components of the early models are not as elaborate as those that came later.

The sabbatical leave proposal (1984), the proposal of the Centre Party (1998), and the two models of researcher Anita Mattila (2001) aim only at a slight modification of the existing system. The models of Ilpo Lahtinen (1992),

Osmo Soininvaara (1994), the Young Finns (1998), and the Green League (2007) aim at establishing a new social security scheme, but do not challenge the objectives or the principles of the contemporary social and labour market policies. The same applies to Kati Peltola's (1997) model, which has an innovative design, but it leans heavily on the protestant work ethic. The model of the Left Alliance (2011) aims to change not only the system of social protection but also income distribution. It draws its justification more from the Nordic welfare tradition than from current political discourse.

#### 4.2.2 Initiators and promoters

The initiators ranged from individual activists and academics (nine models) to political parties (four models). The earliest models were published by academics and the most recent by parties. All individual models were published in books that discussed a wide range of contemporary social problems, whereas the models of the political parties were published as reports or policy papers. With the exception of Uotila and Uusitalo (1984), all initiators had some kind link to party politics. The political background of the initiators ranges from the left to the right.

Other than the Centre Party's 1998 model, all the models were proposed by small- or medium-sized parties or individuals in fairly powerful positions, but not by those at the top of the political hierarchy. Most of the proposals were made as individual attempts without larger and systematic promotion or the backing of powerful coalitions. The BI initiators did not often act jointly or seek shared values and objectives.

By the same token, we find that many of the active promoters of BI either forgot or gave up their previous ideas and efforts when they achieved a political position that could allow them to act to implement the programme. This happened to Osmo Soininvaara in 2000 when he became the Minister of Social Affairs in the government led by the Social Democratic Party (SDP), and again in 2007 when he was elected one of the leaders of the committee for reforming social protection (the SATA committee). The same happened with Olli Rehn, who, when he became a successful politician and European Commissioner, seemed to forget his support for BI as one of the founding members of Ilpo Lahtinen's BI working group (1988–1991). This tendency also applies to Pekka Korpinen, who later as a Deputy Mayor of Helsinki never resurrected his BI proposal from 1989. The medium-sized parties, the Green League and the Left Alliance, maintained their support for BI in public statements while in

government, but they did not show any serious attempts to push for its implementation.

#### 4.2.3 Macro-economic context

BI proposals have been made both in times of economic growth and during recessions. However, common to all is that they reflected a certain crisis of consciousness related to economic restructuring and high levels of unemployment.

Finland experienced rapid economic growth throughout the 1980s. Towards the end of the decade, the country began the large-scale liberalization of its economy and foreign credits; this led to the economy overheating and the economic collapse of the early 1990s. In this deep recession, unemployment skyrocketed from 3.2% in 1990 to 11.2% in 1992, peaking at 16.6% in 1994. Although the economic recovery began in late 1993, unemployment remained persistently high until the end of the decade.

The 1980s and 1990s also witnessed a large-scale restructuring of the Finnish economy, the increasing automatization of production, and a shift from the industrial model towards information and service-based production. Following the 1990s recession, the economic policy paradigm shifted from a Keynesian demand-based economy to neoclassical theory. This was reflected in the BI proposals: in the 1980s, the proposals searched for solutions to unemployment, from job sharing and third sector civil work. In the 1990s, on the other hand, the main concern was to increase the labour supply by improving work incentives for the unemployed.

Except for the slight downturn at the beginning of the 2000s, the economy generally grew and the unemployment rate decreased until the financial crisis of 2008. However, compared to other OECD countries, income inequality increased rapidly in Finland during the 2000s. As a result of the global financial crisis, the unemployment rate rose from 6.4% in 2008 to 8.2% in 2009 and has remained relatively stable in the years since. Although Finland was not hit hard by the post-2008 crises, the government has continuously introduced austerity measures, and since 2013, a more serious crisis has postponed and started to erode the precondition of employment and welfare. In this context, the latest BI proposals of the Green League (2007) and the Left Alliance (2011) have been rejected due to the objectives of balancing the budget and the need to curtail public expenditure. This occurred when both parties were members of the grand coalition government led by the National Coalition Party and the SDP.

#### 4.2.4 Political context

Most of the BI models were released in three main waves. The first was in the late 1980s in the context of the restructuring of the economy and labour markets, the second was during the 1990s in the aftermath of the great economic recession, and latest occurred from 2006 onwards. The political timing of the proposals varied from crisis-ridden public debate to parliamentary elections and the renewal of political parties' policy programmes. All four BI models proposed by the political parties were published before parliamentary elections while the parties were in opposition. There was a period of silence lasting from the discursive boom of the mid- and late 1990s until the parliamentary elections of 2007.

Most of the BI proposals reflect their contemporary political climate and the alleged needs of society: they were, to a greater or lesser extent, made compatible with the paradigms and explicit objectives of public policy. However, different BI proposals appeal to different values; some might emphasize the equality and universality that have been the core values of the Nordic welfare tradition, while others aim for flexibility, reduction of bureaucracy, and the removal of the incentive-traps central to current policy-making.

The 1980s was still a time of a strong welfare state that nurtured the ideals of equality and Universalism. Parties of the left, especially the SDP, were strong. However, the decade also witnessed the emergence of criticism of the large public sector and the expansion of the welfare state. Those ideas found a fertile soil in the 1990s recession, which led to the triumph of neo-liberal ideas, privatization, and continuous cutbacks to the welfare state. The objectives of equality and the citizens' well-being were subjected to efficiency and market competitiveness. After the collapse of Soviet-style socialism in the early 1990s, the hegemony of the right-wing parties and ideologies grew stronger. The 1980s also experienced an emerging concern over the ecological sustainability of the prevailing economic model, which is reflected in some of the BI proposals.

The politics of the twenty-first century has been dominated by the idea of scarce economic resources and the weakened legitimacy of the welfare state among the political elites. Since 2003, governments have been led by the Centre Party or the National Coalition Party, both of which have a favourable stance on neo-liberal ideas. In party politics, BI has been advanced by actors from the Green League and the Left Alliance, especially by their youth organizations. However, there has also been a growing interest in the idea of BI from the right of the political spectrum.

#### 4.2.5 Reception and outcomes

Most proposals were noticed by the media, but only a few of them received greater attention. The models of Osmo Soininvaara (1994), the Centre Party (1998), the Young Finns (1998, cit. Mattila 2001) and the Green League (2007) became well known in public debate. Soininvaara's model appeared immediately after the deep recession of the early 1990s. It brought the BI discourse, which had been already established in the 1980s, to the new context of unprecedentedly high employment and the search for new solutions. The models of the Centre Party and the Young Finns appeared before parliamentary elections at a time when the high unemployment seemed to persist despite the government's various efforts to tackle it; this created an atmosphere that was open to unusual solutions. The Green League's model played an important role in reopening the BI debate after the years of silence in the early 2000s. It received mostly positive reactions in the print media, and it brought the issue of BI into the pre-election debates of the 2007 parliamentary elections.

Some individual activists like Andersson (1988) and Soininvaara (1994) were successful in pushing their ideas onto the agendas of their own parties. Due to Andersson's activity, the Left Alliance endorsed the idea of BI in its first programme in 1990, and the Green League adopted Soininvaara's model with slight modifications. Nevertheless, the political position did not guarantee success even within actor's own reference group, especially when the proposal conflicted the long-established values of the group. For example, Pekka Korpinen (1989), one of the leading leftist economists at the time, never received support for his proposal from his own reference group, the SDP. The party has always been ideologically resistant to BI due to its strong commitment to the ideal of full employment and work-based social security.<sup>5</sup> Despite the fact that BI has been a part of the party policy programmes when parties have been present in the government (the Green League in 1995–2003 and 2007–2014, and the Left Alliance in 1995–2003 and 2011–2014),<sup>6</sup> it has never become a part of the

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<sup>5</sup> Some of the BI models (Soininvaara, 1994, the Centre Party 1998, the Young Finns 1998) have openly attacked trade unions, labour market regulations and the minimum wage; this has made the SDP even more resistant to the idea of BI.

<sup>6</sup> The proposal of the Left Alliance was formally approved by the party council in November 2012 when the party was in government, but it was first published as a discussion paper before the 2011 parliamentary elections when the party was in opposition.

government platform. Though members of parliament have spoken publicly in favour of BI, the parties have shown no real efforts to push for the implementation of BI. However, they have successfully introduced minor reforms that have developed the social security system somewhat in the direction of BI, such as the guaranteed minimum pension (2011), an increase in minimum unemployment benefits (2012), the removal of the means-test from the labour market subsidy (2013), and the right for the unemployed to earn a monthly income of €300 without a cut in benefits (2013).

Some proposals have been discussed in parliament or the ministries. The sabbatical leave proposal (1984) found its realization in government platforms and legislation as the “job alternation leave”. However, the idea of BI was omitted from the model that was eventually implemented. Political parties and ministries also showed interest to Kati Peltola’s (1997) model of ground income and civil work. After Anita Mattila’s two models of “adjusted BI” (2001) were published, the Green League made a (unsuccessful) legislative initiative for a municipal experiment of BI. The pre-election debate in 2007 was an important factor behind the new government’s decision to set up a committee for reforming social protection (2007–2009). However, the committee’s mandate did not include BI and it largely failed in its mission to introduce substantial reforms in social protection to tackle poverty traps and provide sufficient basic social security for all.

## 5 Discussion

The history of social policies reveals that it is very rare for social innovations to become reality without compromise and the consent of the larger political spheres. One of the Achilles heels of social security reform seems to concern the relationship between work and the right to income (i.e. the labour contract). The proposed disentanglement of the right to a (minimum) income from labour market participation or an active search of employment has often been confronted with moral indignation. This seems to limit the scope for social innovations, despite the fact that various labour market and social policy experts have suggested either a disengagement of work and social security (Bercusson et al., 1996; Ekstrand, 1996; Sipilä, 1979; Vobruba, 2006) or a wider concept of work including new forms of paid and non-paid work (Beck, 1998; Koistinen, 2011; Peltola, 1997).

Innovations that are regarded as too radical by the majority often gain support from marginal political groups, but not from those in power (Rogers,



1962; Wejnert, 2002, p. 305). The initiators of BI models tried to tackle this challenge by presenting their models as a partial renewal of the existing systems, rather than as introducing a new, radically different principle. Rather than promoting a Universalist concept of social justice, they oriented their proposals to solving pragmatic problems (see Halmetoja, 2012). Instead of proposing a real freedom of choice and the voluntariness of work, as advocated by most theorists of BI (Birnbbaum, 2012; Van Parijs, 1995, 2006; White, 2006) most of the models were justified by certain preconditions – work, social activity, or education. When freedom was spoken of, it was often limited to certain socially acceptable activities.

Although BI gained support from parties and individuals in fairly powerful positions that support proved to be rather fluid. Apart from academics and free writers outside the political elites, actors did not show a strong commitment to the idea of BI, and many of them seemed to be ready to swallow their previous ideals when moving into the positions where they could really act. This phenomenon has been noted by De Wispelaere and Noguera (2012, pp. 22–23), who argue that often when actors climb the political ladder, they become unwilling to invest their political resources (money, time, effort, and political capital) or compromise their other goals to further the highly controversial proposals such as BI. De Wispelaere and Noguera also argue that in this sense, support for BI is “cheap” – it is often subjugated to issues that are perceived to be more urgent and non-controversial.

One of the paradoxes of BI is that it seems to find its “policy window” in times of crisis and high unemployment (Julkunen, 2009), but during those periods, politicians are rarely willing to introduce new, potentially costly reforms. This seems to be true especially in the context of current financial crisis, despite the fact that the Green League (2007) and the Left Alliance (2011) have produced more elaborate models and cost–benefit calculations. On the other hand, during times of economic prosperity and low unemployment, reform is often considered less topical. Another paradox is that there is no model that would at the same time provide adequate social security and be cost-neutral. Proposals that might be acceptable for the political right are not for the left and vice versa. The proposal of the Green League (2007) seemed to gather most support across the political spectrum, since it was formulated in very neutral terms.

The adherents of BI were not successful in the implementation of the system, but they have been successful enough to keep the discourse alive for over 25 years. This seems to verify once again that social ideas are not realized

overnight: they may come true over time if the actors are strong and the ideas are mature. Studies on social policy reforms verify the importance of institutional constraints, power resources, the socio-economic context, and the long gestation of ideas before they become a reality. We can repeat once again the argument of Richard Titmuss, who in the latter stage of his life and creativity concluded that “decades of accumulated rights, contributions, expectations, anomalies and inequities are inherited. They cannot be corrected overnight but they can be resolved over time; thus two of the issues are: how quickly and for whom?” (Titmuss, 1974, p. 131).

## 6 Conclusions

Despite the relatively widespread interest in BI in the context of the Nordic welfare system, the Finnish case demonstrates the difficulties and repeated failures of the implementation of this idea.

The motivations, reasons, and arguments for BI initiatives vary over time, socio-economic context, and political landscape. Most proposals studied here have had a short shelf life, but the concept never really went away. Instead, it always re-emerged in a slightly different form. The idea of BI has spread across society, first from a few academics to political activists, and through them to political parties. The authors of the BI models also learned on the way; the latter BI models were in many ways more developed than the earlier ones.

However, all of the proposals were more or less individual attempts by one activist or political party with no real effort to mobilize a strong consensus to drive the model. It seems that BI was not a high priority on the actors’ agendas, and they lacked the commitment and effort to advance it, especially when they reached a position in which they could act.

In order to understand the preconditions of the BI proposals and the reasons for their non-realization, a more detailed analysis of each case and comprehensive and systematic information on the context, players, and process of reception is required. The innovation and agenda-setting theories – if applied carefully and systematically, and on adequate data – may help to identify the critical points of the successes and failures of the BI initiatives.

# Appendix

Table 1: The characteristics of the basic income models in Finland in 1984–2011

Year, author and title	Content of the proposal	Relation to the existing system	Objectives and alleged effects	Macro-economic context	Political context	Reception and outcomes
1. 1984 Professors Jaakko Outila & Paavo Uusitalo: <i>Sabbatical Leave and Citizens' Wage</i>	<ul style="list-style-type: none"> <li>• <i>Recipients:</i> all 15–64-years-old who would voluntarily take 6 months leave</li> <li>• <i>monthly amount:</i> median income (approx. 3,000 mk/inflation adjusted €1030, taxable)</li> <li>• <i>other specific features:</i> the proposal consisted of a tax-reform and voluntary sabbatical leave that was available to all citizens every 10 years</li> </ul>	<ul style="list-style-type: none"> <li>• Citizens' wage would be a parallel system to the existing social security</li> <li>• combined with a tax reform that would support small enterprises and promote employment</li> <li>• reform includes reduction of employment costs and facilitating the combination of small incomes with unemployment benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Solving the problems of unemployment and avoiding segmentation of the population</li> <li>• equal distribution of the benefits of automatization</li> <li>• decreasing the labour supply and promoting mild work redistribution</li> <li>• providing citizens with opportunities for education, rehabilitation and hobbies</li> <li>• promoting innovation and economic activity</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing automatization of production</li> <li>• transformation from an industrial towards an information- and service-based economy</li> <li>• economic growth</li> <li>• unemployment was peaking at over 7% in the late 1970s, but stabilized to about 5% during the early 1980s</li> </ul>	<ul style="list-style-type: none"> <li>• A government of the Social Democratic Party, the Centre Party, the populist Finnish Rural Party and the Swedish Peoples' Party</li> <li>• the government's main objectives were tackling increasing inflation and lowering unemployment rates</li> <li>• the idea of the 'citizens' wage' was new in Finland</li> </ul>	<ul style="list-style-type: none"> <li>• The reform was proposed by academics with no political profile</li> <li>• the Ministry of Labour supported the idea and conducted experiments on temporary leave in some municipalities and sectors</li> <li>• later, a system of job alternation leave (temp. law 1996 and perm. law 2003) was established</li> <li>• the initiative promoted discussions on job sharing, which was a popular idea at the time</li> </ul>

2. 1987 Sociologist Matti Virtanen:  
*Basic Income*
- *Recipients:* all adults
  - *monthly amount:* 3000 mk (inflation adjusted €900), tax-free
  - *financing sources:* taxation on raw materials, energy and environment
  - *administration:* employment offices
  - *other specific features:* wage subvention
- BI would replace most conditional benefits
  - in order to reduce employment costs, wages are reduced by the amount of BI
  - To support the transformation 'from factory to studio' and to reduce the workload in industrial sector
  - BI would enable studying, various self-organized activities and new forms of work
  - the reform would support part-time work and the independence of individuals
  - Economic boom
  - 5% unemployment
  - ongoing transformation from industrial production towards information- and service-based production
  - ongoing liberalization of the financial and capital markets
- A blue-red government including the National Coalition Party, the Social Democratic Party, the populist Finnish Rural Party and the Swedish Peoples' Party
  - academic and political debate on the crisis of work and welfare society
  - A blue-red government including the National Coalition Party, the Social Democratic Party, the populist Finnish Rural Party and the Swedish Peoples' Party
  - still politically strong
  - the end of the expansion of the welfare state
  - Due to Andersson's activism, the citizens' income was adopted in the first party platform of the Left Alliance when it was founded in 1990
3. 1988 Left-wing economist Jan Otto Andersson:  
*Citizens' Income*
- *Recipients:* all citizens
  - *monthly amount:* for children 1000 mk (inflation adjusted €288), for working-aged people 2000 mk (€576), and for the disabled 3000 mk (€864), tax-free
  - *financing sources:* 27% taxation on all incomes except for citizens' income + 25% value-added tax. Increased taxation on the use of natural resources, property and inheritance.
  - *other specific features:* wage subsidy
- Introduction in four steps (each lasts one electoral term): 1. Recipients of social security benefits. 2. Tax relief for small incomes. 3. Those ineligible for social security benefits due to family member's income. 4. All citizens (+ removal of the tax relief)
  - cutting down the wages by the amount of CI
  - the first model that contains economic calculations
  - The author developed three alternative visions of the citizen's income society: blue-red, blue-green and red-green
  - inspired by the 1986-founded BIEN and global left-green intellectual circles
  - Economic boom and speculation in the financial and real-estate markets
  - the unemployment rate was falling below 5%
  - strengthening of the neo-liberal turn in macro-economic policy
  - A blue-red government including the National Coalition Party, the Social Democratic Party, the populist Finnish Rural Party and the Swedish Peoples' Party
  - left-wing parties were still politically strong
  - the end of the expansion of the welfare state
  - Due to Andersson's activism, the citizens' income was adopted in the first party platform of the Left Alliance when it was founded in 1990
- The model was introduced as an overall new alternative vision of the future
- it was rejected by trade unions but welcomed by younger generations and the well-educated
  - it opened up a new, widespread discourse on the future of work and the welfare society
  - The proposal was published in a book discussing the future of the left
  - Andersson developed a seemingly realistic solution to finance the citizen's income
  - the model was welcomed by the young red-greens, but considered unrealistic by most parties and trade unions
  - Due to Andersson's activism, the citizens' income was adopted in the first party platform of the Left Alliance when it was founded in 1990

(continued)

Table 1: (Continued)

Year, author and title	Content of the proposal	Relation to the existing system	Objectives and alleged effects	Macro-economic context	Political context	Reception and outcomes
4. 1989 Social Democrat economist Pekka Korpinen: <i>Citizens' Income</i>	<ul style="list-style-type: none"> <li>Recipients: all</li> <li>monthly amount: rather high</li> <li>financing sources: 30% income taxation, highly progressive property taxation</li> <li>other specific features: abolition of free-of-charge public services</li> </ul>	<ul style="list-style-type: none"> <li>High citizens' income would enable citizens to pay for public services</li> <li>to increase workers' ownership of production</li> <li>to reduce working time and make work voluntary</li> <li>taxation and citizens' income would be the only means for income redistribution</li> </ul>	<ul style="list-style-type: none"> <li>Criticism of bloated public sector and high income taxation</li> <li>vision of freedom without state: transforming nation states into globally integrated autonomous communities</li> <li>work as a means of self-realization; increase in creativity and working motivation</li> </ul>	<ul style="list-style-type: none"> <li>Economic boom</li> <li>the unemployment rate falling to almost 3%</li> <li>the crises of Soviet-style socialism and Keynesian state capitalism</li> <li>critical discourse on the 'endless expansion' of the welfare state among political elites</li> <li>the summit of the 80s 'casino capitalism'</li> </ul>	<ul style="list-style-type: none"> <li>A blue-red government including the National Coalition Party, the Social Democratic Party, the populist Finnish Rural Party and the Swedish Peoples' Party</li> <li>perestroika and the emerging discourse of the failures of Soviet-style socialism and planned economy</li> </ul>	<ul style="list-style-type: none"> <li>The model was presented by a Social Democrat and one of the leading leftist economists, but it was neglected by the Social Democratic Party</li> <li>received some attention in the public debate, but was mostly considered utopian</li> </ul>

5. 1992 Ilpo Lahtinen (Secretary of the National Union of University Students): *Partial Basic Income*
- **Recipients:** all citizens and foreigners who have lived in the country over 5 years
  - **monthly amount:** 2000 mk (inflation adjusted €477), reduced amount for children
  - **financing sources:** 40% flat-rate income tax, removal of tax allowances
  - **administration:** a special 'basic security centre' and municipal 'basic security offices'
  - **other specific features:** contains means-tested 'basic income supplement'
- Integration of social security and income taxation
  - the model consists of unconditional basic income + means-tested basic income supplement/care allowance (all tax-free) + discretionary housing allowance and subsistence subsidy
  - BI would replace most tax deductions and a large part of the income transfers
  - progressive income taxation
  - removal of labour market regulation, minimum wages and retirement age regulations
- inspired by Juliet Rhys-Williams's model in the UK
  - aimed at creating a model that could no longer be ignored as an irresponsible daydream • to tackle unemployment and poverty, and remove income traps
  - to reduce social divisions, increase individual freedom and diminish economic dependency between family members
  - to make working time and salaries flexible
  - to enhance democracy and citizenship
  - BI was presented in the continuum with reforms like franchise, public health care and compulsory basic education
- Economic downturn and the deepest recession in Finnish history
  - unemployment rate skyrocketed from 3.2% in 1990 to 6.7% in 1991, and further to 11.2% in 1992
- A centre-right government including the Centre Party, the National Coalition Party, the Swedish People's Party and the Christian Democrats
- The model was in many ways more developed than the previous basic income models
  - it was based on the work of the 1989-founded Basic Income Working Group, which included social policy experts and representatives from almost all the political parties
  - in the midst of the deep economic crisis, the proposal received relatively little attention

(continued)

Table 1: (Continued)

Year, author and title	Content of the proposal	Relation to the existing system	Objectives and alleged effects	Macro-economic context	Political context	Reception and outcomes
6. 1994 Green Member of Parliament Osmo Soininvaara: <i>Basic Income</i>	<ul style="list-style-type: none"> <li>Recipients: all citizens</li> <li>monthly amount: 1700 mk (inflation adjusted €393) for a single adult household, 2900 mk (€670) for two-adult households</li> <li>financing sources: 53% flat-rate income taxation, 10% extra tax for the highest income level</li> <li>other specific features: conditional extra benefit for small income households</li> </ul>	<ul style="list-style-type: none"> <li>All existing benefits would be merged into two categories: unconditional BI and conditional extra income</li> <li>BI as a subvention to the low income sector</li> <li>the model was calculated so that it would reduce public expenditure</li> <li>model could also be implemented as a NIT</li> <li>introduction in two steps</li> </ul>	<ul style="list-style-type: none"> <li>Inspired by Milton Friedman</li> <li>to increase economic efficiency and service-based production and to tackle the high unemployment</li> <li>possibility to cut down wages in low productivity sectors</li> <li>slogan: 'rather underemployment than unemployment'</li> </ul>	<ul style="list-style-type: none"> <li>The economic recovery had begun after the deep recession</li> <li>the unemployment rate peaked at 16.6%</li> <li>public sector cuts during the recession</li> </ul>	<ul style="list-style-type: none"> <li>A centre-right government including the Centre Party, the Coalition Party, the Swedish People's Party and the Christian Democrats</li> <li>massive political concern over high structural unemployment</li> <li>emerging discourses on incentive traps and active labour market policy</li> </ul>	<ul style="list-style-type: none"> <li>The model was first published in a report ordered by the Ministry of Social Affairs and later in Soininvaara's award-winning book 'The Survival Doctrine of the Welfare State'</li> <li>the model was the first to be adopted (in a slightly modified form) by a political party (the Green League)</li> <li>triggered a widespread media debate and received some interest among social policy experts</li> </ul>

<p>7. 1997 Kati Peltola (social policy expert and a left-wing politician): <i>Ground Income and Civil Work</i></p>	<ul style="list-style-type: none"> <li>• <i>Recipients:</i> those without other income</li> <li>• <i>monthly amount:</i> adults 3500 mk (inflation adjusted €786), includes housing benefits + children 1500 mk (€337, conditional)</li> <li>• <i>financing sources:</i> production taxation</li> <li>• <i>administration:</i> taxation and income-transfers administered by a new 'peoples' money institution'</li> <li>• <i>other specific features:</i> 'ground income' only for those whose income is below a certain threshold, has to be earned by civil work</li> </ul>	<ul style="list-style-type: none"> <li>• Everything below the 3500 mk (€786) monthly income is tax-free</li> <li>• job-sharing by cutting down the weekly working time to 30 hours</li> <li>• guaranteed part-time civil work provided by municipalities, unemployment benefit only temporary (max. 4 months), discretionary social security only for those unable to work</li> <li>• progressive income taxation to be used for public services, production tax to be used for all income-transfers</li> </ul>	<ul style="list-style-type: none"> <li>• To simplify the taxation and benefit systems</li> <li>• to include all who are able to work in gainful employment</li> <li>• to guarantee all individuals an adequate income and work</li> <li>• critical to the idea of unconditional basic income: 'everyone must contribute to the common well-being'</li> </ul>	<ul style="list-style-type: none"> <li>• Economic boom after the deep recession</li> <li>• unemployment remained high (12.7%)</li> <li>• the shift from Keynesianism to neo-liberal economic policy</li> <li>• the cuts in the public sector made during the recession were not reversed</li> </ul>	<ul style="list-style-type: none"> <li>• A Social Democratic Party-led 'rainbow government' which included the National Coalition Party, the Swedish Peoples' Party, the Left Alliance and the Green League</li> <li>• widespread discussion on the future of economic policy and the welfare state throughout society</li> <li>• discursive shift in the objectives of social policy: 'from social justice to competitiveness'</li> </ul>	<ul style="list-style-type: none"> <li>• The proposal was discussed in the printed media</li> <li>• political parties and ministries showed interest in the model</li> <li>• the proposal was made by an individual activist, and it did not earn a notable status within the Left Alliance</li> </ul>
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(continued)



Table 1: (Continued)

Year, author and title	Content of the proposal	Relation to the existing system	Objectives and alleged effects	Macro-economic context	Political context	Reception and outcomes
8. 1998 The Young Finns (a small liberal party): <i>Basic Income</i>	<ul style="list-style-type: none"> <li>• <i>Recipients</i>: all citizens</li> <li>• <i>monthly amount</i>: 0–16-year-olds 325 mk (inflation adjusted €72), 16–60-year-olds 1300 mk (€288), 60+ year-olds 1820 mk (€403) (increases gradually)</li> <li>• <i>financing sources</i>: flat-rate income taxation</li> </ul>	<ul style="list-style-type: none"> <li>• Everything below a 4000 mk (€886) monthly income is tax-free</li> <li>• those unable to work entitled to a higher amount of BI and means-tested benefits</li> <li>• housing subsidies for those with a low income</li> <li>• service vouchers and social loans</li> <li>• public sector would provide ‘civil work’ with lower salary</li> </ul>	<ul style="list-style-type: none"> <li>• BI was not supposed to provide a livelihood, but instead enable one to live on a small income</li> <li>• transformation into local and individual bargaining in labour markets</li> <li>• the model would reduce public expenditure</li> <li>• aimed at increasing work incentives and social justice</li> </ul>	<ul style="list-style-type: none"> <li>• Economic boom</li> <li>• the unemployment rate was declining gradually (11.4%)</li> </ul>	<ul style="list-style-type: none"> <li>• The proposal was a part of the parliamentary election campaign of the party</li> <li>• sustainability of the welfare state was on the political agenda</li> <li>• the Social Democratic Party-led government had introduced cuts to the welfare sector despite the government’s efforts, the unemployment rate was declining slowly</li> </ul>	<ul style="list-style-type: none"> <li>• The party activists promoted their model in the media</li> <li>• the party lost its two seats in parliament and then decided to dissolve itself</li> <li>• the model was buried along with the party</li> </ul>

9. 1998 The Centre Party:
- Conditional Basic Income and Work Reform*
- *Recipients:* universal social insurance
  - *monthly amount:* -
  - *financing sources:* contributions from the state, employers and employees
  - *administration:* The Social Insurance Institution of Finland (Kela)
  - *other specific features:* a model for statutory universal unemployment insurance, could also be implemented as a NIT
- Tax relief for small and medium income groups
  - reductions in employers' costs, especially in labour intensive sectors
  - support for use of waged labour in households
  - expanding local bargaining
  - activating 'work reform' was an essential part of the proposal
- To simplify the social security system, remove incentive traps and create new jobs and flexible working time and job sharing
  - to support flexible movement between education, domestic work and employment
  - the party distanced its proposal from unconditional 'social transfer automats'
  - to replace the old corporatist system by a new tripartite of the unemployed, employed and entrepreneurs who all share common interests
- See above, proposal 8
  - the proposal was a part of the party's parliamentary election campaign
  - at the time, the party was in opposition
- The left-wing parties and trade unions shot down the work reform proposal as neo-liberal and detrimental to workers' rights
  - the Centre Party lost the election and later abolished work reform from its agenda

*(continued)*

Table 1: (Continued)

Year, author and title	Content of the proposal	Relation to the existing system	Objectives and alleged effects	Macro-economic context	Political context	Reception and outcomes
10. 2001 Researcher Anita Mattila: <i>Adjusted Basic Income I</i>	<ul style="list-style-type: none"> <li>• <i>Recipients:</i> unemployed and low-income groups</li> <li>• <i>monthly amount:</i> 3600 mk (inflation adjusted €743), taxable</li> <li>• <i>administration:</i> The Social Insurance Institution of Finland (Kela)</li> </ul>	<ul style="list-style-type: none"> <li>• BI adjusted to the prevailing social security system</li> <li>• replaces minimum unemployment benefits and to some extent housing subsidies and social assistance</li> <li>• earnings-related benefits remain as they are</li> </ul>	<ul style="list-style-type: none"> <li>• Promotes employment and guarantees the continuity of income in irregular work</li> <li>• enables withdrawal from the labour market and independent civil work</li> <li>• the author proposed an empirical experiment to be conducted in a small, high-unemployment municipality</li> <li>• to reduce bureaucracy and the control directed at the poor</li> <li>• to increase individuals' control of their own life and the opportunity to make free choices</li> </ul>	<ul style="list-style-type: none"> <li>• Economic growth</li> <li>• declining unemployment (9.1%)</li> </ul>	<ul style="list-style-type: none"> <li>• A rainbow government of the Social Democratic Party, the National Coalition Party, the Swedish Peoples' Party, the Left Alliance and the Green League</li> </ul>	<ul style="list-style-type: none"> <li>• Mattila introduced two basic income models in her doctoral dissertation</li> <li>• it was published at the time when BI had mostly vanished from the public discussion</li> <li>• the Green League made a (unsuccessful) parliamentary proposal on the experiment of Mattila's models, and some small municipalities in the Eastern Finland presented themselves as volunteers for the BI pilot</li> </ul>

11. 2001  
 Researcher for social security  
 Anita Mattila: benefits and those who  
*Adjusted* have earned income  
*Basic Income* • *monthly amount*: max.  
 // 3200 mk (inflation  
 adjusted €659)  
 • *administration*: The  
 Social Insurance  
 Institution of Finland  
 (Kela)  
 • *other specific features*: all  
 income below 1500 mk  
 (€310) tax-free, the  
 amount of BI declines  
 linearly when the income  
 increases

• See above,  
 proposal 10

• See above,  
 proposal 10

• See above, proposal 10

• See above, proposal 10

• See above, proposal 10

• See above, proposal 10

(continued)

Table 1: (Continued)

Year, author and title	Content of the proposal	Relation to the existing system	Objectives and alleged effects	Macro-economic context	Political context	Reception and outcomes
12. 2007 The Green League: <i>Basic Income</i>	<ul style="list-style-type: none"> <li>• <i>Recipients</i>: citizens permanently residing in Finland</li> <li>• <i>monthly amount</i>: €440 in 2007, raised to €540 in 2011 (tax-free)</li> <li>• <i>financing sources</i>: 2-layer income taxation (39% / 49%) + increase in environmental and capital gains taxation</li> <li>• <i>administration</i>: The Social Insurance Institution of Finland (Kela)</li> </ul>	<ul style="list-style-type: none"> <li>• Unconditional BI at the level of current minimum unemployment benefits was intended to replace all income-transfers except for housing benefits, occasional social assistance and earnings-related benefits</li> <li>• contains a micro-simulation analysis of its effects on public economy and households</li> <li>• claimed to be neutral for public financing</li> </ul>	<ul style="list-style-type: none"> <li>• To reduce bureaucracy and simplify the system</li> <li>• to remove income traps and to always make work beneficial</li> <li>• to support micro-entrepreneurship, irregular employment and new forms of work and education</li> <li>• to reduce categorization and support people's freedom to define their own lifestyle and identity</li> </ul>	<ul style="list-style-type: none"> <li>• Long, ongoing restructuring of the economy and labour markets</li> <li>• deepened social divisions and growing income inequality</li> <li>• increase in atypical and self-employment</li> <li>• an unemployment rate of 6,9%</li> </ul>	<ul style="list-style-type: none"> <li>• The model was published before parliamentary elections when the Green Party was in opposition</li> <li>• widespread media discussion about the precarity movement including their demand for basic income</li> <li>• public discussion on the problems of poverty and irregular jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Triggered a major media discussion with mostly positive reactions</li> <li>• the leaders of other parties did not support the idea</li> <li>• the Green League won one seat and entered the centre-right-green government</li> <li>• the new government set up a committee to prepare a major reform to the social security system</li> <li>• due to conflicting interests, the committee failed to propose any significant reforms</li> </ul>

13. 2011 The Left Alliance: *Reforms Towards Basic Income*
- **Recipients:** all permanent residents
  - **monthly amount:** €620 universal + €130 discretionary supplement (e.g. in the cases of unemployment, illness, children's homecare, etc.)
  - **financing sources:** progressive income and capital taxation on the scale 30–57% (BI costs €3.6 billion)
  - **administration:** The Social Insurance Institution of Finland (Kela)
- The model would replace all income transfers except for housing benefits, occasional social assistance and earnings-related benefits
- contains a micro-simulation analysis of its effects on public economy and households
  - the working group proposes a gradual implementation by firstly merging all minimum benefits and raising their level
- To redistribute income and combat poverty
- to reduce the control and humiliation directed at the welfare beneficiaries
  - to facilitate the combination of social security and small incomes
  - to enhance the bargaining power of those in precarious employment
  - to expand the concept of individual emancipation
  - the model would reduce the poverty rate from 13.2% to 9.1%
  - the Gini coefficient would drop from 0.255 to 0.223
  - all those whose monthly income is below €2980 (60% of the population) would benefit from the model
- Economic downturn and a deepening global financial crisis
- growing budget deficits
  - poverty traps and the working poor as a phenomenon became topical issues
  - an unemployment rate of 7.8%
- To enhance the bargaining power of those in precarious employment
- to expand the concept of individual emancipation
  - the model would reduce the poverty rate from 13.2% to 9.1%
  - the Gini coefficient would drop from 0.255 to 0.223
  - all those whose monthly income is below €2980 (60% of the population) would benefit from the model
- The model was first released as a discussion paper by the working group before the 2011 parliamentary elections, when the party was in opposition
- a government of the Centre Party, the National Coalition Party, the Green Party, and the Swedish People's Party
  - pre-election discussion on poverty and the insufficient level of the minimum social security
  - disappointment with the modest outcomes of the social security reform committee
- At the time of its publication as a discussion paper, the model did not receive much attention
- The Left Alliance entered the government led by the National Coalition Party
  - the party council of the Left Alliance approved the model on 17 Nov 2012
  - the approval was noticed, e.g. by the biggest daily newspaper
  - the government raised minimum unemployment benefits, removed the means-test for the labour market subsidy and facilitated the combination of small incomes with social security benefits

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